

The Costs of Collection

The high price of council tax debt collection



Rosie Derricourt, Joe Lane, Ed McDonagh and Marini Thorne

Summary	2
1. Millions of people are in council tax debt	4
Council tax debt is a growing problem	5
Council tax arrears is the most common debt problem we help people with at Citizens Advice	5
Council tax debt is a problem for millions of people	5
Why is council tax debt a growing problem?	6
People’s finances are stretched	7
Changes to council tax benefit means more people are paying than ever before	9
2. Council tax debt collection is heavy handed	11
How is council tax debt collected?	12
Regulations require people in debt to pay their bill in one go	13
Regulations encourage local authorities to initiate court action very quickly	13
Regulations encourage councils to use bailiffs	14
Regulations in England give councils power to imprison people for non-payment of council tax	14
3. Council tax debt collection makes people’s problems worse	16
The impact on people’s finances	16
High fees are added to people’s debts	16
Fees make it harder for people to repay their debt	18
The social cost of poor council tax legislation	19
Becoming liable for annual bill	19
Use of the courts and threat of imprisonment	20
4. Conclusion	22
5. Recommendations	23
Appendix.	25

Summary

Council tax is increasingly a cause of financial difficulty and problem debt. In 2018, there was more than £3 billion of outstanding council tax debt and an estimated 2.2 million households were in council tax arrears.

At Citizens Advice we help people with the consequences of this widespread problem. Council tax debt is the most common debt we help people with - last year we helped more than 96,000 people struggling to make payments.

The problems people in council tax debt face are particularly stark due to the way council tax debt is collected. A third of council tax debt problems we helped people with were related to debt collection compared to just 8% of credit card problems.

The poor collection practices we see are largely the result of the outdated regulations governing council tax collection. Three aspects of the regulations are particularly harmful:

- When people miss a single council tax payment, regulations stipulate they should become liable for the full year's outstanding tax. That means a missed payment on an average Band D property of £167 can increase to a debt of £1671 within 2 weeks of receiving notice.¹
- Councils have limited powers to recover council tax debt without getting a court order. The encouragement to get a court order leads to frequent use of bailiffs and adds significant additional costs (an average of £84 for a court order² and £310 for bailiff fees) onto people's debts.
- In England, people can still be sent to prison for falling behind on their council tax. While the power is rarely used it undermines efforts to make council tax debt collection less punitive.

The collection practices encouraged by regulations are expensive and make people's financial difficulties worse. Most evidently, a combination of court costs and bailiff fees add large sums to people's debts.

- In total in 2016/17, people in council tax debt paid an estimated **£129 million** in bailiff fees and court costs on top of their arrears.
- However, as people in debt often can't afford repayments not all fees and court costs were paid. In the same period, a total of approximately **£560 million** was added to people's debts as a result of court and bailiff costs. That is equivalent to adding nearly £278 to every households' debt that was in council tax arrears.

Those costs can trap people in debt. On average Citizens Advice debt clients have just £14 a month disposable income.³ Average court costs and bailiff fees of £278 per household in arrears mean an additional 20 months of being in debt.

¹ Ministry of Housing Communities and Local Government, [Council Tax levels set by local authorities in England 2018 to 2019 \(revised\)](#), April 2018

² Liability order fees in Wales are capped at £70. Greenall, C., Prosser, N. (2017) [Local authorities' approaches to council tax debt recovery in Wales](#). Cardiff: Welsh Government, GSR report number 57/2017.

³ Money Advice Recording Tool, April to June 2018. Base: 21,085.

The high cost of council tax debt collection is not only harmful for people in debt it damages public finances. The costs of collection tend to be recovered before the council tax itself.

There are a range of reasons for the rise of council tax debt problems. Stretched household finances and reforms to council tax benefit mean more people are struggling to keep on top of their bills. And the financial pressures on councils mean they are increasingly reliant on council tax to fund local public services.

However, a major cause of people's problems is the way council tax debt is collected. Changes to the regulations which govern council tax collections would help improve collection practices, make them less costly, and recover more money for cash-strapped local authorities.

The government has announced it will review the way council tax debt is collected.⁴ It should use its review to fundamentally reform the rules governing how local authorities collect debts by amending the Council Tax (Administration and Enforcement) Regulations 1992 to:

- Stop people being asked to pay their entire annual bill if they miss 1 monthly payment
- Create a statutory code of practice governing council tax debt collection. This would set out the steps that should be taken before a liability order can be made - such as attempting to establish an affordable repayment plan.
- Give councils the power to initiate deductions from benefits without getting a liability order
- Remove the threat of imprisonment for council tax arrears in England

Financially stretched local authorities need the flexibility to collect council arrears without pushing people further into financial difficulty. The current process which relies on the courts to escalate people's debts and encourages use of bailiffs. Lessons can be learned from changes to the way consumer creditors like banks and energy companies collect debt - this has evolved due to regulation, but also as creditors have developed more effective ways of recouping debt. Changing the rules that govern debt collection of council tax could have similar benefits; reducing its cost and preventing people in financial difficulty being pushed deeper into debt.

⁴ Ministry of Housing Communities and Local Government, [Government pledges to improve the way Council Tax debt is recovered](#), April 2019

1. Millions of people are in council tax debt

Council tax is important. It is the fifth largest tax in terms of money raised and the largest property tax in the England. Overall, it raises around £30 billion a year so it is crucial for public finances and funding public services. It accounted for just over 30% of local authority budgets in 2017/18.⁵

It's important too, for households. The average council tax bill in the UK is £1,142 around 4% of a median household income.⁶ The average Band D rate is £1,671 - 6% of a median household income.⁷

Due to the way it's designed, council tax has a bigger impact on the finances of poorer households.

- **Council tax isn't proportional to the value of people's homes.** Households with lower value properties pay a significantly higher proportion of the value of their property in tax each year. According to the Resolution Foundation someone living in a property worth £100,000 pays around five times as much council tax relative to property value as someone living in a property worth £1 million.⁸
- **Lower income households spend a much higher proportion of their income on council tax.** A household in the lowest income decile spend an estimated 5% of their income on council tax compared to around 1.6% in the top income once accounting for council tax support.⁹

How does council tax work?

The level of council tax in each local authority is determined in two stages. First, the local authority calculates its 'council tax requirement'. That total is divided between households in the area and their individual rates are set based on the value of each property. Households are split into 8 bands, A-H, and council tax levels for individual properties are based around the Band D rate. Band H properties pay twice as much as Band D and Band A properties pay two thirds as much.

Households on low incomes receive a discount on their council tax. Since April 2013, local authorities in England have had the power to devise their own systems of Council Tax Support (CTS). This replaced a national system of Council Tax Benefit which had previously ensured many of these households were exempt from paying council tax. Local authorities have discretion in a number of areas which can affect the size of support. Most importantly

⁵ Ministry of Housing Communities and Local Government, [Local Authority Revenue Expenditure and Financing: 2018-19 Budget](#), June 2018.

⁶ Total council tax liability in 2017/18 according to Ministry of Housing Communities and Local Government divided by total number of properties, Valuation Office Agency. Council tax levels set by local authorities: England 2018-19 -revised, April 2018.

⁷ Average Band D council tax divided by median equivalised disposable household income.

⁸ Resolution Foundation, [Home Affairs](#), March 2018.

⁹ These are estimates based on Resolution Foundation, [Home Affairs](#), 2018 and median equivalised disposable household income.

they can charge a 'minimum payment' with no limit on the proportion of a full council tax bill they can ask for as well as reducing the taper rate at which support is withdrawn.¹⁰

A. Council tax debt is a growing problem

Increasingly, council tax is a cause of financial difficulty for households. These difficulties are part of a wider problem of 'hidden debt' in the UK. Since 2014, it has been more common for people to need help from Citizens Advice with problems caused by household bill debts - such as council tax or energy bill arrears - than with problems related to consumer credit debt - such as credit cards.¹¹ Arrears on council tax is the most common debt problem we help people with.

i. Council tax arrears is the most common debt problem we help people with at Citizens Advice

Each year we at Citizens Advice see over 330,000 people with debt issues. Council tax debt is the most common. Last year we helped over 96,000 people with council tax debts. The problems they experience range from unaffordable repayment plans to councils refusing to recall a debt from bailiffs despite a person's vulnerable status. One case study below details how one local authority failed to deal with Zuzanna's situation appropriately.

Zuzanna's story¹²

Zuzanna has a long term health condition, lives in a council owned property and has 2 children. She is a carer for her mother and her youngest son has learning disabilities, anxiety and depression. Zuzanna made some payments towards her council tax but fell into arrears and it was passed on to a bailiff company. She tried to set up payments to the firm but did not realise there were two separate accounts from separate years. Zuzanna disputed one of the debts as it differs from the amount stated by the council. Her Citizens Advice adviser asked for the debt to be recalled by the council, due to Zuzanna's vulnerable situation and because there was a dispute over the amount of council tax owing, but the local authority refused.

ii. Council tax debt is a problem for millions of people

The people who come to Citizens Advice for help are just a small proportion of the people who are struggling with council tax debt. Between 2010 and 2018, the amount of council tax debt grew by 30%, from £2.3 billion to over £3.0 billion. The level of council tax arrears has been steadily rising since 2014, with the figure growing more than 6% over the last year alone.¹³

¹⁰ In Wales, there is a national Council Tax Reduction scheme providing which contributes £244 million to support the administration of a replacement scheme to council tax benefit. The Welsh Government has continued to maintain these funding arrangements since 2013-14

¹¹ Citizens Advice, [Hidden Debts: The growing problem of being behind on bills and in debt to the government](#), August 2018

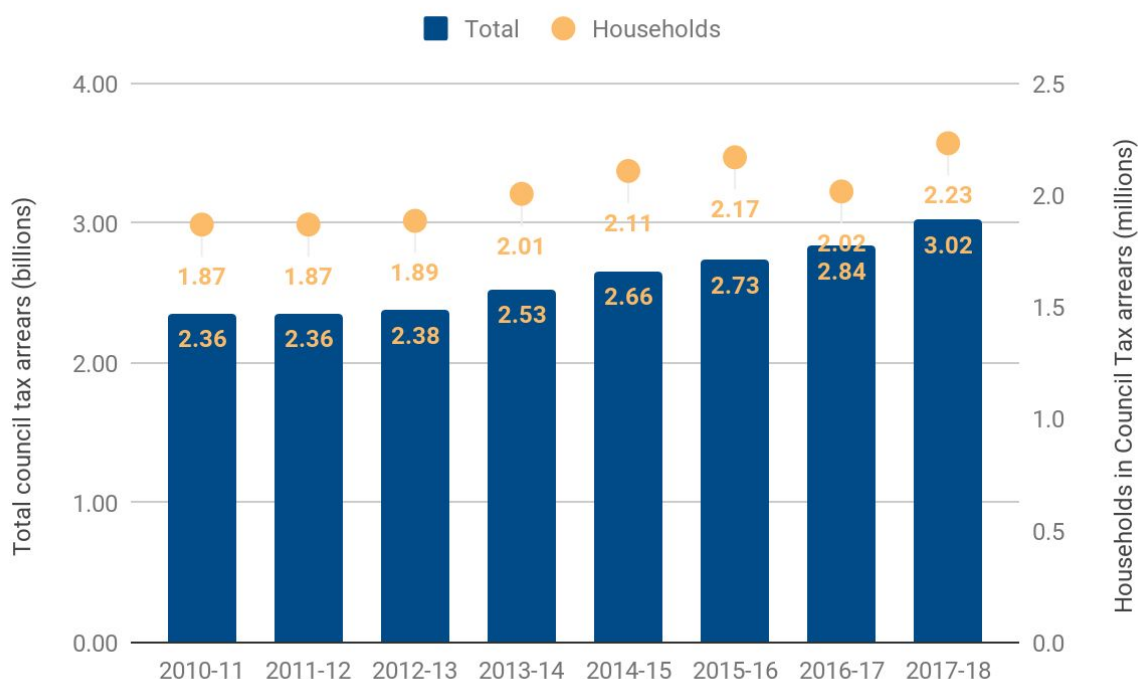
¹² Case studies and quotations from local Citizens Advice are used throughout. Names and other identifying details have been changed.

¹³ Ministry of Housing, Communities and Local Government, [Collection rates and receipts of](#)

Using Citizens Advice data for the average council tax debt over that period, we can estimate how the number of households struggling with debt has increased over that period.

As shown by the chart below, an estimated 2.2 million households were behind with their council tax in 2017/18 out of 24.2 million that are liable to pay council tax.¹⁴ Nearly 10% of all households. The chart below shows the rise of total council tax debt and the estimated number of households in debt since 2010.

Figure 1: Total council tax arrears and estimated households in arrears 2010-11



Source: Citizens Advice analysis of Ministry of Housing Communities and Local Government data, Council tax collection statistics and Citizens Advice client data¹⁵

B. Why is council tax debt a growing problem?

Like all debt problems, there are lots of triggers for people getting into council tax debt. Our previous research found that for council tax arrears, the most common reasons, after general financial difficulties, were a drop in income, a change to benefits, meeting other household expenditure, and relationship breakdown.¹⁶

Those reasons highlight the impact of short term changes to people’s finances which are often the cause of problem debt. 9 in 10 of the people Citizens Advice help with debt problems have had a recent change in circumstances and our research shows that

[council tax and non-domestic rates in England 2017-18 - revised](#), September 2018.

¹⁴ Valuation Office Agency, [Council tax: stock of properties](#), 2018

¹⁵ Years 2015/16 to 2018/18 calculated using Money Advice Recording Tool data on average council tax debts, previous years used a flat estimate based on 2015/16 data.

¹⁶ Citizens Advice, [Catching up](#), July 2016

people with volatile incomes were twice as likely to have missed a household bill as those with stable incomes.¹⁷

The impact of changes in circumstances on people's finances however are perennial and don't explain the recent surge in council tax arrears. Two reasons for that surge stand out from Citizens Advice's experience of helping more than 96,000 people in council tax arrears.

i. People's finances are stretched

There has been significant pressure on household finances since the 2008 financial crisis. Despite record high employment figures, 9 million people are over-indebted.¹⁸ There are a number of reasons as to why people's finances have not improved:

a) Lack of income growth

The employment rate in the UK is estimated at 76.1%, the highest on record.¹⁹ In spite of this, earnings adjusted for inflation in 2018 were 3.7% lower than in 2008.²⁰ This is 13% (or £3,500 per year) below where we might reasonably have expected based on rates of growth seen in the years prior to the crash (of around 1.4% per year).²¹

Falls in income have been felt across the income distribution although, since 2014, there has been marked pay growth in the lower income deciles mostly due to improvements in the minimum wage.²²

b) Welfare Reform

49% of the people we help with council tax debt also have problems related to the welfare system.²³ There have been numerous changes to the welfare system since 2010 that have affected people's income. Tax and benefit changes introduced since 2010 reduced household incomes by £1,127 a year or 3.3% on average.²⁴ This was particularly pronounced for households in the lowest income decile whose incomes fell by 4% between 2010-2015.

Taken alone, the 4 year freezing of benefits - meaning they no longer rise with inflation - since 2015 is continuing to squeeze household finances. According to 2017 inflation estimates it will cause 10.5 million households to lose an average of £450 a year in entitlements by 2020.²⁵

c) Universal Credit

Universal Credit is one of the biggest changes to the welfare system, bringing together six existing benefits. Whilst we support the principles of the benefit to help people enter and progress in work, provide low-income families with financial security and simplify

¹⁷ Citizens Advice, [Walking on Thin Ice](#), February 2018

¹⁸ Money Advice and Pension Service, [Business Plan 2018/19](#), April 2019.

¹⁹ ONS, [Labour Market Overview, UK](#), March 2019.

²⁰ ONS, [Employee Earning in the UK: 2018](#), October 2018.

²¹ IFS, [10 years on - have we recovered from the financial crisis?](#), September 2018.

²² IFS, [The UK Labour Market: Where do we stand?](#), April 2017.

²³ Citizens Advice client data, 2019.

²⁴ IFS, [The effect of the coalition's tax and benefit changes on household incomes and work incentives](#), January 2015.

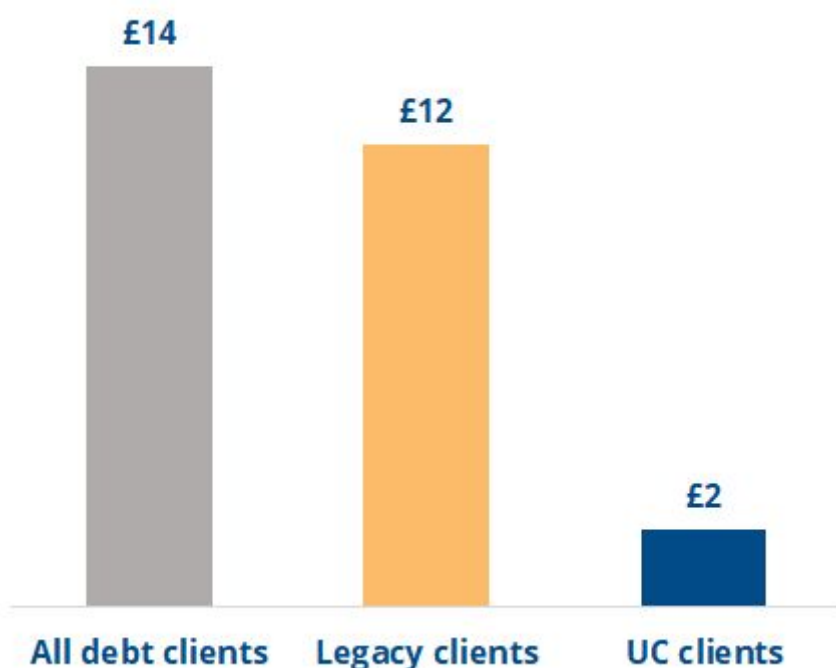
²⁵ IFS, [Higher inflation means more pain for households from benefit freeze](#), October 2017.

the benefits system, the roll-out of Universal Credit has had an impact on many people's finances. 1.4 million people were claiming the benefit at the end of 2018 and our evidence has shown that design of the benefit has put household finances under additional pressure.

The challenges posed by Universal Credit are highlighted by the financial situation of many of the people we help. Around half (47%) of all clients we help with debt issues who are also claiming Universal Credit have no money to pay back their creditors or are running negative budgets after accounting for essential outgoings.²⁶ This is significantly higher than the 36% of people we help with debt who receive legacy benefits and do not have any money left over.

As Figure 2 shows, UC claimants have much less slack left in their budgets to repay creditors compared to those on legacy benefits. This measures people's situations once they're already in financial difficulty. However, it highlights the challenges faced by people in keeping up with bills and essential outgoings.

Figure 2: Citizens Advice debt clients' median monthly available income to pay creditors after essential living costs²⁷



Source: Money Advice Recording Tool, April to June 2018. Base: 21,085, including 1,551 UC clients and 5,179 legacy benefits clients.

²⁶ Citizens Advice, [Managing Money on Universal Credit](#), February 2019. Source: Money Advice Recording Tool, April to June 2018. Base: 21,085, including 1,551 UC clients and 5,179 legacy benefits clients.

²⁷ Citizens Advice, [Managing Money on Universal Credit](#), February 2019.

ii. Changes to council tax benefit means more people are paying than ever before

The second reason is more direct - changes to council tax benefit have pushed people into arrears. In April 2013, council tax benefit (CTB), which provided help for low-income households with their council tax, was stopped. In its place, local authorities (LAs) in England had to design their own council tax support (CTS) schemes for people of working age²⁸. Due to reduced funding from central government, most LAs chose CTS schemes that were less generous than the previous CTB.

Due to this localisation of council tax support, many low income households are worse off. The Institute for Fiscal Studies (IFS) found that the 3.6 million working-age households in England who would have been entitled to some support under the old Council Tax Benefit system are now entitled to 24% (£196 a year) less on average than pre-localisation.²⁹

Steve's story

Steve lives alone and has severe mental health problems. He had council tax arrears that were being deducted from his Employment Support Allowance. Despite a financial statement showing he could not afford to pay council tax, the changes to council tax reduction in his area meant that Steve had to pay for the first time where previously he received full council tax benefit. He was concerned that he would never be able to cover the ongoing bill, and would fall into arrears ever year as he wasn't well enough to work. He was extremely distressed about his financial situation spiralling out of control, and felt like he couldn't improve his situation. His feelings of hopelessness in turn made his depression continue to deteriorate.

Changes to the way the benefit is designed at a local level have been particularly damaging. Since 2014, 1.4 million people have been paying council tax for the first time, largely due to 'minimum payments' meaning all households have to pay a proportion of their council tax bill irrespective of their financial situation.³⁰ The IFS analysed Citizens Advice data and found a close correlation between the introduction of minimum payments and people falling behind on their bills. Introducing minimum payments of more than 8.5% led, on average, to a 30-40% increase in council tax debt queries recorded by local Citizens Advice.³¹

We helped 11% more clients with Council Tax arrears in the year after localisation in comparison to pre-localisation.³² Last year, 4 years after the change, we still saw 11%

²⁸ IFS, [The impacts of localised council tax support schemes](#), January 2019.

²⁹ IFS, [The impacts of localised council tax support schemes](#), January 2019.

³⁰ *ibid.* p7.

³¹ IFS, [Council Tax Support Schemes in England: What Did Local Authorities Choose, and with What Effects?](#), January 2014.

³² Citizens Advice saw 11% more clients with council tax arrears in 2014/15 in comparison to 2012/13.

more people with council tax debts than before the abolition of council tax benefit.³³ Many of those who felt the initial financial shock are likely to still be feeling the stretch.

³³ Citizens Advice saw 96,441 clients with council tax arrears in 2017/18, compared to 93,146 clients in 2012/13.

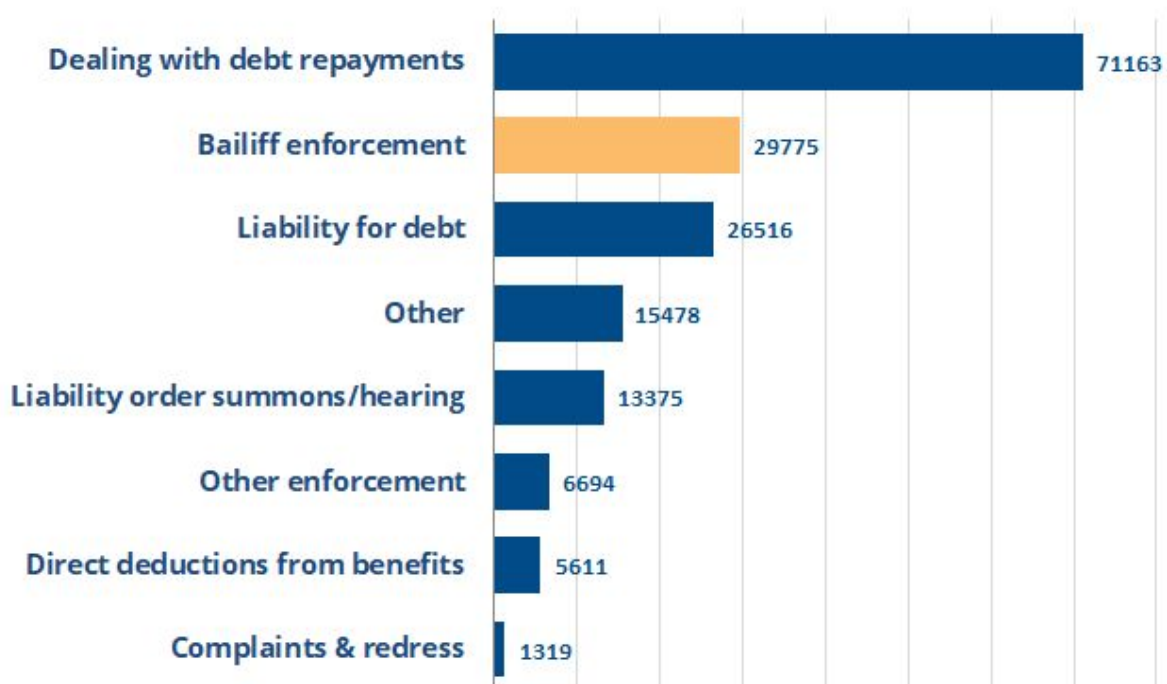
2. Council tax debt collection is heavy handed

The increase in council tax debt is concerning because it is an indicator of the wider financial challenges faced by many households. For the households themselves however, it particularly concerning due to way it's collected.

Household bill debts - such as council tax or energy bill arrears - are more likely to lead to problems related to collection than consumer credit debts - such as credit card borrowing. Analysis of Citizens Advice data shows that 29% of household bill debt problems are caused by issues with collection compared to 15% of consumer credit debt problems.³⁴

For council tax, the problem is more stark. Comparing council tax debt problems with credit card debt problems - the most common household bill and consumer credit debts - highlights the difference. In total, 33% of council tax debt problems are caused by the way the debt is collected compared to 8% of credit card debt problems.³⁵ The nature of those problems are illustrated below.

Figure 3 :Citizens Advice clients with council tax arrears problems in 2018/19 ³⁶



Source: Citizens Advice client data for those with council tax arrears in 2018-2019.

³⁴ 29% compared to 15%. Citizens Advice, [Hidden Debts The growing problem of being behind on bills and in debt to the government](#), August 2018.

³⁵ In 2018/19, we saw 96,441 clients with council tax arrears, 33% of those coming with issues related to the way in which the debts were collected. This is in comparison to 8% of 68,237 credit, store & charge card debt clients.

³⁶ Other enforcement includes deductions from benefits, charging orders and orders for sale, bankruptcy, means enquiries and prison. Totals will sum to more than 96,441 council tax arrears clients seen in 2018/19 due to clients having multiple and overlapping issues.

As shown in the chart, a large proportion of collection issues are related to the use of bailiffs. This is reflected in the rise of council tax related bailiff issues we see, up 20% since last year. That is partly due to the ineffective regulation of the sector meaning 1 in 3 people contacted by bailiffs have experienced bailiffs breaking the rules governing their behaviour.³⁷ This means 850,000 people will have encountered bailiffs misrepresenting their rights, refusing affordable payment plans, treating vulnerable people unsympathetically and other rule breakages in the last 2 years alone.

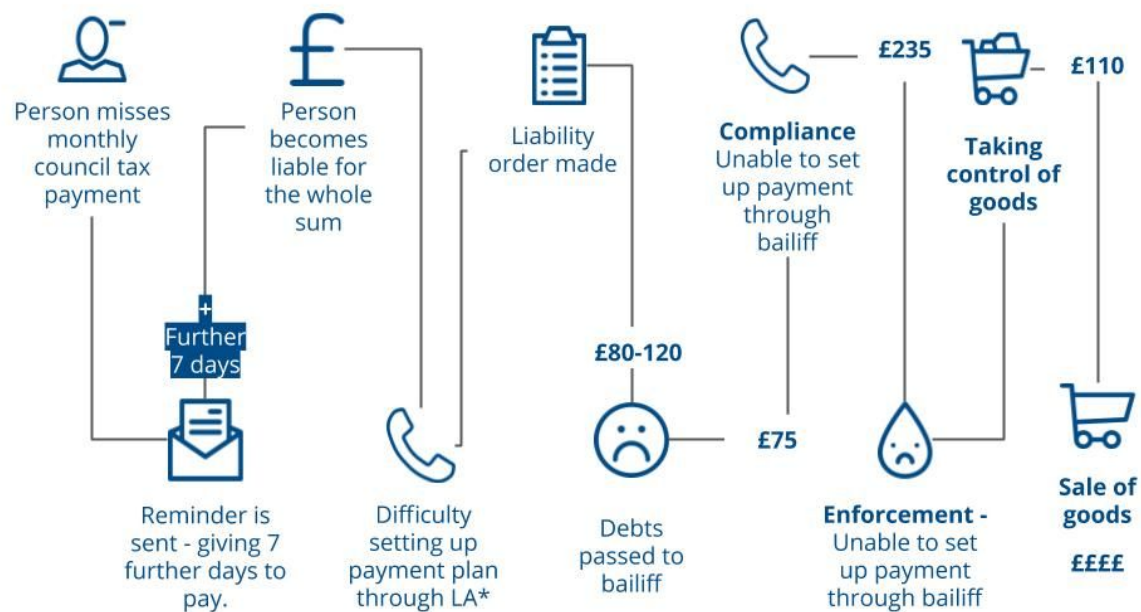
It is also the result of a wider problem - the rapid escalation of collection activity when people fall behind on their council tax debt repayments. In 2017, this process of escalation led to 1.4 million council tax debts being passed to bailiffs, up 14% since 2014/15.³⁸

This section looks at why local authorities escalate their debt collection practices so often.

A. How is council tax debt collected?

When people miss a council tax payment, legislation makes it hard for them to repay their debts - and harder for councils to treat them sympathetically. The way council tax is collected is devolved, the rules in England are therefore different from Wales. The process by which council tax is collected in England is outlined below and - as shown in Figure 4 - a number of features of the way this tax is recovered causes people's debts to be escalated.

Figure 4. The usual process of council tax collection as set out in legislation³⁹



³⁷ Citizens Advice, [A law unto themselves: How bailiffs are breaking the rules](#), November 2018.

³⁸ Lower-tier authorities are local authorities that charge council tax i.e. District, Metropolitan Borough, London Borough and Unitary councils. Money Advice Trust, [Stop the Knock](#), 2017

³⁹ The mapping of this process derives from a number of sources including Citizens Advice client data, the regulations which set out council tax collection processes and bailiff fees according to the Tribunals, Courts and Enforcement Act 2007.

* Difficulties setting up payment plans emerge due to a number of different reasons. This might include councils and individuals being unable to agree an affordable payment plan and people disengaging from the process, often as a result of feeling overwhelmed by the financial demands which they face.⁴⁰ LA = Local Authority.

This approach to collections runs against best practice when it comes to debt recovery. The FCA for instance sets has clear rules about how to recover customers' arrears fairly.

⁴¹ This includes giving people the time and opportunity to repay the debts. According to their rules, if people make a 'reasonable' payment proposal the firm must 'allow for alternative, affordable payment amounts to repay the debt due in full'.

The process shown is generalised and local authorities do have discretion in the way they collect council tax debt. However, the regulations governing the way council tax debt is collected push councils towards escalation to punitive approaches.⁴² Four elements of the regulations are particularly harmful:

i. Regulations require people in debt to pay their bill in one go

The Council Tax (Administration and Enforcement) Regulations state that if someone misses a single monthly council tax payment, they will be sent a reminder notice. Then, if they do not pay within the *next fortnight*, they become liable for their entire annual bill.

⁴³ This means that when people are struggling to meet the average band D payment of £167, within a matter of weeks, they can become liable for a £1,671 payment.⁴⁴ Figure 5 explains the process in more detail. Such a bill is unaffordable for the majority of working age people. According to research by the Money Advice service, 55% of working age adults or 33 million people have less than £1000 saved, and would therefore be unable to meet the cost of this bill from money set aside.⁴⁵

ii. Regulations encourage local authorities to initiate court action very quickly

The legislation governing council tax collections not only quickly increases the size of client liability, it also leads to an escalation through costly fees. If a person is unable to arrange payment for their total annual bill, or does not contact the council to arrange payment, they are likely to find themselves subject to a court order, known as a liability order, as a first step towards enforcing the debt.

Liability orders are required by legislation to be 'cost reflective', but their costs tend to vary. The average cost of a liability order is £84, but they can cost as much as £120. This

⁴⁰ Avoiding dealing with creditors is common amongst people who are struggling with both debt and mental health difficulties. Research undertaken by Money and Mental Health Policy Institute found that 71% of people struggling with debt and mental health problems have avoided dealing with creditors. MMHPI, [Money on Your Mind](#), June 2016.

⁴¹ CONC 7.3.4 "A firm must treat customers in default or in arrears difficulties with forbearance and due consideration." FCA, [FCA Handbook](#), April 2014.

⁴² *The Council Tax (Administration and Enforcement) Regulations 1992*. Available at: <https://www.legislation.gov.uk/ukxi/1992/613/made/data.pdf> (Accessed: 12 April 2019).

⁴³ Regulation 23, *The Council Tax (Administration and Enforcement) Regulations 1992*

⁴⁴ MHCLG, [Council Tax levels set by local authorities in England 2018 to 2019 \(revised\)](#), April 2018

⁴⁵ 55% of working age adults have less than £1000 set aside in savings. This number represents approximately 33 million working people who would be unable to meet the cost of a full council tax bill from their savings. Money Advice Service, [Closing the savings gap – Insights from Money Advice Service research](#), September 2016.

amounts to a significant additional payment for those who might already be struggling to pay.

iii. Regulations encourage councils to use bailiffs

As shown in Figure 4, a large proportion of the problems associated with council tax is due to the role of bailiffs. Councils used bailiffs to collect debt 1.4 million times last year. The widespread use of bailiffs by local authorities is partly a result of the regulations governing how they collect debts.

Councils have limited powers to collect debts without getting a liability order. Once a council has a liability order, the most common - and straightforward - mechanism for councils to collect a debt is by passing it to a bailiff. Usually, councils do not pay bailiff firms when they pass them a debt, the fees charged to debtors instead cover the costs of bailiff firms. This means that using bailiffs is a way to shift the cost of collection practices from the council who is collecting the debt to people in debt.

When bailiffs enforce debts they charge fees to cover the cost of enforcement. These fees are set by the Taking Control regulations⁴⁶ and are fixed - they don't vary alongside the size of the debt. This means that people who are already struggling to pay their bills find themselves paying not only the cost of a liability order, but also bailiff fees on top of their original debt.

iv. Regulations in England give councils power to imprison people for non-payment of council tax⁴⁷

Regulation 47 of the Local Government Finance Act 1992 gives councils the option to apply to the Magistrates' Court for a warrant committing someone with council tax debt to prison.

The circumstances in which this can take place are specific. Before committal, enforcement agents must have already attempted to enforce the debt, including seizing control of goods before a court warrant can be obtained. The court must also enquire into the person's ability to pay and make a decision as to whether non-payment is due to "his wilful refusal or culpable neglect". They also have the power to reduce or write off the debt if the court determines that someone has insufficient funds to pay.⁴⁸

There are protections against this and committal to prison for unpaid council tax is rare. Case law has established that people with council tax debts should not be imprisoned if there is an alternative, and they cannot be sent to prison as a deterrent for others. The powers of the magistrates to imprison are for cases when the person in arrears can clearly pay the debt, but has failed to do so.⁴⁹

The government reported that 86 people were sent to prison for council tax debt in 2015 down from 121 in 2010.⁵⁰ The Institute of Money Advisers and Payplan requested information from councils about how they have been using imprisonment in their efforts to collect council tax between 2013 and 2017. 279 councils responded to their

⁴⁶ Taking Control of Goods (Fees) Regulations 2014.

⁴⁷ The Welsh Government recently announced that it was [ending the use of imprisonment for council tax debts](#), in a move widely welcomed by debt advice charities.

⁴⁸ [Local Government Finance Bill 1992](#)

⁴⁹ IMA, "[I can't believe they still do that](#)" The case for ending imprisonment for council tax debt in England and Wales, November 2017.

⁵⁰ Answer to written [parliamentary question 449](#) by Jim Mahon, September 2016

request for information. Table 1 shows that councils have continued to use committal proceedings in their enforcement proceedings but it's become less common.

Table 1: Council use of imprisonment in pursuit of council tax debt⁵¹

	2012/13		2016/17	
	Councils using committal proceedings	People experiencing committal proceedings	Councils using committal proceedings	People experiencing committal proceedings
Started committal proceedings	90	4326	81	895
Suspended committal order made	64	825	81	895
Committed to prison	30	85	17	62

Although going to prison for unpaid council tax is clearly rare, those that are convicted are often shown to have been wrongly imprisoned. The regulation is hard to interpret. There is no formal way for a judge to determine whether non payment has been due to “wilful refusal or culpable neglect.” Following a legal challenge in 2018, Cardiff High Court admitted that between 9.5% and 18% of jailings for debt could be unlawfully given each year.⁵² This was attributed largely to inadequate means of enquiry into people’s ability to repay.

More broadly, the threat of imprisonment undermines the collection approach of local authorities. Despite so few people being sent to prison, the threat is often used in the first correspondence with someone who has fallen behind on their council tax. To suggest potential imprisonment at this stage is disproportionate both in relation to the offence committed and given how few people face this consequence. The threat causes further anxiety, impeding people’s ability to get back on track. In a survey of clients we conducted in 2016, 54% stated that the council’s collection activities had made it harder for them to repay their debt.⁵³ Increasing the stress and anxiety of the situation by threatening imprisonment doesn’t help people engage with the issue in a productive way.

⁵¹ PayPlan/IMA freedom of information request replies from 279 billing authorities in England and Wales, September 2017.

⁵² BBC, 'Up to 18% of council tax jailings could be unlawful', January 2018.

⁵³ Citizens Advice, 'Catching up: Improving Council Tax Arrears Collections', July 2016.

3. Council tax debt collection makes people's problems worse

Heavy handed collection practices make people's debt problems worse. The way council tax debt is collected has two effects on people in debt. A financial cost and social cost.

A. The impact on people's finances

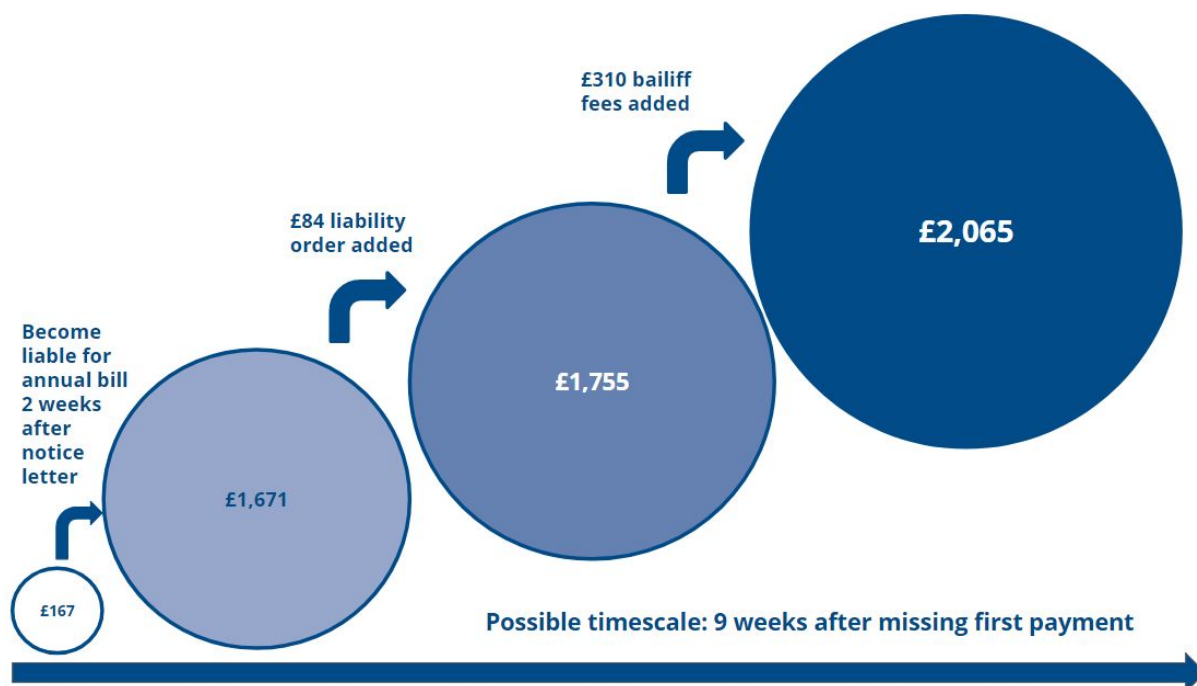
As described above the current process of council tax debt collection encourages councils to pursue heavy handed collection practices. These collection practices are expensive and can escalate relatively small debts into large, unmanageable debts.

i. High fees are added to people's debts

Council tax debt collection adds two types of fees to people's debts - liability orders and bailiff fees. Liability orders typically add around £84 to people's debts,⁵⁴ while bailiff fees most commonly add £310 to people's debts.

The financial impact of those fees - as well as the cancellation of installment payments is shown in the figure below.

Figure 5. How council tax debts are increased by the collection process



As demonstrated, for an average council tax payer, missing a single payment of council tax in the first month of the financial year can result in a missed payment of £167 escalating to a debt of over £2,065. At its fastest, this process of escalation can take place within a 9 week window.⁵⁵

⁵⁴ Average of the combined costs of court summons and liability order fees of 49 local authorities in England and Wales according to their websites.

⁵⁵ See Appendix for a description of the process

That is an extreme example, but the real impact on people's finances is similarly dramatic. We have used data provided by bailiff companies to estimate the total amount of fees added to people's council tax debt when debts are paid to bailiffs.

- **Court summons and liability orders add £265 million to people's council tax annually.** In 2016/17, magistrate's courts made a total of 3.16 million liability orders enabling them to recover council tax debts.⁵⁶ On average, local authorities charge people a combined sum of £84 for a court summons and liability order.⁵⁷
- **Bailiff fees add a further £300 million to the people's council tax arrears.** That assumes that 1.377 million debts are passed to bailiffs and that average bailiff fees - based on data from bailiff firms - of £215 are added to all debts.⁵⁸
- **But people are often unable to meet the cost of the fees.** Not all of the fees applied to council tax debts are recovered as people often can't afford to repay them. Based on data from 2014, just 23% of council tax debts are successfully enforced by bailiffs.⁵⁹ If the proportion of debts settled at each stage of enforcement remains similar to that of 2014, we can estimate that a total of £68 million in bailiff fees and £61 million in court costs were paid in 2016/17.

The scale of bailiff fees is particularly concerning given that a proportion of those fees are paid before any council tax arrears can be recovered harming both the people paying them and the councils trying to recover the debt.⁶⁰

Table 2. Estimated fees charged and paid on council tax debts passed to bailiffs

Enforcement stage	Fee	Debts with fees ⁶¹		Fees charged (£)*	Fees paid (£) ⁶²
		%	Number		
Compliance stage	£75.00	100%	1,377,000	£103,300,000	£23,800,000
Enforcement stage	£235.00	59%	812,000	£190,900,000	£43,900,000
Sale of goods	£110.00	1%	13,770	£1,500,000	£300,000
Total bailiff fees				£295,700,000	£68,000,000
Court costs	£84.00		3,160,000	£265,400,000	£61,100,000
Total fees				£561,100,000	£129,100,000

*Fees rounded to the nearest £100,000

⁵⁶ Ministry of Justice, Impact Assessment (IA) Reduce court fees where the Ministry of Justice are currently over-recovering. IA No: MoJ010/2018, 3/7/12018, See, PayPlan, [Keeping Court for the Last Resort: A proposal to limit litigation in council tax debt collection](#), 2019

⁵⁷ This is based on a sample of 49 local authorities that provide details on their websites

⁵⁸ The Money Advice Trust states that 1.377 million council tax debts were passed to bailiffs in 2016/17. The average figure is based on the stages that bailiff enforcement progresses to. Shown in the percentages in Table 2 - for instance 59% of debts incur enforcement stage fees.

⁵⁹ CIVEA data from 2014 submitted to the Ministry of Justice's One Year Review of the Tribunals, Courts and Enforcement Act 2007.

⁶⁰ Repayments meet the cost of the auctioneer, then the compliance fee, then the debt and remaining fees owed pro rata.

⁶¹ CIVEA data from 2014 submitted to the Ministry of Justice's One Year Review of the Tribunals, Courts and Enforcement Act 2007.

⁶² Ministry of Justice's One Year Review of the Tribunals, Courts and Enforcement Act 2007 states that just 23% of council tax debts passed to bailiff firms in 2014 were settled.

Combining the two - people who were behind on council tax payments paid fees of around **£129 million** on top of their arrears in 2016/17. Overall financially struggling households were pursued for an estimated **£561 million** on top of their council tax arrears. Equivalent to £278 for every household that falls behind with their council tax.

ii. Fees make it harder for people to repay their debt

The direct impact of high fees is to make it harder for people to get out of debt. The average person Citizens Advice helps with council tax debt has £1,354, including fees and charges. That means the average level of fees and charges accounts for 18% of people's council tax debts.

The average figures hide more severe instances. The median size of a council tax debt held by Citizens Advice clients is £672.⁶³ Most commonly council debts will have fees of £84 added for a liability order and 3 in 5 have £310 in bailiff fees added - £75 for the cost of a compliance letter or telephone call, *and* £235 for a bailiff to visit their house. In that instance the median debt of £672 we help people with would be made up of £394 in fees and just £278 in council tax arrears.

Tracy's story

Tracy had been paying off a council tax debt by monthly instalment, until one month she did not receive her pay. She called the debt collection agency to explain her situation and ask for extra time to pay off the debt. The firm rejected Tracy's offer and started enforcement action, sending bailiffs to her house. They were asking for the £100 remaining on the account, with an extra £250 in fees added. Tracy explained that she only had £0.20 left in her bank account, and they gave her 3 days to find the money or warned they would be removing goods to pay off the debt.

The addition of court and bailiff fees to a debt represents 140% of the median amount of debt held by our clients. These costs are disproportionate and make it harder for people to repay their debts.

For the people we help, the level of fees mean people get trapped in debt for longer. The most common amount of bailiff fees which people experience (affecting 59% of settled debts)⁶⁴ - of £310 - is equivalent to approximately 1 month of a universal credit payment for a single person.⁶⁵

The median monthly disposable income of a Citizens Advice client with council tax arrears is just £14. That means:

- To repay the median bill arrears of £278 people are likely to be in debt for 1 year and 8 months.
- To repay the most common level of fees of £394 people are trapped in debt for an additional 2 years and 2 months.

⁶³ Citizens Advice, Money Advice Recording Tool Data, Quarter 1 2018/19

⁶⁴ CIVEA data from the MOJ's One Year Review of the Tribunals, Courts and Enforcement Act 2007

⁶⁵ The basic allowance for a single person over the age of 25 is £317.82 per month.

In total, this means that people who are struggling to pay their council tax are on average likely to find themselves trapped in debt for nearly **4 years**, as a consequence of court costs and bailiff fees.⁶⁶

B. The social cost of poor council tax legislation

The legislation on council tax not only causes financial costs to escalate rapidly, it also has knock on costs for individuals and society. There are two ways in which the legislation has unnecessary negative consequences for people's health and life circumstances:

- **Making people liable for their full annual bill after one missed payment makes the debt unmanageable.** This can exacerbate the impact of indebtedness on people's mental health and having knock on effects in various other areas of people's lives.
- **The rapid escalation to court procedures and the threat of imprisonment for council tax arrears leaves people panicking about how to repay.** By employing court procedures alongside the threat of imprisonment over people the legislation increases stress and anxiety making it harder for people to manage their debts.

i. Becoming liable for annual bill

By making people liable for their entire bill 14 days after they receive a notice from the council, council tax legislation severely limits people's ability to cope with their debt. This can mean that 14 days after receiving a notice of arrears for a £167 monthly installment, people can become liable for a bill of £1670. This turns a manageable problem into a seemingly insurmountable one.

Research we conducted in 2016 has shown how the legislation impedes people's ability to repay their debt. Over half (54%) of people said that the council's actions had made it much harder to clear their arrears, with an additional 15% saying they had made it slightly harder.⁶⁷ Just 7% said the council's actions had a positive effect. **Amending the legislation to stop people becoming liable for their council tax in this way would help change how people perceive councils on this issue.**

By increasing the liability for the debt, council tax legislation intensifies the aspects of indebtedness that make it so damaging for people's mental health. Our research found that people with unmanageable debt are 24% more likely to experience poor mental health.⁶⁸ The amount of debt is also important. 30% of clients we see with council tax arrears have water debts, 21% have fuel debts and 19% are seeking a debt relief order.⁶⁹ MMHPI has found that 45% of people with one problem debt have a

⁶⁶ The median monthly disposable income - after accounting for essential household expenditure - of our debt clients is just £14. Whilst the median amount of council tax held by our clients is £672. This means that - if their income does not increase - Citizens Advice clients with council tax arrears are set to pay off those debts over three years and 8 months. Citizens Advice Money Advice Recording Tool, Q2 2018.

⁶⁷ Citizens Advice, [Catching up: Improving Council Tax Arrears Collection](#), 2016

⁶⁸ Citizens Advice, [A debt effect? How is unmanageable debt related to other problems in people's lives?](#), August 2016.

⁶⁹ Citizens Advice client data, 2019.

mental health problem, rising to half (50%) of people with two or more problem debts.⁷⁰
Arbitrarily increasing an individual's debt in such a way serves only to worsen their mental health, rather than assist in repayment.

Unmanageable debt has a number of other damaging impacts on people's circumstances in other areas of their lives. Data collected by our advisers shows that 51% of the debt clients we see also seek help with at least one other non-debt issue. Only housing clients are as likely to need advice in another area of their lives. The equivalent figure for benefits, relationships and employment are 48%, 47%, and 42% respectively.⁷¹

A common response to problem debt is taking out additional credit. 1 in 6 of the people who responded to our national polling told us that they had taken out additional credit to meet the cost of a bailiff visit.⁷² The use of credit to pay off debts exposes how the costs of debt can spiral, with people failing to secure a lasting arrangements to move them out of indebtedness. This can lead to people falling into further debt as they try to keep up with interest payments and fees.

Prioritising these debt repayments over other basic needs can have consequences for people's health and well being. In 2017, we conducted research with people who struggled to meet the costs of everyday payments. On one occasion, we spoke to a couple who had got into problem debt after a period of unemployment. After experiencing threatening behaviour from bailiffs, they felt they needed to prioritise repaying this debt above essentials. They started avoiding buying food during more expensive weeks to be able to save more money. They also visited a food bank and relied on visiting family members around mealtimes in order to get by.

Joanne, 18 - 24, claiming disability benefits

"I would rather go a few days without eating than have the stress of that [bailiff] at the door."

ii. Use of the courts and threat of imprisonment

Council tax legislation causes further difficulties for individuals by introducing court proceedings early in the collection process and then holding the threat of imprisonment over people. Given the proportion of people in problem debt who also experience mental health problems, it is vital that arrears and collections processes are designed to minimise psychological distress. By mandating councils to use such highly intimidating processes the legislation on council tax only serves to increase distress.

a) Liability orders

3.16 million liability orders were issued in 2017. They are now the most commonly awarded court order in England and Wales.⁷³ Councils often seek these court orders after people fall behind on just three installments, despite guidance from the

⁷⁰ The Money & Mental Health Institute, [Debt and mental health: a statistical update](#), March 2019.

⁷¹ Citizens Advice client data, 2019.

⁷² Citizens Advice, [A Law unto themselves: Bailiff breaking the rules](#), November 2018.

⁷³ Payplan, [Keeping Court for the Last Resort](#), November 2018.

government that they should exhaust all options before obtaining a Liability Order.⁷⁴ This rapid escalation to court processes isn't only financially punitive it is an ineffective way of encouraging people to engage with their debts.

People who are struggling with financial problems tend to experience 'scarcity mindset'.⁷⁵ Mental scarcity affects people who face multiple overwhelming demands on their finances or time. This mindset encourages people to focus on specific day to day tasks - enabling them to keep managing, but can make it much harder for them to allocate time to addressing their problems over the longer term.

Added to the challenge of owing the full outstanding year's council tax, the stressful letters and fees associated with liability orders are likely to intensify mental scarcity - making it harder for people to deal with their debt issues, rather than providing them with a mechanism to deal with arrears that have built up.

b) Threat of prison

Very few people are sent to prison for not paying council tax. In 2016/17 committal proceedings were started against 4,817 people and only 62 people were sent to prison.⁷⁶ The threat of prison, however, is widely used by enforcement agents chasing council tax arrears and causes significant stress and anxiety for those being pursued.

Over 8 in 10 (83%) of advisers believe that bailiff behaviour has become more aggressive since 2014 and our national polling found that 2 in 5 (37%) bailiff incidents involve intimidation.⁷⁷ The threat of imprisonment is a central element of the fear invoked by bailiffs chasing council tax arrears.

Tom, Adviser

"They (clients) don't want to leave the house because they're scared of the bailiff finding them and they'll be sent to prison."

The letters and texts in Appendix 2 show how the threat of imprisonment is used to intimidate people into paying council tax arrears. This is counter productive when it is often the case that people simply do not have the money to pay the arrears. Given also the prevalence of poor mental health among people with problem debt, the threat of imprisonment merely serves to further damage the health of vulnerable people.

⁷⁴ Payplan, November 2018.

⁷⁵ Eldar Shafir and Sendhil Mullainathan, [Scarcity: Why having little means so much](#), 2013.

⁷⁶ IMA, ["I can't believe they still do that" The case for ending imprisonment for council tax debt in England and Wales](#), November 2017.

⁷⁷ Citizens Advice, [A Law unto themselves: Bailiff breaking the rules](#), November 2018.

4. Conclusion

Arrears on council tax bills are the most common debt problem experienced by our clients. Local Citizens Advice helped nearly 100,000 people with the issue in the last year alone. But this problem goes far beyond our clients. An estimated 2.2 million households are in arrears - nearly 10% of all households who pay council tax. And it's growing. The level of council tax arrears has been rising since 2014, with an increase of more than 6% over the last year alone.⁷⁸

The growth in arrears is the result of stretched household budgets and changes to council tax benefit. Changes to welfare policy between 2010 and 2015 reduced household incomes by £1,127 on average. And localisation of council tax benefit mean 3.6 million households have seen their council tax bill increase and 1.4 million are paying council tax for the first time.⁷⁹

At the same time, council budgets are themselves increasingly under pressure. From 2010 to 2018, funding from central government to local authorities has been cut by nearly 50%. This figure is expected to rise to 56.3% by 2020.⁸⁰ This has increased local authorities' reliance on income from council tax.

It's crucial that this squeeze on their budgets doesn't lead to local authorities pursuing more costly collection practices. **Inflexible legislation which encourages councils to use collection practices which by further compounding people's financial difficulties, creates costs down the line.** It leaves debtors stressed and anxious, often unable to work and, taking out additional credit to repay their debts. The NAO estimates that aggressive debt collection practices make it 15-29% harder for people to repay, and that problem debt costs the public purse approximately £248 million per year.⁸¹

Problems with council tax aren't limited to the regulations around its collection. Council tax is regressive with low income families paying disproportionately more in relation to both their income and the value of their homes.⁸² In the longer term, there is a strong case for the government to reconsider both how council tax is calculated, and how families receive council tax benefit.

In the short term however, it is clear that the problems around council tax arrears are exacerbated by the way it's collected. Poorly functioning legislation makes it hard for councils to be flexible and respond sensitively to people's financial difficulties.

⁷⁸ Ministry of Housing, Communities and Local Government, [Collection rates and receipts of council tax and non-domestic rates in England 2017-18 - revised](#), September 2018.

⁷⁹ IFS, [The impacts of localised council tax support schemes](#), January 2019.

⁸⁰ National Audit Office, [Financial sustainability of local authorities 2018](#), March 2018

⁸¹ NAO, [Tackling Problem Debt](#), September 2018.

⁸² Resolution Foundation, [Home Affairs](#) (2018)

5. Recommendations

The regulations which govern council tax collection were introduced in 1992. The developments of the last 25 years: with changes to people's household budgets, changes to debt collection practices, and more people paying council tax mean these regulations are not fit for purpose to collect a debt which so many people are struggling to pay.

The way council tax is collected is governed by the Local Government Finance Act 1992, and the secondary legislation which accompanied the bill. The use of secondary legislation to amend these regulations would significantly improve the way in which council tax is collected. We think the regulations should be changed in 4 ways:

1. People shouldn't be asked to pay their entire annual bill if they miss 1 monthly payment. Regulations around collection mean debts quickly become unaffordable. If a family misses a single monthly council tax payment, the law states they become liable for the entire annual sum 1 month later.⁸³ People who are struggling to meet their monthly bill shouldn't have their payment plan cancelled, making it *even* harder to pay.

The Ministry for Housing, Communities and Local Government (MHCLG) should use secondary legislation to amend the 1992 Council Tax (Administration and Enforcement) Regulations to ensure that payment plans aren't cancelled after a missed monthly payment.

2. Expensive, court based enforcement should be a last resort for local authorities. New powers to collect council tax arrears should be accompanied by new requirements for local authorities when collecting debts. They should be set out in a statutory code of practice which local authorities are mandated to follow.

MHCLG should use secondary legislation to change the Council Tax (Administration and Enforcement) Regulations 1992 to create a statutory code of practice setting out what actions should be taken before a liability order is made.

3. Councils should be able to collect debts without having to use a process which incurs fees for the person in debt. In 2016/17, local magistrate's courts made 3.16 million liability orders. On average liability orders and court summons incur an £84 fee for individuals, cumulatively adding £265 million to people's existing council tax debts.⁸⁴ The addition of court charges and bailiff fees exponentially increase the size of people's debts - with people who are already struggling to pay being pursued for an additional half a billion pounds (£564 million) of fees by local authorities and bailiff firms.

MHCLG should use secondary legislation to change the Council Tax (Administration and Enforcement) Regulations 1992 and the Council Tax (Deductions from Income Support) Regulations 1993 to introduce *affordable* deduction of benefits without a liability order. To ensure the efficacy of this, it may also be necessary to use primary legislation to change Schedule 4 of the Local Government Finance Act 1992.

⁸³ [The Council Tax \(Administration and Enforcement\) Regulations 1992](#)

⁸⁴ Money Advice Trust, [Stop the Knock](#), 2017

4. People should not be threatened with committal to prison for being unable to pay their council tax bill. The threat of imprisonment for people with council tax arrears is outdated and damages people's mental health. While few people get sent to prison for falling behind on their council tax, the power to imprison people often features on letters and is raised by bailiffs. This causes significant stress and anxiety, and can encourage risky financial decisions, such as withdrawing additional credit, leaving people even deeper in debt.

MHCLG should use secondary legislation to change the Council Tax (Administration and Enforcement) Regulations 1992 to remove the sanction of imprisonment.

Appendix.

1. Methodology

Given that there is fairly limited data available on the charging of court and bailiff fees, we have found it necessary to rely on data from two different years.

- The only available data on the proportion of council tax debts which are settled in total and at compliance, enforcement and sale stages is from 2014 CIVEA's response to the Ministry of Justice One Year Review of the Tribunals, Courts and Enforcement Act.
- Data on the number of debts passed to bailiffs is drawn from Freedom of Information Requests by the Money Advice Trust from 2016/17.⁸⁵
- Data on the number of liability orders borrows from the Ministry of Justice's account of 3.16 million liability orders in 2016/17.⁸⁶

We have also relied on the following assumptions:

- That the proportion of debts settled in total remains broadly similar to its level in 2014 of 23%.
- That the proportion of debts settled at each stage of the enforcement process has remained broadly stable since 2014.
- That debts that are not settled also face similar fees being charged and at similar stages in the enforcement process and therefore increase people's debts, even if not all fees are paid.
- That a similar proportion of liability orders are settled as bailiff fees. This is likely to be a significant underestimate as liability orders come earlier in the enforcement process and should, therefore, be easier to collect.

Table 1. Estimated fees charged and paid on council tax debts passed to bailiffs

Enforcement stage	Fee	Debts with fees ⁸⁷		Fees charged (£)*	Fees paid (£) ⁸⁸
		%	Number		
Compliance stage	£75.00	100%	1,377,000	£103,300,000	£23,800,000
Enforcement stage	£235.00	59%	812,000	£190,900,000	£43,900,000
Sale of goods	£110.00	1%	13,770	£1,500,000	£300,000
Total bailiff fees				£295,700,000	£68,000,000
Court costs	£84.00		3,160,000	£265,400,000	£61,100,000
Total fees				£561,100,000	£129,100,000

*Fees rounded to the nearest £100,000

⁸⁵ Money Advice Trust, [Stop the Knock: Mapping Local Authority Debt Collection Practices](#), November 2017

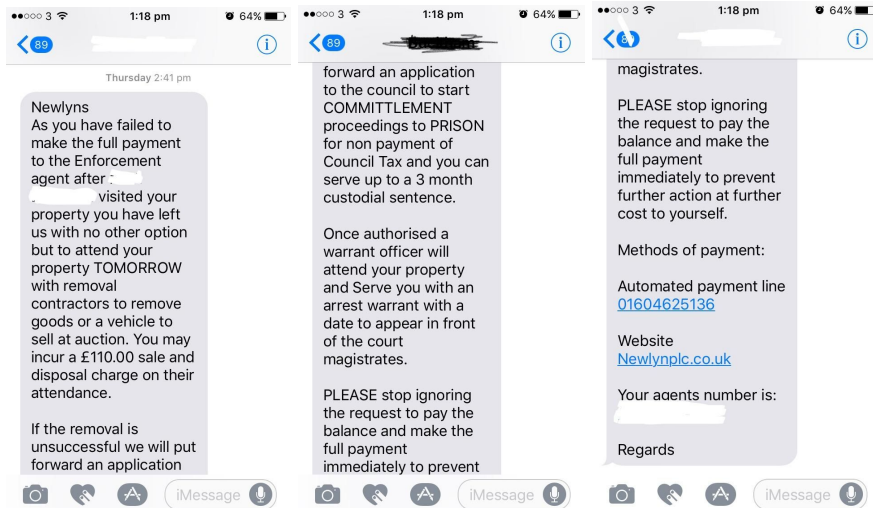
⁸⁶ Ministry of Justice, Impact Assessment (IA) Reduce court fees where the Ministry of Justice are currently over-recovering. IA No: MoJ010/2018, 3/7/12018, See, PayPlan, [Keeping Court for the Last Resort: A proposal to limit litigation in council tax debt collection](#), 2019

⁸⁷ CIVEA data from 2014 submitted to the Ministry of Justice's One Year Review of the Tribunals, Courts and Enforcement Act 2007.

⁸⁸ Ministry of Justice's One Year Review of the Tribunals, Courts and Enforcement Act 2007 states that just 23% of council tax debts passed to bailiff firms in 2014 were settled.

2. Bailiff notices threatening imprisonment

Text 1. Newlyn's, 2018



Letter 1. Newlyn, June 2018



Letter 2. JBW, September 2018

**ENQUIRIES AND PAYMENT LINE
TEL: 0330 107 0023 WWW.JBW.CO.UK**

To (Name):		Date:	
JBW ref no:		Debit type:	Council Tax
Address:			

FORMAL NOTIFICATION OF FURTHER PROCEEDINGS

Due to your continual refusal to pay your outstanding **Council Tax**, and despite numerous contact attempts, all of which are fully auditable and/or video recorded by a County Court Certified Enforcement Agent, we will now use this evidence to support further legal proceedings being taken against you.

These proceedings may include the issue of an Arrest Warrant requiring your appearance before a Judge to explain your refusal to pay, which could result in a period of imprisonment. Alternatively, if considered appropriate the Local Authority may make an application for an attachment of your earnings or benefits, apply for a Charging Order against your home or commence Bankruptcy Proceedings against you.

If you wish to avoid any of the above proceedings, please contact the Enforcement Agent in charge of your case immediately. If you fail to make contact and come to an agreeable settlement, we will have no option other than to conclude that you are wilfully avoiding payment and provide the Local Authority with evidence to support their further legal proceedings.

BALANCE DUE AS AT TODAY £ 531.27

You may pay by **Cash, Debit Card, Visa/Mastercard, Bank Draft or Postal Order**

Enforcement Agent Tel
(6am-8pm)

NO RESPONSE WILL TRIGGER FURTHER PROCEEDINGS THE COST OF WHICH YOU WILL BE LIABLE FOR

Letter 3. Swift Credit Services, November 2018

To pay using our 24-hour payment line call 0300 456 2773.
Or to speak to one of our team call 0333 320 2532.
Using our reference [REDACTED]
(calls from a landline will be charged at a local rate; mobile charges may vary.)



148129831/1/20182015664

390A



30 November 2018

Client: Newport City Council - Council Tax
Outstanding Amount: £1,194.58
Reference Number:
Our Reference:
Date: **30 November 2018**

NOTICE OF COMMITTAL ACTION

Dear Sir/Madam,

As you have failed to make payment arrangements on this account with us, the next stage in the recovery procedure is to formally report this to the Local Authority, recommending that they make application to the **Magistrates' Court** for a hearing to consider your **committal to prison**. The Magistrates' Court costs associated with this application will be **£305.00 payable by you**.

You will be required to attend this hearing where magistrates will investigate your conduct. The magistrates will be looking to determine whether your failure to pay is because you have **wilfully refused** to pay or you have been **culpable in your neglect** to pay.

— Should the magistrates be satisfied on either count, they will be required by law to **commit you to prison for a period of up to 90 days**. In order that the hearing can progress effectively you will be required to bring details, and evidence, of your income and expenditure at the time of your non-payment and as it currently stands today.

If you do not attend when summonsed to do so, the magistrates would be asked to issue an arrest warrant, which would incur **further costs of up to £145 payable by you**.

— To avoid this next course of action we are providing this final opportunity for you to contact us with your proposals for payment. **You must respond to this notice within 7 days of the date of this letter**. Please ask for your case officer, **Alex Smith**.

— It will be beneficial if you have with you details of your income and expenditure so that your case officer can effectively advise you on how your case is to proceed, there will also be the opportunity to answer any questions about the process that you may have.

If you fail to contact us to deal with this matter before the above date the local authority reserve the right to present this correspondence to the Magistrates as evidence of your continued failure to pay your council tax.

Swift Credit Services

For barcoded payments only



To pay using the barcode above, please visit any post office or other business that shows the allpay or PayPoint logo.

Swift Credit Services Ltd, Registered in England & Wales, Reg. Office: Rolland House, 8th Floor, 141 Edmund Street, Birmingham B3 2JR
Reg. No: 1130904 VAT No: 795 528 947

3. Process of escalation of enforcement - for Figure 5

A notice is issued 2 weeks after a bill is due. After a further 2 weeks, people will become liable for their total annual bill. If this bill is not paid, after a further 2 weeks councils can issue a court summons and liability order.⁸⁹ If the liability order is not paid within 14 days, the debt can be passed to a bailiff incurring a £75 enforcement fee. A further 7 days later, the debt can be escalated to 'enforcement stage'. In total, a debt can escalate to enforcement stage within 9 weeks.

⁸⁹ Council Tax (Administration and Enforcement) Regulations 1992

Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



citizensadvice.org.uk

Published April 2019

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057.