

MONEY

ADVICE TRUST

BUSINESS
DEBTLINE

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DEBTLINE

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ADVISER

Consultation Response:

Welsh Government consultation on improving the administration and enforcement of Council Tax in Wales

Response by the Money Advice Trust

Date: July 2025

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2024, our National Debtline and Business Debtline advisers provided help to 203,700 people by phone, webchat and our digital advice tool with 2.8 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2024 we delivered this free training to 750 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We welcome the opportunity to comment on the Welsh Government's proposals relating to the enforcement of council tax in Wales. We believe that the proposals should be supported and hope to see these measures implemented as soon as possible.

We believe that the Welsh Government should consider further revisions to the council tax collection process in future. We have set these suggestions in our response below.

Responses to individual questions

Questions about the Welsh Government's proposals

Questions 1 to 3

Not applicable.

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

We strongly support proposals to always issue at least one reminder notice to households each time a council tax instalment is missed, beyond the first two missed payments in a financial year.

Our research with the Centre for Social Justice found that the majority of households in council tax arrears are struggling financially: 28% of households with council tax arrears say they could not afford any unexpected bill at all, rising to over half (55%) who say they could not afford anything over £100. This is compared to just 8% of all households who say they could not afford any unexpected bill.¹ Further research demonstrates a significant number of households that are subject to enforcement are likely to be vulnerable.²

As the charity that runs National Debtline, we know that the collection and enforcement process can escalate quickly – often with harsh consequences for the person experiencing financial difficulty. Among people we helped at National Debtline, who live in Wales, nearly a quarter (23%) have council tax arrears, making it the most common debt we see behind only credit cards, energy arrears and overdrafts.

¹ Centre for Social Justice (2024), [Still Collecting Dust: Ensuring fairness in council tax collection](#)

² Centre for Social Justice (2025), [Vital Signs: Measuring vulnerability in council tax collection](#)

Among people we helped in Wales who had council tax arrears:

- ✓ 71% have an additional vulnerability of some kind;
- ✓ 59% have a health-based vulnerability;
- ✓ Half (49%) have a mental health condition;
- ✓ 3 in 10 are currently not working due to an illness or disability and a further 4% are a full- or part-time carer.

The top reasons for debt among people in Wales with council tax arrears are:

- ✓ Not enough money for basic needs (20%);
- ✓ Loss of job or other income shock (18%);
- ✓ A mental health condition (14%).³

Therefore, sending a reminder notice beyond the first two missed payments, and giving people time to engage with their council, is crucial. This requirement must be made mandatory in regulations and not left at the discretion of the local authority. Current rules which escalate the debt quickly after two missed payments fail to take account of the reality of the situation for many people struggling with council tax arrears, as set out here.

On the whole, it is really important that people are given more time to engage with their council and seek free debt advice if they need to.

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

We recognise the merits of issuing a final notice 41 days after a payment is missed and note that this is a significant improvement on the current process. We support a prescribed final notice, and we would suggest that all local authorities in Wales should be required to use the same notice so that there is a consistency in approach and people can clearly identify what notice they have received.

Final notices should be clear and written in plain language, setting out what stage the individual is at in the process, the next steps and how to contact their council, as well as how to seek independent debt advice and other support.

Final notices should be compassionate, using language intended not to be intimidating or distressing. They must set out the solutions and options available, to ensure individuals feel able to engage without fear of immediate enforcement action.

³ National Debtline client data, 1 Oct 2024 – 4 July 2025

The local authority has a duty to consider individual circumstances where informed of these, such as those who advise they need more time to pay or respond due to their vulnerability. Among people we helped in Wales who had council tax arrears, 31% had a capability-based vulnerability, including 17% who need support to deal with creditors and 1 in 10 (9%) who require support to deal with paperwork.

If an individual requests additional time due to extenuating circumstances, or to seek debt advice, a reasonable extension must be granted where possible.

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?

YES

We very much support the proposal to extend the timeframe between someone missing a council tax instalment and then becoming liable for their full annual bill.

From our experience, we know that current practice often leads to a quick escalation to bailiff action. It's vital that people have more time to engage and seek support. The Centre for Social Justice found that over 1 in 10 households in the lowest income decile report having been behind on their council tax compared to 1 in 20 households across Great Britain.⁴ Therefore, those who are struggling to pay their council tax in instalments are highly unlikely to be able to pay the entire annual bill. The emphasis should be placed on early engagement and sustainable repayment plans, rather than the pursuit of a liability order in the magistrates' court to commence the enforcement process.

⁴ Centre for Social Justice (2024), [*Still Collecting Dust: Ensuring fairness in council tax collection*](#)

To further support this point, we found that Welsh local authorities passed over 41,000 council tax debts to bailiffs in 2022/23.⁵ We know that some people struggle to engage, and this can lead to their debts being passed to bailiffs even where they are struggling to pay. Opportunities for engagement must be plentiful in nature, and people need to be given enough time to provide information about their income and circumstances, or to seek free debt advice.

Processes relating to government debt collection and enforcement can often overlook the reasons why people are not engaging. This could be linked to fear, or the impact of mental health conditions, as well as accessibility barriers. Among people we helped in Wales who had council tax arrears, 71% have an additional vulnerability of some kind and half (49%) have a mental health condition.⁶

Processes must therefore be designed to be as supportive as possible, rather than assume a lack of engagement means someone is evading payment. Communications should be compassionate, focusing on the support that can be offered and should not threaten the use of these powers at an early stage.

From our research involving local authorities across England and Wales, we know a significant proportion of councils only conduct an assessment of income and expenditure and/or vulnerability if a resident proactively got in touch to ask for this - only twelve Welsh local authorities did this when we asked in 2022/23.⁷ Therefore, an assessment of income and expenditure, as well as a vulnerability assessment should be included proactively in the collection process. Once included, this will allow for collection processes to be tailored accordingly based on individual needs, which may involve allowing longer timeframes to engage, as well as payment breaks, and debt relief where needed.

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

We think that bringing this process broadly in line with the current Breathing Space regulations is a positive step. We would welcome any move to ensure fairness, and build more time into the collection and enforcement process, as this helps maximise opportunities for engagement. With Breathing Space, it's unlikely that you would be subject to court action immediately after it has run out, but it is a possibility. The suggested point at which escalation to court seems quite drastic, and more time should be built in before the court stage commences.

⁵ Money Advice Trust (2024), [Stop The Knock research data](#)

⁶ National Debtline client data, 1 Oct 2024 – 4 July 2025

⁷ Money Advice Trust (2024), [Stop The Knock research data](#)

We know that the 60-day Breathing Space period is not always enough time for an appropriate outcome to be reached, let alone for full support to be given. It should be noted that in the recently released MHCLG consultation on the administration of council tax in England, full liability after 90 days is actively being considered in the consultation.⁸

As we have said, those who are struggling to pay their council tax in instalments are likely to be unable to pay the entire annual bill. The emphasis should be placed on early engagement and sustainable repayment plans, rather than the pursuit of a liability order in the magistrates' court to commence the enforcement process.

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.

AGREE

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

We recognise the Welsh Government's commitment to building more time into the council tax collection process – this is welcome. It is unlikely that a person in council tax arrears would seek debt advice the moment they fell into arrears, and so 63 days may not be enough time. From our service, we know that many people struggling with their council tax payments would benefit from a face-to-face debt advice appointment, which also must be considered in this 63-day timeframe. Again, it is unlikely that debt advice agencies will have the capacity to offer appointments within this timeframe. We would therefore suggest that this timeframe is extended, when requested.

Allowances must be made for people that need support with processes, namely those who have English as an additional language, those without internet access or who struggle with navigating digital devices, and those who are either disabled, or have a long-term physical or mental health condition. Among people we helped in Wales who had council tax arrears, 31% had a capability-based vulnerability, including 17% who need support to deal with creditors and 1 in 10 (9%) who require support to deal with paperwork. For these groups of people, reasonable adjustments must be made (whether it be access to a translator, or help to fill out forms correctly).

⁸ MHCLG (2025), [Modernising and improving the administration of council tax open consultation](#)

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.

We strongly support the introduction of further measures to ensure fairness in council tax collection across Wales. Improvements to checking a person's eligibility for the Council Tax Reduction Scheme and other discounts, signposting to debt advice services, and offering alternative payment arrangements are all welcome changes.

However, we would like to see this guidance being placed on a statutory footing, so that local authorities are required to comply with the guidance, rather than this being best practice guidance only.

We recommend local authorities exempt recipients of Council Tax Support, who have already been identified as requiring additional support, from bailiff action altogether. Our recent FOI request (conducted in May – July 2025) found that, of the 19 Welsh local authorities who responded, only one currently exempted Council Tax Support recipients from bailiff action. We are disappointed that this figure has not shifted since our previous FOI in 2022/23 when, again, only one Welsh local authority had a policy of exempting Council Tax Support recipients from bailiff action. This is despite the fact that Council Tax Support recipients have already been identified as requiring additional support and are on a low income. Exempting Council Tax Support recipients from bailiff action would have a number of benefits, including:

- ✓ Reducing the risk of people in vulnerable circumstances or struggling to pay being passed through to enforcement agents, exposing them to a risk of harm;
- ✓ Alleviating costs for local authorities, through better segmentation of residents and not spending money on collection actions that are unlikely to recover the debt.

Furthermore, the importance of local authorities accepting and assessing affordable repayments based on the Standard Financial Statement must be noted – these may often go beyond the end of the financial year. It is not clear if the proposals include a mandatory policy to allow people to pay beyond the end of the financial year. This measure should be included in the regulations, and at the least should be highlighted in the new best practice guidance.

On the topic of best practice and guidance, based on our rich insight into council tax collection practices, we have developed recommendations for each local authority in England and Wales. These include exempting recipients of Council Tax Support from bailiff action, adopting the Standard Financial Statement and putting in place a formal vulnerability policy.⁹

⁹ Money Advice Trust (2024), [Stop The Knock: Six steps for local authorities](#)

Question 10: Do you have any other comments on the proposals?

We do not have any additional comments to make on the proposals above, however, we have further suggestions below.

We recognise that the Welsh Government has reformed council tax collection to abolish imprisonment for non-payment. It has also increased the thresholds for attachment of earnings orders, which have not been updated in England since 2007 and setting a limit for the costs that a local authority can add for a liability order. We also strongly support the Welsh Government's commitment to maintaining the 100% support provided to recipients of the Council Tax Reduction Scheme. This is a vital lifeline for lower income households, for whom full council tax bills would be unaffordable. We are pleased to see that local authorities can now use data to automate applications for Council Tax Support.

We believe that the Welsh Government should consider further revisions to the council tax collection process in future. These proposals go beyond the current proposals and is likely to be beyond the scope of best practice guidance.

- ✓ Introduce a statutory 'pre-action protocol' for councils to follow before they can start the process to enforce council tax debt. This should build in a requirement for local authorities to carry out vulnerability checks and put in place a repayment plan **before** taking action to obtain a liability order in the magistrates' court.
- ✓ The Standard Financial Statement should be used by local authorities to put affordable payment plans in place and offers of payment accepted when put forward by debt advisers or by individuals themselves.
- ✓ Extend all council tax payment requirements so that it is the default position for local authorities to issue bills that should be paid in twelve monthly instalments, rather than ten months. This would match the proposals in the current consultation on council tax collection in England.
- ✓ Reform data sharing with the other departments in the local authority and other relevant bodies such as the DWP to ensure that the council tax collections department is aware of households who are eligible for benefits and have vulnerable circumstances that should be taken into account.
- ✓ Exempt Council Tax Reduction Scheme recipients from enforcement action, as we have argued above.
- ✓ Require local authorities to consider other payment mechanisms such as deductions from benefits or attachment of earnings orders before resorting to referral to enforcement agents.
- ✓ Implement provisions to ensure regular uprating earnings thresholds used for Attachment of Earnings Orders. We would support this being built in as an automatic annual update to the thresholds to prevent the thresholds falling behind real earnings and cost of living rises.

Welsh Language questions

Question 11: What, in your opinion, would be the likely effects of the proposals on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

We are not in a position to respond to this question.

Question 12: In your opinion how could the proposals be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on treating the Welsh language no less favourably than English.

We are not in a position to respond to this question.

For more information on our response, please contact:

Jasmin Dhaliwal, Public Affairs and Policy Officer

jasmin.dhaliwal@moneyadvicetrust.org



The Money Advice Trust

21 Garlick Hill

London EC4V 2AU

Email:
policy@moneyadvicetrust.org

www.moneyadvicetrust.org