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ADVICE TRUST

BUSINESS
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Consultation Response:

Welsh Government consultation on income thresholds for attachment of earnings orders

Response by the Money Advice Trust

Date: December 2021

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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 2020, our National Debtline and Business Debtline advisers provided help to 161,560 people by phone and webchat, with 1.86 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 2020 we delivered this free training to over 920 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 very much support the proposal to uprate the earnings thresholds for council tax attachment of earnings orders in Wales. We agree that the proposals will help to maintain fairness in the system, as set out in the paper.
- ✓ We agree with the proposed method of uprating the thresholds and agree this is an appropriate approach.
- ✓ We strongly support a requirement to update the thresholds on a regular basis. It would make sense to us to build in an automatic annual update to the thresholds.

We note that the attachment of earnings thresholds for council tax under Schedule 4 of the [Council Tax \(Administration and Enforcement\) Regulations 1992 \(SI 1992/613\)](#) have not been updated in England since 2007. There is a power to amend the rates in paragraph [5\(2\)\(e\) of Schedule 4 the Local Government Finance Act 1992](#).

We very much hope that the Welsh Government goes ahead with these proposals. As a consequence, we also would hope that the UK Government will follow the good example set by the Welsh Government for council tax in England.

Responses to individual questions

Question 1: Do you agree with the policy intention to uprate the earnings thresholds used to determine the amounts which may be deducted through a liability order? Please give reasons for your response.

We very much support the proposal to uprate the earnings thresholds for council tax attachment of earnings orders in line with the amounts set out in the consultation paper. These proposals are vital to protect potentially vulnerable council taxpayers in debt.

We agree that the proposals will help to maintain fairness in the system, as set out in the paper. This uprating is long overdue, given that the attachment of earnings tables were last amended in 2007.

Question 2: Do you agree the proposed method of uprating is an appropriate approach for determining the new earning limit rates? Please give reasons for your response.

We agree with the proposed method of uprating the thresholds using increases in average earnings and agree this is an appropriate approach.

It seems fair to increase the thresholds in accordance with the increase in average earnings between April 2006 and March 2021. The use of average earnings matches the approach taken by the Accountant in Bankruptcy in Scotland under the Diligence against earnings regulations.

Question 3: How often do you think the earnings thresholds should be updated? Please give reasons for your response.

We strongly support a requirement to update the thresholds on a regular basis. It would make sense to us to build in an automatic annual update to the thresholds. This would prevent the thresholds falling behind real earnings and cost of living rises.

This automatic annual update should be built into the regulations to ensure it happens. The earnings threshold update should be carried out using the uprating method proposed in the paper. This approach using increases in average earnings would appear to be fair to people in debt with council tax.

Question 4: We would like your views on the effects that the proposed policy would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

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

Question 5: Please also explain how you believe the proposed policy could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

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

Question 6: If you would like to raise any points about this matter, please take this opportunity to record them here.

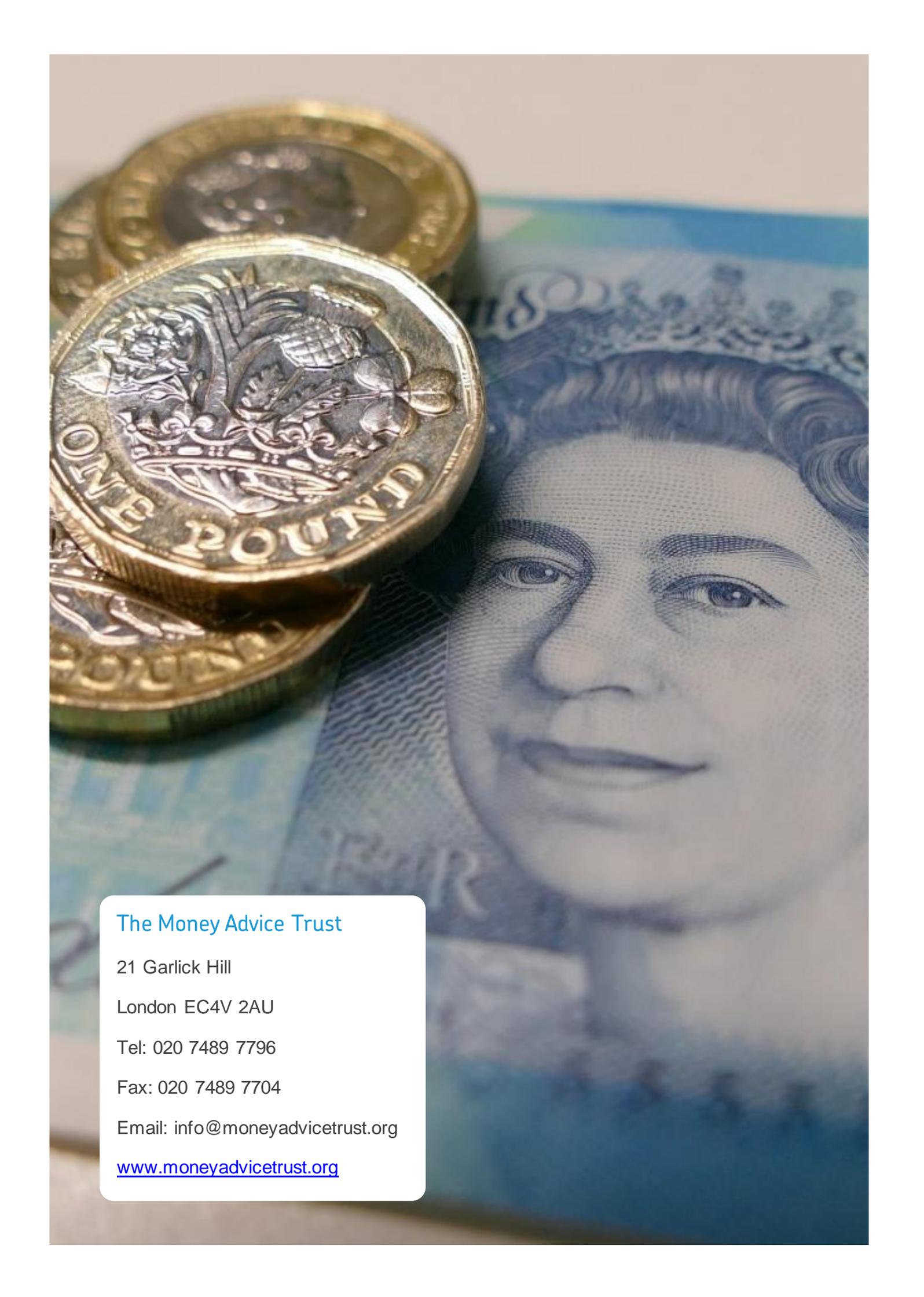
We do not have any additional comments to make.

For more information on our response, please contact:

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