

COUNCIL TAX AFTER COVID



Reforming Council Tax Support and collection
in the wake of the pandemic

July 2021

The coronavirus pandemic has had a significant impact on council tax arrears (with latest figures showing over £4.4 billion is owed in England): but it does not tell the whole story. Even pre-covid, council tax arrears were growing at a worrying level. In recent years, advice services like National Debtline and Business Debtline have been seeing an increasing number of people struggling with their council tax, often facing unaffordable bills or being on the end of harsh collection practices which can make their financial situation worse.

It is clear that the current collection rules, and system of Council Tax Support in England, are not working well for individuals on low incomes. However, there are also real questions about whether they are working well for local authorities either.

Local authorities rely on council tax to fund vital local services. However, reductions in funding for local Council Tax Support schemes mean many local authorities in England are increasingly having to charge low-income households with bills which are simply unaffordable. As we explore in this report, growing evidence links the significant increase in council tax arrears to the changes implemented to local Council Tax Support in England.

The challenges don't end there. Councils have a duty to try and collect as much council tax as possible. However, outdated collection rules for England and Wales push councils towards using harsher collection practices and means that council tax debt can escalate rapidly – making it even harder for people to get back on track. When councils pursue arrears from people receiving partial Council Tax Support, these are often small amounts relative to total council tax bills but can attract higher collection costs – raising questions about how efficient this is for local authorities.

In these respects, it is clear that change is needed. If we are to turn the tide on growing council tax arrears, effective Council Tax Support has to be part of the solution. Reform should build on the positive impact of the Covid Hardship Fund in England - which enabled local authorities to reduce the bills of Council Tax Support recipients by a further £150 – and the welcome flexibility in collection that many councils have shown during the pandemic. As we set out here, there is strong public support for these changes too: a recognition that, while councils must always ensure those who can pay do so, so too must we ensure that the system is fair to people on low incomes and that council tax bills and collection processes do not push people into financial hardship. In doing so, we can make sure the system is better for households and local authorities alike.

Recommendations

- The Government should continue its **increased funding for local Council Tax Support** beyond Covid-19, so that all councils can continue to offer 100% support schemes in the wake of the pandemic.
- The Government should amend the Universal Credit application process so it **automatically triggers an application to the applicant's local authority for local Council Tax Support**.
- The Ministry of Housing, Communities and Local Government should **amend the 1992 Council Tax (Administration and Enforcement) Regulations** to prevent the rapid escalation of debt and ensure people are treated fairly.
- All local authorities should **exempt Council Tax Support recipients from bailiff action**.

REFORM OF COUNCIL TAX SUPPORT AND COLLECTION IS URGENTLY NEEDED

Council tax pressures



A total of **£4.4 billion** is owed in council tax arrears in England and **£157 million** in Wales.¹



Our research reveals that **more than 7 million** people in Great Britain (14%) are worried about being able to afford their council tax bills over the next year.²



In the decade between 2009 and 2019, the **proportion of callers to National Debtline with council tax arrears doubled**, from 15% to 29%.³

Issues with Council Tax Support



Between 2013 (when local Council Tax Support was introduced) and 2020, the total amount of council tax arrears owed has increased by **more than £1.2bn**, or 51% - compared to only 28% in Wales which has kept a nationwide 100% council tax reduction scheme.⁴



2.1 million people in England now have to pay more in council tax than they would have done under the previous, national Council Tax Benefit system.⁵



Our research found that people who receive only partial Council Tax Support are **more likely to be behind** on certain other household bills and credit commitments (rent, overdraft, water), compared to those who received full support.⁶

Strong public support for reform



6 in 10 adults in Great Britain (59%) would support the Government increasing the amount of money given to councils to allow them to discount council tax for those on low incomes.⁷



80% of adults in Great Britain say councils should always offer people a repayment plan in the first instance, to allow them to repay council tax arrears in an affordable way over time.⁸

£4.4 BILLION IS OWED IN COUNCIL TAX ARREARS

Government figures show that, as of March 2021, over **£4.4 billion of council tax arrears was owed to local authorities in England**.⁹ **In Wales, a total of £157 million is owed.**¹⁰

In 2020/21, a total of £1.5 billion of council tax in England went unpaid – reflecting the impact of Covid-19 on people’s ability to pay their council tax bills, and on local authorities’ ability to collect this tax to fund vital local services. However, council tax arrears were growing at a worrying rate even before coronavirus hit.

Behind these figures are millions of people, struggling to pay their council tax bills, and our new national research reveals that certain groups are more at risk. Among those we surveyed in England and Wales:

- People who had a long-term health condition or disability were **three times as likely to have fallen behind**, compared to those without.¹¹
- People who receive an income-related benefit (specifically Universal Credit, JSA, ESA and Tax Credits) were **almost four times as likely to have fallen behind** on council tax compared to those not receiving benefits.¹²

In 2020/21, in recognition of the significant impact Covid-19 had on many people’s incomes, the UK Government introduced a £500 million Covid Hardship Fund for local authorities in England. This was intended to enable councils to further reduce council tax bills of working age people receiving local Council Tax Support – in most cases by up to £150.

Many councils also paused collection and enforcement activity at the height of the pandemic and introduced greater forbearance. This will have been a lifeline to many households, and without it, the overall arrears figure would likely have been much higher. However, as we look ahead, it is clear that increasing council tax arrears present a real challenge both to households and local authorities.

The total amount of council tax owed is increasing in England and Wales



GROWING COUNCIL TAX PRESSURES

While the extraordinary circumstances created by the coronavirus pandemic have undoubtedly heightened the challenge many households face in affording their council tax bills, this is certainly not a new problem. Council tax arrears and collection costs were growing at a worrying rate even before Covid-19 hit.

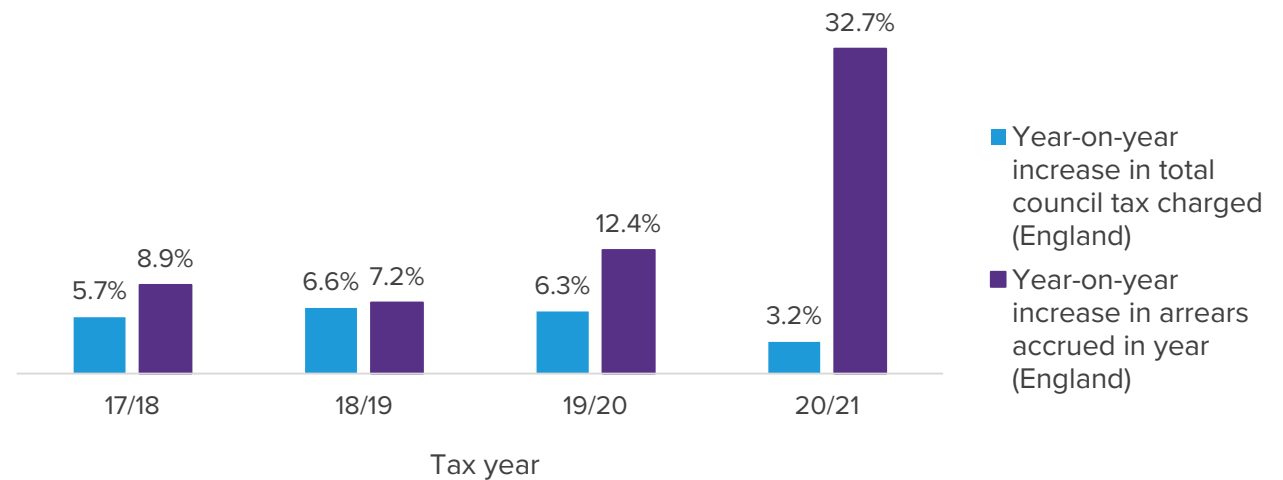
However, the growth in arrears cannot simply be explained by an increase in the amount of council tax charged. Council tax arrears in England are increasing at a higher rate than council tax bills. In other words, an increasing proportion of people are struggling to pay.

As we explore in this report, this growth in arrears is not only unsustainable for local and central government, it is also causing significant financial stress to individual households.

The problem isn't going away: over seven million people in Great Britain (14%) are worried about being able to afford their council tax bills over the next year.¹³

This rises to 21% for people with a long-term health condition or disability and 29% for people receiving an income-related benefit (Universal Credit, JSA, ESA, Tax Credits).¹⁴

Council tax arrears are growing at a faster rate than council tax bills in England



RISE IN UNAFFORDABLE BILLS

To understand the increase in council tax arrears in recent years, we need to look at the changes that have been made to support for people struggling to afford their council tax bills.

The introduction of ‘minimum payments’ for working age recipients of local Council Tax Support¹⁵ means that, since 2013, many people are having to pay council tax who otherwise wouldn’t have, while others have seen the amount that they are required to pay rise.

Recent research by the New Policy Institute and entitled to found that **over 75% of local authorities in England now have a minimum payment in place**.¹⁶ The most common minimum payment required by local authorities was between 20-29% of the council tax bill.

They estimate that these changes mean **2.1 million people in England now have to pay more in council tax than they would have done under the previous, national Council Tax Benefit**.¹⁷ Similarly, the Institute for Fiscal Studies found that only around 500,000 – just one quarter – of households in England that would have had their council tax bills entirely covered by the Council Tax Benefit system still have it fully covered by local Council Tax Support.¹⁸

Among the people we surveyed across England and Wales, just 14% of those receiving income-related benefits were getting full Council Tax Support. 36% were receiving partial support, while 43% were getting no help at all with their council tax bills.¹⁹

Unfortunately, for many people, the council tax bills they are now receiving are unaffordable and they are facing significant difficulty paying them. Many of these bills are going unpaid as a result, reflected in the significant growth in council tax arrears in recent years.

Changes to Council Tax Support

In 2013, the Government devolved the previous national system of Council Tax Benefit to local authorities in England and to the Welsh Government. The change was accompanied by a 10% cut in central government funding.

In **England**, the Government stipulated that all councils must continue to provide support for pensioners to the same level as under Council Tax Benefit - providing a full 100% reduction for those eligible.

This has meant that the majority of the changes made to schemes in England have fallen on working age people. The most common of these is the introduction of ‘minimum payments’, meaning that in many areas working-age people can no longer receive full 100% Council Tax Support. Instead, they are required to pay some contribution towards their bill, with the exact amount varying between each local authority.

The situation is different in **Wales**, where the Government decided to create a national framework scheme with minimal local discretion. This includes requiring and funding local authorities to continue to offer 100% support for eligible working-age people.

Between April 2013 (when local Council Tax Support was introduced) and March 2020, **the total amount of council tax arrears owed in England increased by over £1.2bn, or 51%.**²¹ To avoid capturing the Covid impact, we have not included the 2020/21 arrears figure in this calculation, although a substantial further rise in arrears (£841 million) was experienced in the last year too.

Total arrears have increased at a lower rate in Wales, where every local authority is still required, by the Welsh Government, to offer 100% Council Tax Support. In Wales, arrears have increased by 28% (or £24.2m) between 2013 and 2020.²²

It appears that the increasing number of people receiving only partial Council Tax Support -and therefore required to pay something towards their council tax bill - is linked to growing arrears. This is borne out in modelling by the IFS, which shows that **reducing a household's Council Tax Support entitlement significantly increases the likelihood of them falling into arrears.**²³ Their research found the increase in arrears was almost solely driven by households receiving a council tax bill when they previously wouldn't have, showing how vital 100% Council Tax Support is in preventing arrears.

Less generous Council Tax Support doesn't just impact people's ability to pay their council tax bills. Our national research shows that **people who received only partial Council Tax Support were more likely to be behind on certain other household bills and credit commitments**, such as rent (10% compared to 7%), water bills (13% to 9%), and overdrafts (9% to 7%) compared to those who received full Council Tax Support.²⁴

Challenges getting help



Sara, Business Debtline client²⁰

Sara is a mum of three. She started to struggle financially while she was studying part-time, alongside working as a self-employed childminder. Sara built up around £500 of council tax arrears during this time. She has tried to apply for local Council Tax Support but was told she wasn't eligible.

When Sara tried to negotiate with the council to repay the arrears, she found them to be unsympathetic. She was told she had to catch up with her payments over the next few months, even though the level set per month was beyond what she could afford. This approach was in contrast to her other creditors, who all accepted the offers she made for affordable repayments, based on her budget.

"Just the thought of contacting the council brings back feelings of depression – I felt completely unsupported"

Sara describes her finances as *"stable but wobbly"*. She isn't able to save anything and has no capacity to deal with extra costs, such as when the kids need new clothes. As she isn't eligible for local Council Tax Support, she has to pay her bill in full – something that is challenging given her financial circumstances.

The impact of effective support



Robert, National Debtline client²⁵

Robert has a heart condition that makes it more difficult for him to work, and currently receives Universal Credit. Until earlier this year, he was also receiving Personal Independence Payment (PIP) which meant he qualified for full Council Tax Support from his local council. This was a big help: *“When I then told them I’d got PIP they then said okay, you don’t have to pay, which was better.”*

Earlier this year, Robert’s PIP stopped. He is currently suffering from Long Covid, including exhaustion and difficulty concentrating, which has affected his ability to fill in the long and complex forms to reapply for PIP. As a result, he lost access to full Council Tax Support and is now required to pay a partial bill of £26 a month, plus an additional £20 a month for historical arrears.

Robert can’t afford to pay this from his Universal Credit, so he’s been building up further arrears. *“I just can’t afford to pay it out of my Universal Credit. What do you do? I know council tax and your mortgage are the priority debts, but if all the money you’re getting in is less than even your mortgage, what do you do?”*

Robert is also struggling to afford his energy bills and is being chased for payment. His boiler has broken but he cannot afford to repair it and his son is having to lend him money to help cover his mortgage payments. He says losing full Council Tax Support is just another thing to worry about: *“It just all adds up, it just adds to making life more challenging, more depressing. And you just end up robbing Peter to pay Paul”.*

Escalating debt



Julia, National Debtline client²⁶

Julia is a single mum who was working two jobs to get by when the pandemic hit. She lost one of her jobs in the first lockdown and fell behind on rent and council tax as a result.

Julia applied for Universal Credit and local Council Tax Support. However, in the time it took for the application to be processed, she received four demand notices for the council tax arrears, threatening court action. This caused her considerable distress, especially as the amount owed kept changing and wasn’t the same as the figure showing on her online account.

Julia was eventually awarded partial Council Tax Support and, at this point, the demands stopped. She is now trying to repay the arrears at an amount she can afford while keeping up with her current bills. She says having partial Council Tax Support in place is important – *“every little helps”* - but says her financial situation remains precarious.

COUNCIL TAX SUPPORT CHANGES- A FALSE ECONOMY

Reductions in local Council Tax Support, and the introduction of minimum payments, don't just affect individuals, but can cause significant issues for local authorities too.

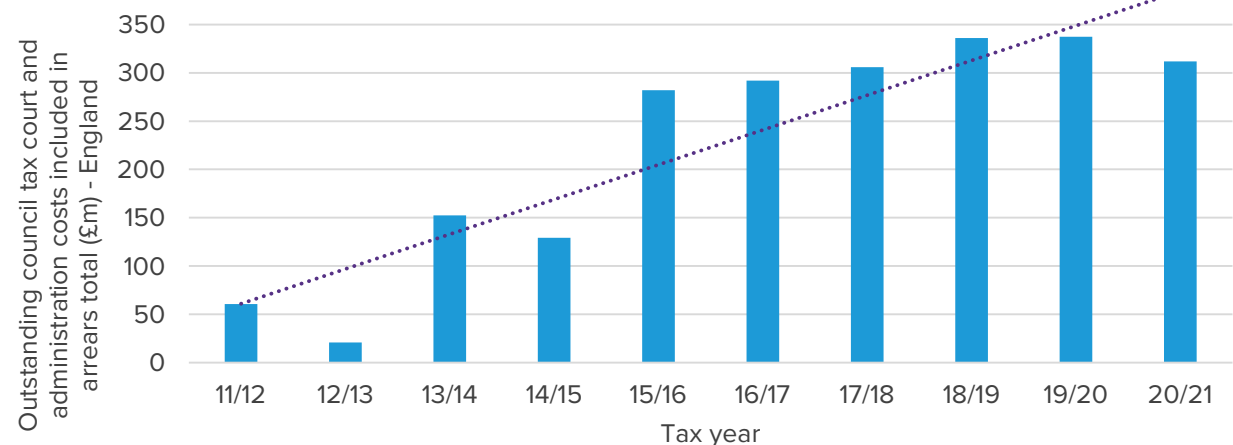
Evidence from local authorities suggests that collecting council tax from working-age local Council Tax Support recipients and other low-income households is more time consuming and costly.²⁷ When someone is receiving partial Council Tax Support, **the amounts that need to be collected are small relative to total council tax bills, but attract high collection costs – raising questions about how efficient this is for local authorities.** If, as is often the case, the council is not able to collect the arrears because doing so would be unaffordable for the individual, the council incurs high costs but receives no return.

Councils are able to add certain collection costs, such as the fee for a liability order or summons, to the debt a person owes. However, official statistics show that **the amount of collection costs remaining unpaid in England has increased by 1413% (£291 million) since local Council Tax Support was introduced.**²⁸ This suggests that councils are increasingly facing higher collection costs which they are then not able to recover from individuals.

The amount being written off each year by local authorities in England also increased by 137% between 2012/13 and 2019/20.²⁹ While write-offs are an important tool in ensuring that people aren't chased for arrears that they clearly cannot afford to pay, the significant increase could suggest that local authorities are having to charge people council tax, only to then have to write this off because it is unaffordable and uncollectable.

In this respect, local authorities in England are in a difficult position. They are reliant on council tax for local services. So, while many recognise the affordability challenges faced by people in their area, the limited funding for local Council Tax Support means they may have to charge them anyway. Local authorities then have to attempt to collect the inevitable arrears, despite knowing they are unlikely to recover these and are likely to incur significant costs and use scarce staff resource in the process.

The amount of collection costs remaining unpaid alongside wider council tax arrears in England has grown significantly



CURRENT COLLECTION METHODS ARE INEFFECTIVE AND UNFAIR

Among National Debtline clients surveyed who owed money to their local authority:

- Four in five (79%) said the actions of their council in collecting the debt had a negative impact on their wellbeing.
- Almost half (48%) said their local council had not offered them help to resolve their debts.³⁰

In addition to questions around the inefficiency for councils, there has been increasing focus in recent years on the fairness of government debt collection, including local authorities' collection of council tax.

Under the current council tax regulations, if an individual misses one payment of council tax they can become liable for the whole year's bill, meaning relatively small arrears can escalate rapidly. Additional court fees can also be added, including a fee for the liability order. **In 2021, National Debtline clients with council tax arrears owed an average of £1,205.**³¹

Given the circumstances of many financially vulnerable individuals it is highly unlikely that they will be able to afford to make this payment in one go. However, the nature of the regulations governing council tax collection mean the process is set, with little room for flexibility.

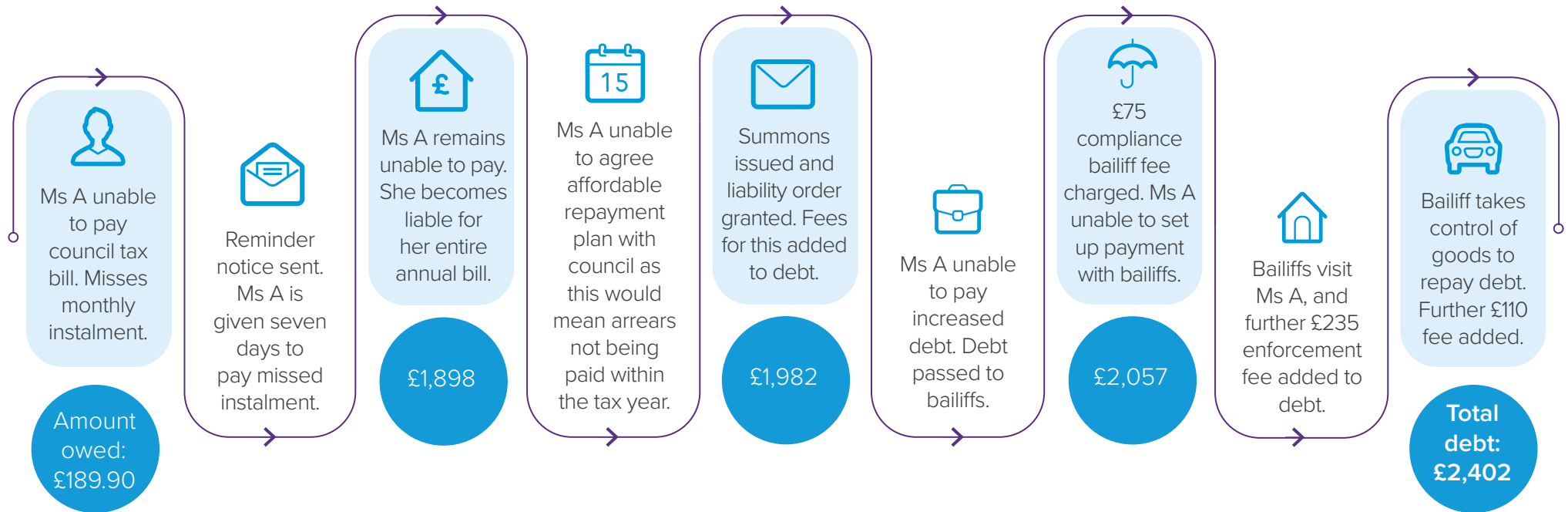
The pace of this escalation leaves people with little time to engage with their local authority or to seek debt advice. People may also face difficulties getting their council to agree to an affordable repayment plan – particularly where it would mean arrears are not repaid in the financial year in which they arose.

This can leave people in the distressing situation of needing to repay a whole year's council tax or face further escalation in recovery activity – usually to bailiffs. This means that many of the debts passed to bailiffs – rather than being people who have refused to pay - are vulnerable people on low incomes who could not afford their bill. Local authorities in England and Wales are the largest users of bailiffs, and in 2018/19 (the most recent figures available) they passed 1.4 million council tax debts to bailiffs.³²

The current Council Tax (Administration and Enforcement) Regulations 1992 have failed to keep up with a changing context, and do not take account of the implications of the collection process for those on low incomes who simply cannot afford to pay quickly or in full.

The Ministry of Housing, Communities and Local Government (MHCLG) has produced good practice guidance on council tax collection³³ which briefly sets out the importance of offering affordable repayment plans, and ensuring people are removed from bailiff action when this is not appropriate for their circumstances. In April 2019, MHCLG committed to updating this guidance. Over two years on, this has not yet been published, although is expected soon. While good practice guidance is welcome, given we have seen only small, incremental change in recent years, it seems clear that the impact of a voluntary approach based on guidance will always be limited. This is especially the case as guidance is often overridden by the impact of the current regulations and by funding considerations, which push local authorities towards using harsher enforcement methods.

COUNCIL TAX COLLECTION PROCESS, AS SET OUT IN LEGISLATION



This diagram is illustrative of the usual collection and enforcement process for council tax, as set out in legislation. In practice, there will be some variations on the exact timeframes and process and local authorities may show forbearance or agree payment plans at different stages. However, the intention of this diagram is to show how quickly collection activity, and the debt owed, can escalate under the current rules. Amount owed based on average Band D bill for England in 2021/22.³⁴ Combined summons and liability order fee based on average charge of £84, as calculated by Citizens Advice.³⁵

AN OPPORTUNITY FOR CHANGE

Concerns around council tax arrears and affordability have led to some calls for a wider overhaul of the system, including the introduction of a property value tax as an alternative to council tax, with the Welsh Government commissioning a review to explore some of these options.³⁶ Whatever decisions are taken on the future of the council tax system, however, it will clearly be some time until any changes are made, if at all. Households currently struggling with bills cannot wait; action is needed now to deal with the growing level of council tax arrears and reduce the financial harm that millions are experiencing.

Local Council Tax Support is a crucial part of the current system. Its role in making the council tax system fair and effective has too often been underestimated. Council tax support can have a hugely positive effect, not just in reducing council tax arrears, but in preventing wider financial difficulties too.

“Receiving 100% Council Tax Support was fantastic. It makes a huge difference, like a black cloud has been blown away” – Mike*, National Debtline client

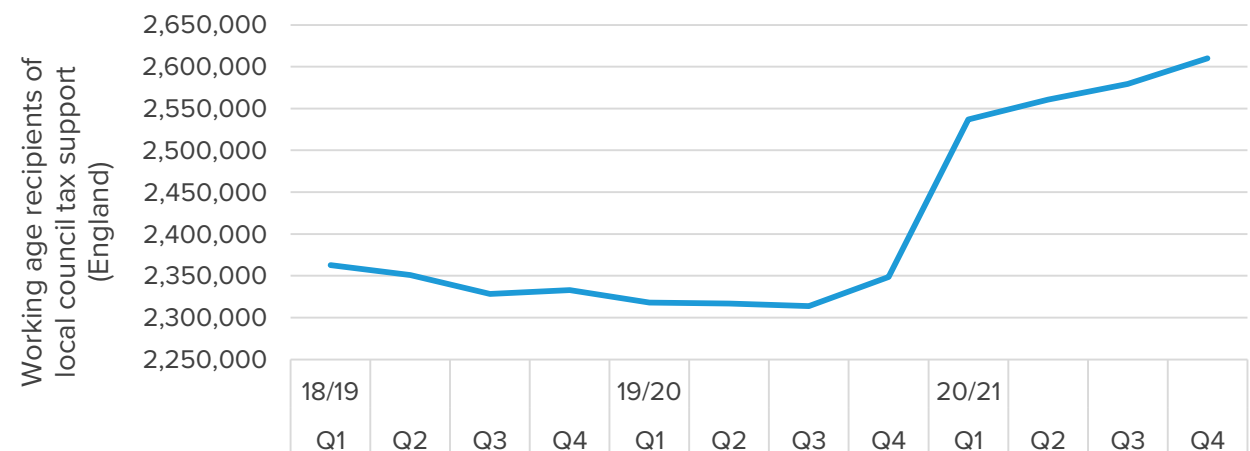
However, as this report sets out, the loss of 100% Council Tax Support for working age people in England, and the introduction of minimum payments alongside other eligibility changes, mean too many people are not currently getting the level of support they need.

Added to this is the growing number of working age people in need of local Council Tax Support – driven by the impact of Covid-19 – with claimant numbers rising 10%

in England between March 2020 and March 2021.³⁷ This is likely to increase further as the full, long-term financial impact of the pandemic is felt.

Currently, funding for local Council Tax Support is not demand-led, so when the number of people eligible for support rises, funding comes under more pressure and difficult decisions about the level of support that can be provided may have to be made by local authorities.

The number of working age people receiving local council tax support in England is growing



The UK Government has sought to address this issue during Covid by providing some additional funding to local authorities in England:

- In 2020/21, a £500 million grant fund to enable local authorities to reduce the council tax bills of those eligible for local Council Tax Support by a further £150. This had the effect of essentially re-introducing 100% Council Tax Support temporarily for some people who would otherwise have had a bill of £150 or less, while also reducing the bills of millions of others.
- In 2021/22, £670 million of funding to help meet the increased demand for local Council Tax Support due to the pandemic. This funding is not ring-fenced so can be used on other forms of support if a local authority chooses.

This additional funding is very welcome. Given the financial crisis facing both the wider economy and individual households during the pandemic, increasing the capacity of local authorities to support their residents struggling with council tax bills is the right thing to do. However, for many low-income households, the financial pressure they face is not solely caused by Covid-19, nor will it subside as

the pandemic eases. If we are to tackle the ever-growing council tax arrears burden, then continuing investment in Council Tax Support will be critical. For people facing ongoing squeezed budgets, council tax is often a bill they simply cannot afford and it remains the right thing for government to invest in adequate and effective support for them.

Such a move is likely to have strong public support.

Six in ten adults in Great Britain (59%) would support the Government increasing the amount of money given to councils to allow them to discount council tax for those on low incomes.³⁸

As well as improving the adequacy of support, it is important that all those who are eligible are made aware of the support available. Currently, people applying for Universal Credit are not automatically passported onto their local Council Tax Support scheme and must apply separately. This has led to concerns that many people are unaware they are eligible for support with council tax bills and are not applying for help as a result.³⁹

Recommendation to central government



The UK Government should build on the positive steps it took during the Covid-19 pandemic by continuing its increased funding for local Council Tax Support in England so that all local authorities can continue to offer 100% Council Tax Support schemes in the wake of the pandemic. This should be accompanied by a corresponding increase in funding to the Welsh Government for their council tax reduction scheme.

Recommendation to central government



The Government should amend the Universal Credit application process so that an eligibility check for local Council Tax Support is automatically carried out, with the local council being notified so they can begin a claim without the individual having to apply separately.

CREATING A FAIRER AND MORE EFFECTIVE COLLECTION PROCESS

As well as improving Council Tax Support to prevent arrears occurring, reform to collection practices is urgently needed to ensure that people who do fall behind have a safe route out of debt.

While local authorities have a duty to identify and enforce against those who can afford to pay but who are wilfully evading payment, it is clear that a significant proportion of the people councils are chasing are unable to afford their bills. Ongoing pilot projects are looking at how local authorities can better identify and segment these groups, which is welcome. However, without reform of council tax collection rules to give local authorities greater flexibility, people in financial difficulty will continue to be treated unfairly.

The UK Government has committed to fund 75% of irrecoverable council tax losses experienced by English local authorities in 2020/21 and to give them three years (rather than one) to repay collection fund deficits (caused when local authorities do not collect the expected amount of council tax) to the Treasury. These are welcome steps, but central and local government must now work together to ensure the same flexibility is passed onto people in arrears so that they are offered time to repay affordably, and that

arrears are written off where they are clearly unaffordable for the individual.

As this report sets out, issues with council tax collection pre-date the coronavirus pandemic, and will continue without reform of collection rules.

Traditionally, proposed changes to the collection regulations have been met with resistance due to concerns that they will affect the amount local authorities are able to collect. However, increasingly, evidence suggests this is unlikely to be the case. Research by Policy in Practice with London councils found there was **no clear relationship between stricter council tax collection policies and higher council tax collection rates**.⁴⁰ Rather, the two main determinants of collection rates were the generosity of the authority's Council Tax Support scheme – with more generous schemes seeing higher collection rates – and the levels of poverty in the local area.

80% of adults in Great Britain say councils should always offer people a repayment plan in the first instance, that allows them to repay the amount they owe in an affordable way over time.⁴¹

Recommendation to central government



The Ministry of Housing, Communities and Local Government should amend the 1992 Council Tax (Administration and Enforcement) Regulations, with the aim of preventing the fast escalation of council tax and ensuring local authorities have more flexibility to collect debts in an affordable way.

This should include:

- Stopping people becoming liable for their entire annual bill when they fall behind on instalments
- Introducing a statutory 'pre-action protocol' for councils to follow before beginning to enforce council tax debt – including a requirement to set up an affordable repayment plan. This would, in effect, place MHCLG's Good Practice Guidance for Council Tax Collection on a statutory footing.
- Replacing the costly and ineffective liability order process with a more effective consumer safeguard so councils have more power to collect debt flexibly.
- Removing the sanction of imprisonment for non-payment of council tax.
- Changing current metrics around collection targets and introducing the statutory reporting of debt collection methods and outcomes to incentivise good practice and quicken the pace of improvement.

Recommendations to local government



While local authorities are constrained by current regulations, there are also steps they can take to improve their collection processes and reduce the impact these have on financially vulnerable people.

In particular, local authorities should exempt Council Tax Support recipients from bailiff action.

- This would ensure that those who have been identified as requiring additional support through locally-determined criteria, are not subject to bailiff action which would be inappropriate for their circumstances.
- The Welsh Government has encouraged all local authorities in Wales to exempt recipients as part of their endorsement of our six steps for local authorities.⁴²

Local authorities should also:

- **Adopt the Standard Financial Statement** as a way of assessing affordability for repaying arrears and proactively establish ability to pay before sending accounts for enforcement.
- Ensure they have a **clear and effective process for referring residents to debt advice.**

For more information on the steps local authorities can take to improve collection for local residents, please see our **Six steps for local authorities.**

METHODOLOGY

All figures unless otherwise stated are from two separate polls conducted by YouGov Plc on behalf of the Money Advice Trust. The first poll was conducted between the 14th and 15th of June 2021 and had a final sample size of 1676 GB adults (18+). The second poll was conducted between the 14th and 16th of June 2021 and had a final sample size of 3359 GB adults (18+). All figures are weighted to be nationally and politically representative of all adults in Great Britain. Both surveys were carried out online.

Where we extrapolate national figures from this data, these are calculated by the Money Advice Trust using population estimates from the Office of National Statistics which indicate that there are 51,220,471 adults in Great Britain.

To inform this report, the Money Advice Trust also conducted analysis of publicly available data on council tax collection and arrears, published by the Ministry of Housing, Communities and Local Government (for England) and the Welsh Government (for Wales). In some instances, we have used data up to 2019/20 to avoid distorting results due to the impact of the Covid pandemic. Where we refer to government data, we clearly state the years used for the analysis.

- ¹ Ministry of Housing, Communities and Local Government (MHCLG), *Collection rates and receipts of council tax and non-domestic rates in England 2020-21*, June 2021; Welsh Government, *Council Tax collection rates: April 2020 to March 2021*, July 2021
- ² National polling conducted by YouGov for the Money Advice Trust. See methodology for more details
- ³ National Debtline client data. Figure calculated up to 2019 to demonstrate trend pre-Covid pandemic
- ⁴ Money Advice Trust analysis of government council tax collection statistics. See: MHCLG, *Collection rates and receipts of council tax and non-domestic rates in England 2019-20, July 2020*; Stats Wales, *Council tax outstanding by year*, Accessed: June 2021
- ⁵ New Policy Institute and entitledto, *Review of Council Tax Reduction schemes in England in 2021/22*, June 2021
- ⁶ National polling conducted by YouGov for the Money Advice Trust, June 2021. Rent (10% compared to 7%), water bills (13% to 9%), and overdrafts (9% to 7%).
- ⁷ Ibid
- ⁸ Ibid
- ⁹ Ministry of Housing, Communities and Local Government (MHCLG), *Collection rates and receipts of council tax and non-domestic rates in England 2020-21*, June 2021
- ¹⁰ Welsh Government, *Council Tax collection rates: April 2020 to March 2021*, July 2021
- ¹¹ National polling conducted by YouGov for the Money Advice Trust, June 2021. 6% of people with a long-term health condition or disability had fallen behind on council tax since coronavirus pandemic began, compared to 2% of people without a long-term health condition or disability
- ¹² Ibid. 11% of people receiving one or more of Universal Credit, JSA, ESA or Tax Credits had fallen behind on council tax since coronavirus pandemic began, compared to 3% of people not receiving one of these benefits
- ¹³ Ibid
- ¹⁴ Ibid – Income-related benefit defined as: Universal Credit, JSA, ESA or Tax Credits
- ¹⁵ Some local authorities refer to their schemes as ‘Council Tax Support’ while others are called ‘Council Tax Reduction’ (as is the scheme in Wales). For ease, we use Council Tax Support in this report, as a catch-all to refer to all schemes.
- ¹⁶ New Policy Institute and entitledto, *Review of Council Tax Reduction schemes in England in 2021/22*, June 2021
- ¹⁷ Ibid
- ¹⁸ Institute for Fiscal Studies, *The impacts of localized Council Tax Support schemes*, January 2019
- ¹⁹ National polling conducted by YouGov for the Money Advice Trust, June 2021
- ²⁰ Business Debtline client interview, conducted June 2021 - Name changed to protect identity
- ²¹ Money Advice Trust analysis of government council tax collection statistics. See: MHCLG, *Collection rates and receipts of council tax and non-domestic rates in England 2019-20*, July 2020
- ²² Stats Wales, *Council tax outstanding by year*, Accessed: June 2021
- ²³ Institute for Fiscal Studies, *The impacts of localized Council Tax Support schemes*, January 2019
- ²⁴ National polling conducted by YouGov for the Money Advice Trust, June 2021
- ²⁵ National Debtline client interview, conducted June 2021 - Name changed to protect identity
- ²⁶ National Debtline client interview, conducted June 2021 - Name changed to protect identity
- ²⁷ Eric Ollerenshaw OBE, *Three Years On: An Independent Review of Local Council Tax Support Schemes*, March 2016
- ²⁸ Money Advice Trust analysis of government council tax collection statistics. See MHCLG, *Collection rates and receipts of council tax and non-domestic rates in England 2020-21*, June 2021
- ²⁹ Money Advice Trust analysis of government council tax collection statistics. See: MHCLG, *Collection rates and receipts of council tax and non-domestic rates in England 2019-20*, July 2020. Note: 2021 write-off figure not included due to MHCLG statistics noting that 2020/21 write-off figure is lower than in other years, with some authorities reporting that write off decisions have been delayed due to the temporary pause or reduction of recovery action
- ³⁰ 2020 National Debtline client survey. Sample size 177 clients with debts to local authority.
- ³¹ 2021 National Debtline client survey. Sample size 380 clients with council tax arrears
- ³² Money Advice Trust, *Stop The Knock: An update on local authority debt collection practices in England and Wales*, September 2019
- ³³ MHCLG, *Council Tax: Guidance to local councils on good practice in the collection of council tax arrears*, June 2013
- ³⁴ MHCLG, *Council Tax levels set by local authorities in England 2021 to 2022*, 25 March 2021
- ³⁵ Citizens Advice, *The costs of collection: The high price of council tax debt collection*, April 2019
- ³⁶ Welsh Government, *Reforming Local Government Finance in Wales: Summary of Findings*, February 2021
- ³⁷ MHCLG, *Live tables on local government finance: Local Council Tax Support*, Accessed: June 2021
- ³⁸ National polling conducted by YouGov for the Money Advice Trust, June 2021
- ³⁹ Welsh Government, *Understanding the Impact of Universal Credit on the Council Tax Reduction Scheme and Rent Arrears in Wales: Final Report*, July 2020; Eric Ollerenshaw OBE, *Three Years On: An Independent Review of Local Council Tax Support Schemes*, March 2016
- ⁴⁰ Policy in Practice, *Council Tax debt collection and low-income Londoners*, December 2020
- ⁴¹ National polling conducted by YouGov for the Money Advice Trust, June 2021
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Money Advice Trust

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

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The Money Advice Trust is a registered charity number 1099506.
A company limited by guarantee. Registered in England and Wales, number 4741583.
Registered office: Money Advice Trust, 21 Garlick Hill, London EC4V 2AU.

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