Council tax arrears in England and Wales

June 2022

This briefing presents key findings from the Department for Levelling Up, Communities and Local Government figures and Welsh Government statistics on council tax arrears in England and Wales as of March 2022 – alongside our own analysis of the figures and data from our services – to highlight the current challenges households are facing affording their council tax bills.¹

- Over **£4.9 billion of council tax arrears** is owed to local authorities in England, as of March 2022. This is an increase of £521 million (12%) since last March.
- In 2021/22, a total of £1.57 billion of council tax in England went unpaid – reflecting the challenge some households face in affording their council tax bills.
- In Wales, **a total of £172.8 million is owed**, an increase of £16.4 million (10.5%) in the past year.

Council tax arrears are growing at a worrying rate

While the coronavirus pandemic undoubtedly heightened the challenge many households face in affording their council tax bills, this is not a new problem. Council tax arrears have been growing at a worrying rate for a number of years.

![Graph showing the total amount of council tax owed is increasing in England and Wales](image)

Significantly, **council tax arrears in England are increasing at a higher rate than council tax bills**, suggesting that the issue of affordability of council tax bills is getting progressively worse, with more households struggling to pay it.

¹ Unless otherwise stated, figures are taken from Department for Levelling Up and Welsh Government council tax arrears statistics, based on analysis by the Money Advice Trust, conducted in June 2022.
In 2013, changes were made to the system of support for people struggling to afford their council tax bills, with the previously national system of Council Tax Benefit devolved to local authorities in England and to the Welsh Government. Reductions in funding for support means many working-age people now get less support with their bills. This has seen a rise in people struggling to pay, reflected in the significant growth in council tax arrears.

In 2013, changes were made to the system of support for people struggling to afford their council tax bills, with the previously national system of Council Tax Benefit devolved to local authorities in England and to the Welsh Government. Reductions in funding for support means many working-age people now get less support with their bills. This has seen a rise in people struggling to pay, reflected in the significant growth in council tax arrears.

Since April 2013, when local council tax support was introduced, the total amount of council tax arrears owed in England increased by £2.5 billion or 108%.

Since April 2013, when local council tax support was introduced, the total amount of council tax arrears owed in England increased by £2.5 billion or 108%.

In contrast, in Wales – where every local authority is still required, by the Welsh Government, to offer 100% council tax support – arrears have increased at a lower rate. In Wales, arrears have increased by 103% (or £87.7 million) between 2013 and 2022.

Many people contacting our services are struggling to pay their council tax bill

- In the last tax year (April 2021 – March 2022), 24% of callers to National Debtline and 24% of callers to Business Debtline had council tax arrears.

- The amount people owe has been growing too – at National Debtline, our clients owe, on average, £1,578 – up by over £500 since 2018 (£1,005).

Recommendations: Helping people struggling with council tax debt

Current rules governing council tax collection are now thirty years old. They have failed to keep up with a changing context, where more households are struggling to afford their bills; nor do they take account of the implications of the collection process for those on low incomes who simply cannot afford to pay quickly or in full.

In order to stem the tide of rising arrears, the Government needs to take a twin-track approach, by:

- Improving support through increased and ringfenced funding for local Council Tax Support schemes to prevent arrears occurring in the first place, and;

- Reforming existing collection rules (The 1992 Council Tax (Administration and Enforcement) Regulations) so that people who cannot pay are treated fairly, and to enable councils to recover a greater amount in the longer-term. This should include stopping people becoming liable for their full, annual bill when they fall behind on instalments and introducing a pre-action protocol so councils have to offer genuinely affordable repayment plans before progressing to other collection methods.

For more information, contact Grace Brownfield on grace.brownfield@moneyadvicetrust.org.