StepChange response to MHCLG consultation on improving enforcement of council tax

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Summary

StepChange Debt Charity is a specialist not-for-profit provider of debt advice and debt solutions supporting people across the UK. In 2025, over 160,000 people completed a full debt advice through our online and telephone service.

We welcome the opportunity to respond to this MHCLG consultation on improving enforcement of council tax. A third (34%) of StepChange clients in England were behind on council tax in 2025, at an average amount of £2,150. The current regulatory collection framework is designed in a way that incentivises rapid recovery, which too often leads to inappropriate escalation to formal enforcement activity before sufficient support has been offered. This can deepen hardship and make debt problems worse.

StepChange has long been calling for interventions to both support the affordability of council tax for lower income households, and better protect those in financial difficulty who fall behind on this bill. We believe pre-enforcement statutory steps that introduce more support, flexibility and empathy into the debt collection and enforcement journey will help.[1]

We were therefore very pleased to see central government commit earlier this year to extend the timeline before a local authority can demand the full year's bill and seek a liability order from April 2027, as a longstanding campaigning ask from StepChange. This should allow local authorities more time to engage constructively with their residents, to understand their circumstances, provide support (including through effective referrals to third party advice providers like StepChange) and facilitate sustainable arrangements which reflect households' often complex situations – for example, those which involve multiple debts and additional vulnerable circumstances.

Importantly, to fully maximise the potential of this timeline change, it needs to be accompanied by concerted, coordinated activity to improve the quality of interactions between local authorities and residents in council tax arrears. This includes, among other things, enhanced requirements for councils to:

- offer sustainable repayment plans which reflect households' actual affordability positions;
- effectively refer residents to free money and debt advice where needed; and
- proactively consider debt write-off where there's no realistic prospect that the individual will be able to repay in full.

While this additional consultation contains some constructive proposals – including a welcome examination of how to improve the timing, content and framing of communications from councils to residents who have fallen behind – we believe that

[1] StepChange Debt Charity (October 2024), Looking through the keyhole: StepChange debt advice clients' experiences of the council tax debt collection journey

MHCLG is currently being too restrictive in its vision of what a new set of statutory pre-enforcement steps, as put forward by the department in April 2026, could entail.[2]

We are therefore continuing to advocate for a more comprehensive statutory protocol for council tax debt collection, which would require councils to take certain steps before charging the annual bill, seeking a liability order or taking enforcement action (see annex for more detail). A move away from the current system of non-enforceable guidance is a crucial step in eliminating issues reported by our clients, including unhelpful communications, challenges engaging with their councils and coming to sustainable repayment plans, and swift escalation to enforcement action. This intervention must be mandatory, as research on the impact of recent council tax interventions in Wales has shown the limitations of a voluntary protocol.[3]

This statutory protocol, alongside the welcome extension of the collection timeline, would constitute a more coherent package of reforms – focused not only on the important move to give people more time to repay, but also to bring about changes which emphasise preventative, early and sustainable engagement, as well as to raise the bar on the quality of interactions and support more widely. Notably, 9 in 10 (90%) UK adults support councils being required to try and agree an affordable repayment plan with residents before council tax debts can be passed to bailiffs, according to nationally representative YouGov polling commissioned by StepChange in May 2025.[4]

We recognise that local authorities are themselves operating in a challenging environment and council tax funds vital services in their communities. Local authorities should be closely supported by central government to ensure that they have enough funding and resources to make these policy changes happen quickly and deliver consistent, good collection practice. Indeed, our evidence shows that funding responsible debt collection is a cost-effective way to improve outcomes for those struggling with arrears. Earlier, clearer and more supportive engagement can help to reduce avoidable escalation, improve repayment sustainability and protect financially vulnerable residents.

One important change that can facilitate improvement is revising the current council tax performance indicators, which prioritise in-year collection rates over other more constructive metrics such as the number of repayment plans agreed and sustained. Moving to a multi-year measure, which includes debt recovered over more than one annual period, would be a progressive step in the right direction. Councils should be supported by a wider performance framework that recognises effective debt advice referral processes, sustainable collection, repayment plans maintained, reduced enforcement costs and improved resident outcomes.

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[2] MHCLG (April 2026), Modernising and improving the administration of council tax – government response

[3] Welsh Government (March 2023), Understanding the impact of Council Tax Interventions in Wales: introduction of the Council Tax Protocol for Wales

[4] Figures from YouGov Plc. Total sample size was 2,235 adults. Fieldwork was undertaken between 7th - 8th May 2025. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

Responses to individual questions

Question 1:

How many reminder notices (including discretionary reminder notices) did you issue to households ahead of a final notice for 2025-26? Please provide any further details of the notices you provide e.g. how and when these are sent.

This question is not applicable to StepChange, so we have not submitted a response.

Question 2:

Do you agree that one reminder notice and one final notice should be the minimum requirement for councils?

Multiple choice options:

1. **yes: councils should send one reminder notice and one final notice**
2. **no: councils should be required to send at least 2 least reminder notices before they issue a final notice.**
3. **no: councils should decide how many reminder notices to send in the 63-day period**
4. **no: any other reason**

Please explain your answer – with any evidence where available.

We support the second option, namely that councils should be required to send *at least* 2 formal reminder notices before they issue a final notice. We believe it is important for there to be a consistent, minimum number of formal contact attempts required of local authorities before collection activity can be escalated, to prevent an engagement postcode lottery.

We would note, however, that being required to issue a certain number of reminder notices should not be construed as a box ticking exercise for local authorities, without further efforts to examine their wider communication strategies (in terms of content, method, framing and regularity). As part of a statutory protocol, councils should also be required to make demonstrable efforts to contact individuals who have fallen behind or are showing signs of financial difficulty through a variety of methods (email, phone, text), while accommodating support needs and communication preferences.

We are favourable towards the efforts of some local authorities to reach struggling residents through 'soft' or discretionary communications, where these have been carefully considered with the recipient in mind. In a Freedom of Information (FOI) request StepChange carried out between September and October 2025, culminating in our 'Clear, Fair, Understandable?' briefing, we heard from various local authorities which issue discretionary or tailored communications to their residents.[5] For example, some told us how they issue discretionary pre-action text messages, emails or phone calls in reference to residents' arrears, while others welcomely tailored their default communications where the resident was in receipt of Council Tax Support (CTS).

While being careful not bombard residents behind on council tax – who, as our research shows, will likely be struggling with other debts and therefore receiving communications from multiple creditors simultaneously – with excessive contact, these additional communication touchpoints can often offer a useful, less pressurised opportunity for engagement. MHCLG should consider mandating at least one additional soft reminder which focuses on the practical support available to residents to help them with their council tax arrears, including access to free debt advice, how to claim CTS and discounts, income maximisation services, and how the council can help put an affordable repayment in place that reflects their circumstances.

Regardless of the method of communication, central government should require councils to design communications using simple, non-technical language which gives people a clear understanding of their options, reassurance that help is available and achievable, easily understandable next steps.

Question 3:

What other information, if any, should be included in the reminder notices. Please tick all applicable from below.

1. **signpost to debt advice providers**
2. **signpost to councils to discuss payment plans**
3. **signpost to information about discounts, exemptions, disregards reductions and other support for which a taxpayer may be eligible. Include a link on information on support in the system**
4. **signpost to other money and welfare services within the council**
5. **other suggestions**
6. **none of the above – this requirement should apply to final notices only (include open text to explain reasoning)**

We agree that all the options laid out above should be required information within reminder notices.

We would stress, however, that mandatory reminder notice changes should consider not just the information that communications must contain, but how such information is framed. StepChange research suggests that communications from councils can

[5] StepChange Debt Charity (March 2026), Clear, Fair, Understandable? Council tax template letters from local authorities in England and Wales

often counterproductively drive disengagement with the debt collection process among those struggling with this bill, and evoke strong negative emotions.

Our 2024 'Looking through the keyhole' research found that four in five (85%) of the more than 250 clients with council tax arrears surveyed said the communications they received from their council about their arrears made them feel scared, anxious or depressed.[6] Two thirds felt helpless (67%) or overwhelmed (66%) as a result. Very few felt more able to take control of their situation, informed or reassured by the letters, phone calls or other communications they received. Such reactions are not in the best interests of either the resident or the local authority, as they are not conducive to generating the constructive engagement required to reach sustainable arrangements.

Clients told us that the tone and presentation of written communications – from the colours through to the language used – felt threatening, and they raised concerns that the way the envelopes were marked might reveal to loved ones or neighbours that they were in debt. Some were going through challenging personal circumstances at the time, such as threats of eviction or job loss, and the communications served to heighten their worries.

- *"The tone was severe and threatening. Certain text was printed in red and/or bold print. The envelopes were marked so that it would be known by all handling them that this person owed them money. The options for contacting them were limited, but if you could pay them the full amount, there were a range of ways to do this. I had no means of making a payment by their deadline, so it seemed futile for me to contact them."* – StepChange client with council tax arrears

- *"The tone of these letters is so scary, they threaten full year payments and court dates right away. I've never had a reassuring letter from the council, I've only ever been able to make the situation more manageable after getting a human to hear how affected I am. Even then, it greatly depends on the agent you get, they can often be very curt and unpleasant."* – StepChange client with council tax arrears

This echoes 'Mixed Messages' research published by StepChange in 2022, which found that the tone and presentation of communications can trigger pessimistic views on how creditors might respond to requests for support, and legal and regulatory language can act as barriers to seeking help.[7] Respondents to this research were presented with a version of a typical default notice which emphasised certain points, with enlarged or bold text and use of colour (red in the example given to participants). These elements provoked a strong negative reaction.

Communications from local authorities to those behind on their council tax bills should constructively alert residents to their financial difficulty and help them to take action

[6] StepChange Debt Charity (October 2024), Looking through the keyhole: StepChange debt advice clients' experiences of the council tax debt collection journey
[7] StepChange Debt Charity (September 2022), Mixed Messages: Why communications to people in financial difficulty need to offer a clearer, better route to help

and seek help. Yet just a quarter (24%) of clients surveyed for 'Looking through the keyhole' said the written communications they had from their council about their arrears helped them understand they had a problem, while only one in ten (9%) said the communications helped them understand the options available to deal with it.

People need help to understand the options available, the benefits that seeking support can bring, and how they can act on their decisions. Simply mentioning debt advice may not be sufficient to communicate effectively that there is help at hand.

Over a third of people surveyed for our 'Mixed Messages' research said they had held back on engaging with debt advice because they were not aware 'debt advice could offer any help to people like me'. People giving this reason were more likely to have held off seeking debt advice for more than 6 and 12 months than people who did not give this reason. While some clients said a mention of debt advice in a creditor's letter had prompted them to seek advice, other clients pointed out that, without more explanation, merely mentioning that debt advice exists was not particularly helpful:

- "They put contact details of advice organisations on letters but didn't really explain how they could help e.g., if you are worried about this letter or about setting up a payment plan these organisations could help."

- "Eventually one of the companies I owed money to talked about StepChange. There had been general paragraphs about StepChange, but when it was explained to me properly, I realised StepChange could help."

So, **regarding bullet point 1** – that councils should signpost to debt advice providers – MHCLG should work with free debt advice providers to design and embed signposting language which enables people to understand what these services can offer to someone in their circumstances, and constructively encourage relevant groups to engage with support. While this question relates specifically to the content of reminder notices, we believe MHCLG should also ensure local authorities are equipped to facilitate proactive, effective referrals to free debt advice providers where appropriate. StepChange's aim is to work with councils to design practical, affordable pathways that improve outcomes for residents and sustainably support councils' collection objectives.

While the existing regulations are 'permissive', in practice they shape local authority systems, practice and policies and often result in a predetermined route to annual liability and enforcement action. The incoming extension of the collection timeline from April 2027 opens an important window of opportunity for both residents and councils in mitigating this prevailing inevitability in the collection process.

In that vein, **regarding bullet point 2** – that reminder notices should signpost to councils to discuss payment plans – we would emphasise that this should explicitly be in reference to payment plans which can be agreed *before* the full annual payment is demanded or a liability order is issued. We hear too often of clients struggling to establish affordable repayment plans with their council before this stage, which adds both fees and stress for struggling residents. This intent around payment plans should be made clear in the wording used in councils' reminder notices, to give residents the confidence that they can work constructively with their council to make suitable arrangements for their circumstances before formal enforcement action is taken.

Question 4:

The government is proposing that reminder notices and final notices should set out the actions that councils may take to enforce council tax debt in simple, factual, non-threatening language and proportional to the level of notice.

For example, information on reminder notices should focus on encouraging taxpayers to seek help with their bills, while more detailed information on formal enforcement actions should be reserved for the final notice.

Do you agree with this? Please share any best practice on how you approach this.

We agree with the government's proposal that reminder notices and final notices should set out the actions that councils may take to enforce council tax debt in simple, factual, non-threatening language which is proportionate to the level of notice.

Our 'Clear, Fair, Understandable?' research found that council communications differ dramatically. Not only do they differ, unsympathetic or oversimplified messaging is worryingly common in the absence of binding guidance from central government on the framing of recovery communications.[8] For example, councils may emphasise enforcement action without properly signposting to debt advice and outlining payment plan options. There is often a failure to explain support options and realistic next steps for those in arrears. The research also found that there is an active and inappropriate use of references to imprisonment proceedings amongst a minority of councils.

Among local authorities who responded to our FOI request:

- Four in five (82%) in England and Wales mentioned the process of court summons in the first reminder notice sent to those in arrears.
- Over a third (36%) in England and Wales made direct reference to recovery and/or enforcement action in their first reminder notice to residents in arrears.
- By the final notice, this figure rises to one in two (50%) responding local authorities.
- One in twenty (5%) in England mention prison in their first letter (noting the Welsh Government revoked the imprisonment sanction in 2019).

We understand that it is important for residents to be carefully notified of the potential consequences of non-payment and recovery action they may face as part of the

[8] StepChange Debt Charity (March 2026), Clear, Fair, Understandable? Council tax template letters from local authorities in England and Wales

council tax debt collection process, to mitigate the risk that people might be caught by surprise in the event that this course of action then be taken.

However, there is a clear distinction between communications which sensitively reference the recovery tools at councils' disposal while actively encouraging people in financial difficulty to seek help, compared with pre-action notices which mainly emphasise – or in some cases, overtly threaten – enforcement action.

Our research found some more positive examples of the former approach. For example, Burnley Council begins its first reminder notice with bold green letters saying: "Let's get you back on track", then saying "Your council tax payments have fallen behind by £XX.00, but don't worry – you can still catch up."

City of Doncaster Council begins its first reminder notice by conveying its understanding that it is a difficult time for people financially, that it wants to work with the resident to deal with the debt issue, and that it does not wish to take legal proceedings with the knowledge this will add extra further pressures to the recipient.

Figure 1: excerpt of City of Doncaster Council first reminder notice

COUNCIL TAX
REMINDER NOTICE

The Council appreciates that this is a difficult time and has implemented a number of measures to support Council Tax and ease the financial burden. The Council Tax goes to pay for Council services across the borough so without this money we will not be able to deliver these essential services.

Your Council Tax account currently stands in arrears of £xx.xx, which includes any amount which becomes due in the next 7 days. You should arrange to pay this amount in the next 7 days.

Even at this stage we want to work with you to try and deal with this issue. Please get in touch with us so we can look at options and how we can come to an agreement in relation to payments that you can manage. There are plenty of options that we are able to look at to assist you in this matter, and if necessary more options on where to get debt advice.

If you have not contacted us to let us know you need assistance and you do not pay this amount in the next 7 days, the full years outstanding balance of £xx.xx will need to be paid 7 days after that. If we cannot reach a satisfactory agreement we will have no choice but to take legal proceedings as a final process. This is something we do not wish to do and this will incur additional costs to the outstanding debt and further financial pressures to yourself.

If you have paid the amount stated in the last few days you can ignore this letter and please accept my apologies for sending this reminder to you.

PAY BY DEBIT OR CREDIT CARD NOW AT

Call 0333 2000324 or visit www.doncaster.gov.uk/paymentsonline.

Both are quick, easy and available 24/7.

Avoid future reminders by signing up to Direct Debit at www.doncaster.gov.uk/counciltaxdd. You can also use our website to manage your account online, or for more information about what to do if you are having difficulty paying, visit www.doncaster.gov.uk/counciltax.

Gateshead Council takes a similar approach, recognising that it might be a difficult time for the resident, they might not be able to pay by the initial deadline, and outlining different payment plans they could consider (overleaf).

Figure 2: excerpt of Gateshead Council first reminder notice

Our records show that you have missed or not paid in full at least one council tax instalment. The missed payment(s) is in respect of your bill for 1 April 2025 - 31 March 2026.

To bring your bill up to date you now need to pay £491.44. Please arrange to pay this by the payment deadline date shown below.

Although we are obliged to send you this reminder, we recognise this may be a difficult time for you. With this in mind if you think you will struggle to pay by the deadline date please call our dedicated team on 0191 433 3600.

By talking to us we can discuss things with you and find out how we may be able to help and support you, not just with council tax but with anything else that is worrying you.

Should you choose not to pay the £491.44 by the deadline or speak to us we will start legal action to collect the money you owe. Should this happen we will send you a court summons for £1179.44. At the court hearing we will also ask for £85.00 costs.

You can pay by direct debit or if you prefer you can use one of the other payment methods shown on the back of this letter. You can also switch to a new payment plan, please see details below of the payment plans available to you.

Please see the back of this letter for details of other help and support that is available to you.

IMPORTANT INFORMATION - PLEASE REMEMBER		
Amount Due for Payment **£491.44**	Payment Deadline **22 October 2025**	Full Instalment Balance **£1179.44**

ARE YOU ON THE RIGHT PAYMENT PLAN?

We offer a range of Direct Debit and non-Direct Debit payment plans - please choose from:

- **Monthly** – pick from the 1st, 10th 20th or 25th of each month.
- **4 Weekly** – pick a Monday or a Friday and the week you want payments to start.
- **Fortnightly** – pick a Monday or a Friday and the week you want payments to start.
- **Weekly** – pick a Monday or a Friday and the week you want payments to start.

Please call us on **0191 433 3600** to discuss changing your payment plan

Unfortunately, this sort of messaging is not consistent across all local authorities' communications to residents with arrears. Some councils provide no or very little reference to support for those in financial difficulty, either from themselves or through signposting to external services, instead emphasising how quickly annual liability will come about if payment is not made within a short timeframe. Others use bold red lettering or text boxes, or capitalised wording, in the first reminder notices sent to those who miss one payment. Some of this wording constitutes a reprimand; talking about 'failure to pay' or emphasising that the majority of billpayers pay on time.

Figure 3: full text contained in local authority's first reminder notice

Council Tax Reminder and Final Notice

My records show that your instalments have fallen behind. An amount of ~~£50.00,~~ which includes any instalments due within the next seven days, is required to bring your account up to date. Providing this amount is paid within seven days and all future instalments, if any, (as shown on your latest demand notice) are paid by the due date no further action will be taken.
Please disregard this notice if you have brought your account up to date in the last few days.

If you do not bring your account up to date you will lose your right to pay by instalments and you have a further seven days in which to pay the full balance of ~~£50.00~~. Failure to make payment will result in legal proceedings being commenced without further notice. If it is necessary to take court action the following costs will be incurred by you: A minimum of £50.00 for each summons issued and £45.00 for each liability order obtained.

If you have a query regarding this notice please refer to our website.

Figure 4: excerpt of local authority's first reminder notice

COUNCIL TAX REMINDER

ACCOUNT NUMBER	Date of Issue
[redacted]	30-SEP-2025

[redacted]

Property to which this notice relates

[redacted]

Reminder

Our records show that your Council Tax payments are not up to date.

Amount now DUE WITHIN THE NEXT SEVEN DAYS to bring payment up to date

£[redacted]

This amount includes instalments that fall due within the next seven days, but not any amount already covered by Liability Order.

You do not need to contact us if you make this payment within seven days.

Please see overleaf for details of:

- How and where to pay;
- How to reduce your bill if you have limited income;
- What to do if you are having difficulty in making payment, or you do not agree with the amount shown.

If you have made payment of the above amount within the last five working days, please ignore this letter.

If you do not pay the arrears shown on this reminder, you will lose your right to pay by instalments, and the full balance of £[redacted] will become due after a further seven days.

If you have no instalments - for example: the balance relates to a closed account, or is due for a previous year - the full balance outstanding could be the same as the arrears shown at the top of this reminder.

Failure to make payment as requested will result in the Council taking legal action in the Magistrates' Court. If we have to do this you will be charged additional costs.

We therefore strongly agree with the government's proposal that information on reminder notices should focus on encouraging taxpayers to seek help with their bills, while more detailed information on formal enforcement actions should be reserved for the final notice.

References to the imprisonment sanction

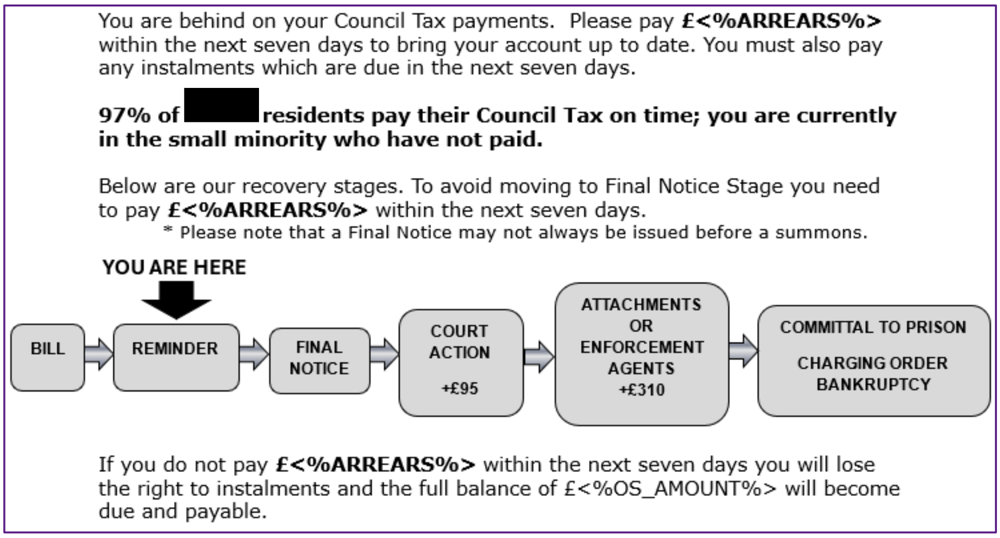
Our evidence shows that the threat of the sanction of imprisonment is sometimes being deployed irresponsibly and inappropriately by local authorities. Rather than sustainably helping an individual to repay, reference to this punitive sanction instead drives concerning coping mechanisms and worrying health outcomes – with implications for wider public services – while placing an unwarranted administrative and financial burden on an already stretched sentencing system.

While just two people have been committed to prison for council tax non-payment in the past five years, the implicit, or in some cases explicit, threat of this action remains. Relative to these nominal figures, references to this potential consequence are disproportionately prevalent in communications to residents in arrears. Our FOI found that one in twenty (5%) councils in England directly reference prison in their initial reminder notice to residents in arrears. This rises slightly to 6% by the final notice.

Whilst a minority, it is still alarming that mentions of this sanction feature – especially in initial contact from local authorities – when the overall likelihood of imprisonment for non-payment of council tax is so low, following R (Woolcock) v Secretary of State for Communities and Local Government in 2018. This position was reconfirmed by central government in the notes of a Written Parliamentary Question in 2025.[9]

One council has the below flow chart on the first page of their initial reminder notice. It implies to those in arrears that there is a likelihood that they will face committal to prison, without providing context about the very specific circumstances in which this is legally possible – namely in instances of wilful refusal or culpable neglect. In the very reasonable situation where a person behind on council tax was not familiar with the associated debt enforcement framework, they might mistakenly be led to believe that imprisonment was an option irrespective of their financial circumstances. The reminder notice also asserts that "you are currently in the small minority who have not paid", a stigmatising statement for the recipient who has missed the payment.

Figure 5: excerpt of a flowchart in local authority's first reminder notice



You are behind on your Council Tax payments. Please pay **£<%ARREARS%>** within the next seven days to bring your account up to date. You must also pay any instalments which are due in the next seven days.

97% of [redacted] residents pay their Council Tax on time; you are currently in the small minority who have not paid.

Below are our recovery stages. To avoid moving to Final Notice Stage you need to pay **£<%ARREARS%>** within the next seven days.
* Please note that a Final Notice may not always be issued before a summons.

If you do not pay **£<%ARREARS%>** within the next seven days you will lose the right to instalments and the full balance of £<%OS_AMOUNT%> will become due and payable.

Those who have experienced the threat of imprisonment during the council tax collection journey describe a range of distressing emotions and negative outcomes. Several single parents specifically described to us the immense stress and pressure stemming directly from this threat as the only adult in their household, fearing what would happen to their children should this become their reality. For some, this meant agreeing to repayment plans that they simply couldn't afford – and would cause harm elsewhere – as the threat of imprisonment posed too great a risk to their family.

The ability to instigate, and actually instigating, imprisonment proceedings, are two very different things. Our FOI found that most of the councils who responded (83%) made it clear that they had instigated zero cases in the period since 2020. Many responded saying their policy is to not instigate prison proceedings against people in

[9] Written Parliamentary Question 23550.

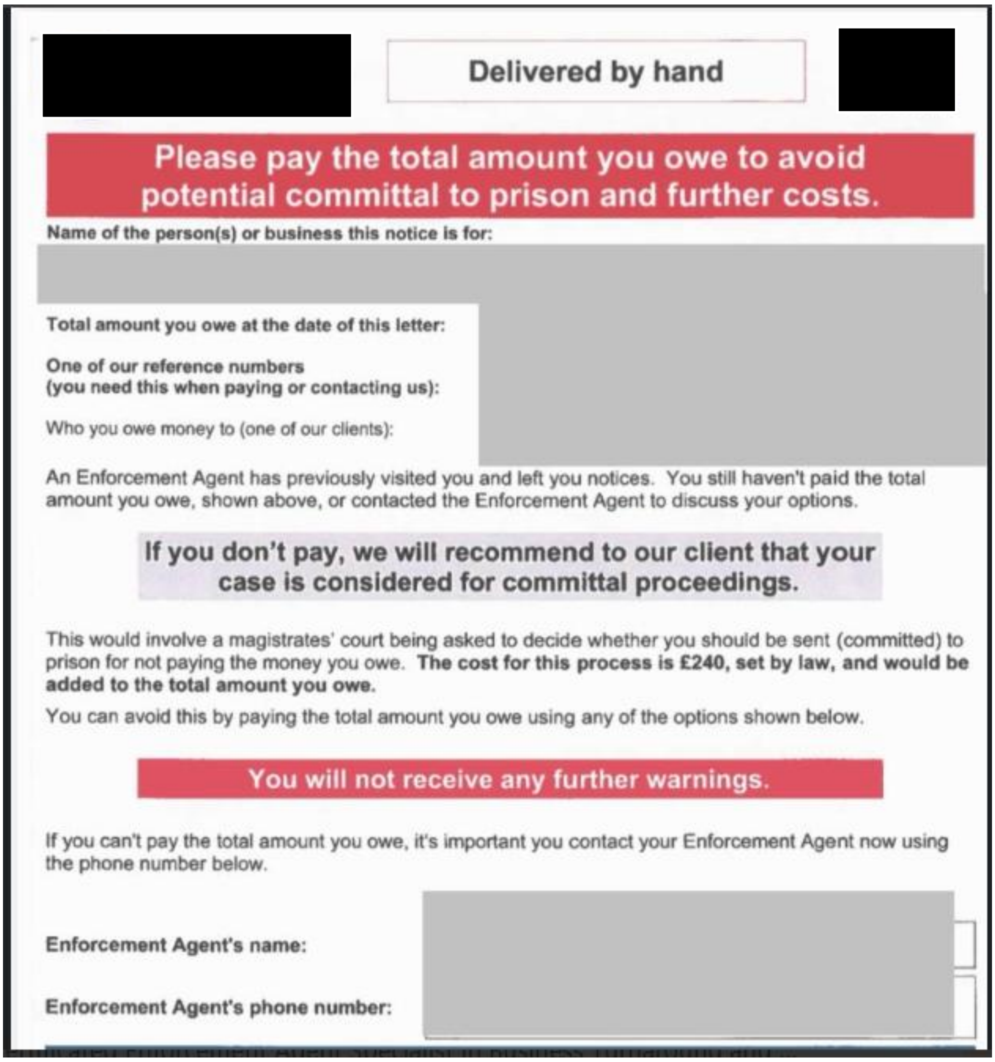
arrears whatsoever. Of those who did begin to instigate proceedings, there were a total of 1,528 cases, concentrated heavily in ten council areas – again, highlighting a postcode lottery in the debt collection process.

We were therefore disappointed in the government's assertion in June 2026 that it believes imprisonment is “an important tool against purposeful avoidance”, given the evidence of its disproportionate, concerning impact on certain groups, notably women and single parents, and that the majority of councils clearly are *not* using it or perceiving it to be a critical tool. We remain firmly of the view that that those who fall behind on council tax bills should not subsequently be at risk of becoming part of the prison population, and that the sanction should be revoked in England – the only country in the UK, and likely in Europe, where this move remains an option.

In the current, regretful absence of this intervention, we believe that the government should root out inappropriate references to the sanction in some council communications. In particular, we believe that councils should not be able to reference the sanction in any reminder or final notice to residents in arrears. Given councils legally have to exhaust all other enforcement options before pursuing this route – and a large majority explicitly told StepChange they have made active policy choices not to use the sanction - it is inappropriate for it to be referenced at these earlier stages in the collection process. Indeed, as it is used so rarely, we would argue that references to imprisonment should only be possible in the small number of instances where councils genuinely have the intention to begin proceedings (noting again that we don’t believe the sanction should continue to be used or exist altogether).

While we appreciate that MHCLG does not have jurisdiction over the enforcement firms that local authorities partner with, and that this oversight responsibility instead sits with the voluntary Enforcement Conduct Board, we believe government should work more actively with councils to set clear expectations around the quality of partner communications. We are aware of default communications from large enforcement firms working on behalf of local authorities which constitute poor, counterproductive and potentially harmful practice. For example, there is a strong argument that the letter shown in Figure 6 inappropriately references the sanction of imprisonment in order to secure payment in full (not providing the legal context in which imprisonment can occur, and that it's not within an enforcement firm’s/agent’s powers to pursue this themselves). While this communication does not emanate directly from the local authority itself, the firm is acting on their behalf, and therefore an assessment of the role of enforcement communications should feature as part of this wider workstream.

Figure 6: enforcement letter sent from firm acting on behalf of a local authority



[redacted] Delivered by hand [redacted]

Please pay the total amount you owe to avoid potential committal to prison and further costs.

Name of the person(s) or business this notice is for:

Total amount you owe at the date of this letter:

One of our reference numbers
(you need this when paying or contacting us):

Who you owe money to (one of our clients):

An Enforcement Agent has previously visited you and left you notices. You still haven't paid the total amount you owe, shown above, or contacted the Enforcement Agent to discuss your options.

If you don't pay, we will recommend to our client that your case is considered for committal proceedings.

This would involve a magistrates' court being asked to decide whether you should be sent (committed) to prison for not paying the money you owe. **The cost for this process is £240, set by law, and would be added to the total amount you owe.**

You can avoid this by paying the total amount you owe using any of the options shown below.

You will not receive any further warnings.

If you can't pay the total amount you owe, it's important you contact your Enforcement Agent now using the phone number below.

Enforcement Agent's name:

Enforcement Agent's phone number:

<u>Question 5:</u>

Should the government prescribe a template to use for these letters to enable consistency across England?

Multiple choice option:

1. **yes: there should be a mandatory template, with its use set out in regulations**
2. **no: however, it might be useful to provide a universal template which is optional and set out in guidance**
3. **no: a template is unnecessary and should not be provided**
4. **any other suggestion (open text)**

Please explain your reasoning (open text).

We believe there are arguments in favour of both the first and second options. We can understand the rationale behind, and positives of, a well-designed mandatory template, though we believe there would likely be benefits in local authorities having the option to pursue data-led, local tailoring which best accommodates the communities they serve. If the government was to pursue a mandatory notice, we would recommend that it outline certain elements of prescribed information/wording while retaining the option for local authorities to add personalisation and tailoring to the circumstances of residents in their communities.

Any template should be informed by a test and learn approach, including co-design with people who have lived experience of financial difficulty, with the readability and effectiveness of communications evaluated. This process would likely involve communications about council tax arrears being simplified, with the tone and presentation of text presented in a more approachable, accessible way. The template should not be treated as the final product; the government should set out a timeframe for regular reviews to ensure that it is keeping up with best practice.

Question 6:

The government is proposing that the final notice:

- **cannot be issued until at least 14 days after the most recent reminder notice was issued**
- **cannot be issued earlier than 41 days after the day the missed instalment was due and remains unpaid**
- **should set out clearly that residents will have 21 days to pay the amount stated in the notice (which will be the amount(s) due on the day the notice was issued)**
- **should state that if payment is not made by the end of the 21 days, the remaining full year's bill will become due on the following day (which will be the 63rd day after the first missed payment)**

Do you agree with the proposal as set out above?

1. **yes**
2. **no**

Explain your answer.

We agree with the proposal as set out above, as it seems sensible to ensure there are consistent practices across local authorities when it comes to the timing of final notices. It also important for there to be a sizable time gap between the final notice being issued and the full annual bill becoming liable. This should not preclude local authorities from sending supportive, discretionary communications to encourage those behind to reach out and come to affordable arrangements.

Question 7:

What barriers do councils anticipate in implementing the proposed changes to reminder and final notices as set out above?

Please tick all applicable from below:

- **need for additional staff training or capability**
- **changes required to IT systems or digital processes**
- **additional administrative complexity**
- **additional costs to the council (e.g. additional staffing costs)**
- **difficulty aligning the proposed changes with existing recovery processes**
- **data-sharing or information-sharing constraints**
- **communications or accessibility barriers**
- **no significant barriers**
- **other (please specify)**

Please provide evidence to support your answer.

While we cannot speak from a local authority perspective, we appreciate that the resource pressures and logistical issues outlined above will constitute barriers for some councils in changes to their collection processes, including to communications. As noted in the summary, local authorities should be supported by central government to ensure that they have enough funding and resources to make effective changes. This could include, for example, central government taking on the responsibility for designing the mandatory or universal template referenced in question 5 – co-designed with people with lived experience of problem debt and consultation with other expert stakeholders.

We want to see local authorities take action to ensure the way in which they collect council tax debt is ethical and compassionate, providing room to repay, rather than simply escalating to enforcement at the earliest possible moment. This includes an examination of the role that communications can play in affecting residents' behaviour. We would note that resource and logistical complexity or pressures should not be cited as the reason why those in financial difficulty are on the receiving end of reminder/final notices – or communications more widely – which may ultimately exacerbate their debt problems, rather than help them to engage with their council for support. Positively, some councils are already innovating in this space. For example, through the use of discretionary, tailored communications to those with arrears and building effective referral partnerships with advice providers like ourselves.

Question 8:

Which of the following policy options do you feel could have a positive impact in supporting taxpayers with their council tax payments?

1. **offering alternative repayment arrangements (e.g. setting up voluntary deduction plans with employers)**
2. **flexible payment options (e.g. agreeing bespoke payment plans like weekly payments)**
3. **using tailored and alternative sources of communication (text, phone, emails, post)**
4. **conducting welfare checks**
5. **referral and handover to in house or external debt advisors**
6. **signpost to money advice services and debt advice providers**
7. **none of the above**
8. **other (please specify)**

Please explain your answer (open text)

Question 10:

What other practices do you think councils should consider, which could be included in the guidance?

We answer questions 8 and 10 together, as both relate to the government's proposal to publish guidance on additional steps that councils should consider taking before moving to formal enforcement action.

Firstly, we would reiterate our position that the government should look to introduce a more comprehensive set of statutory pre-enforcement requirements of councils, rather than seeking to improve practice through voluntary guidance. While such good practice guidance is still welcome, research on the impact of recent council tax interventions in Wales has shown the limitations of a voluntary protocol put in place to guide local authorities' behaviour.[10] More detailed views on our visions for a statutory protocol can be found in the annex.

We believe that the policy options outlined in question 8 would all have a positive impact in supporting taxpayers with their council tax payments (noting that we believe a statutory protocol is a better route to successful delivery relative to guidance) – with the caveat that we would like more clarity from MHCLG on what it is envisaging with regards to 'setting up voluntary deduction plans with employers'. This sounds like an alternative, less formal version of 'attachment of earnings'. Following our response to this consultation, StepChange will send MHCLG analysis of StepChange client data that

[10] Welsh Government (March 2023), Understanding the impact of Council Tax Interventions in Wales: introduction of the Council Tax Protocol for Wales

shows the current approach to attachment of earnings can result in unaffordable repayments that would be harmful to a significant proportion of people subject to earnings attachment. We urge MHCLG to consider the issues relating to this existing method of debt collection rather than introducing a new iteration of it. We have outlined recommendations in this space in response to questions 13 and 14.

We note that the government is consulting on making it mandatory for local authorities to signpost to information about discounts, exemptions, disregards reductions and other support for which a taxpayer may be eligible, as well as to other money and welfare services within the council (as per question 3). We believe the government should go further by:

- **Tackling underclaiming of CTS by increasing awareness and uptake to make sure those who are eligible, receive it.** Some local authorities have already taken welcome steps to ensure that low-income households are more readily able to access possible assistance, through using existing data-sharing powers to introduce automation into the application process of CTS applications for new Universal Credit (UC) claimants.[11] The Welsh Government has also acted to update regulations so that a council may treat an 'intention to claim' in the Department for Work and Pensions (DWP) UC Data Share as an automatic application for the Council Tax Reduction Scheme. This should be the default approach of every council, synchronising data from the DWP and using the UC system to prompt check CTS eligibility, so that more eligible households are enrolled onto CTS. Central government should work closely with councils to facilitate this and work to clarify or update regulations where needed.

In terms of other options not listed, we believe local authorities should consistently:

- **Consider writing off parts of people's council tax bills using Section 13a relief powers** where there's no realistic prospect that the individual will be able to repay in full. Targeted write-off in clearly evidenced cases can be a responsible debt management decision where ongoing recovery activity is unlikely to generate meaningful revenue and may increase harm and administrative cost. Holistic debt advice to assess a resident's realistic ability to pay is an effective tool in informing this write-off process.
- **Exempt recipients of CTS from bailiff enforcement action**. There are multiple pitfalls in pursuing enforcement action against those who likely won't have the means to repay. In 2022/23, 31 local authorities had a policy of exempting those in receipt of CTS from bailiff action.[12] Local authorities should follow the lead of those – such as Manchester City Council – who have already taken this welcome step.[13] Polling we conducted in September 2024 found that two thirds

[11] Citizens Advice (April 2024), Council Tax Support? A benefit determined by postcode not need
[12] Money Advice Trust (2024), Stop the Knock
[13] Manchester City Council (January 2024), Feasibility study into ending the use of Enforcement Agent: Report for Resolution

(65%) of UK adults support stopping councils using bailiffs for the recovery of council tax debts for low-income households in receipt of CTS.[14]

- **Establish vulnerability policies** to help them engage with residents in vulnerable circumstances, with only half (48%) having such policies in place in 2022/23.[15] This would enable councils to adopt inclusive approaches such as that taken by the London Borough of Lewisham, where any case flagged as vulnerable automatically has enforcement action prohibited on their account until that indicator is removed. Where a resident in vulnerable circumstances slips through the net and is passed onto enforcement action which is inappropriate for them, the case should be reverted back to the local authority.

MHCLG should use guidance to encourage councils to integrate their council tax support pathway with their local Crisis and Resilience Fund (CRF) scheme. Department for Work and Pensions CRF guidance highlights that reducing priority arrears, including council tax, is an important way of supporting households experiencing financial crisis:

> *Reduction in priority debt: Rent, council tax and utilities arrears are the debts most likely to tip households into crisis, trigger legal action and increase health and homelessness risks. By supporting citizens to manage or reduce these debts, Authorities create more resilient households.* [16]

The guidance also highlights several good practice examples in which councils have linked support pathways for residents experiencing financial crisis to council tax support and vice versa. This usually means ensuring both referral routes (crisis and council tax support services) have a 'no wrong door' approach, proactively identify needs, and make active referrals between services (and other specialist support).

The government can encourage this good practice by formally highlighting that councils should ensure support for those in council tax arrears is developed taking into account local CRF schemes. This will both help address crisis and hardship through effective identification and referrals to CRF support, and help address council tax arrears through effective, holistic advice and support for residents in arrears.

Question 9:

Please provide examples of existing practices in your local authority which supports taxpayers with their council tax debt.

This question is to StepChange, so we have not submitted a response.

[14] Figures are from YouGov Plc, as part of research commissioned by StepChange. Total sample size was 2,211 UK adults. Fieldwork was undertaken online between 9 – 11 September 2024. The figures have been weighted and are representative of all UK adults (aged 18+).
[15] Money Advice Trust (2024), Stop the Knock
[16] Department for Work and Pensions (April 2026), Crisis and Resilience Fund: Guidance for local authorities in England (1 April 2026 to 31 March 2029)

Question 11:

What challenges do councils face in identifying vulnerability or hardship at pre-enforcement stage?

- **limited data on households and data-sharing constraints**
- **reliance on self-disclosure, meaning vulnerabilities go unreported until enforcement begins**
- **difficulty distinguishing between temporary and long-term financial vulnerabilities**
- **capacity and resource constraints of the council which mean they are unable to effectively engage at an early stage**
- **language and accessibility barriers**
- **digital exclusion leading to low engagement**
- **no significant challenges**
- **any other (please specify)**

Please include evidence of any stated above.

We would expect all the elements outlined above to pose challenges for local authorities in assessing and assisting vulnerability and hardship. There needs to be a greater emphasis on a joined-up approach with improved data sharing across departments both within councils and externally to help identify residents in vulnerable circumstances and provide relevant, tailored support. Local authorities should be supported to build partnerships with expert external providers which can help with identifying and targeting specific vulnerable groups in their communities, including through relationships with the free debt advice sector. As noted elsewhere, local authorities should be equipped in this endeavour through central government funding to ensure there are resources in place to establish effective referral infrastructure.

While we understand the challenges that can arise when seeking to identify vulnerability or hardship at pre-enforcement stages in some cases, we would emphasise that councils have a much deeper reliance on enforcement action compared to some of the other creditors we work with. We often hear that enforcement action is only used as a last resort in the collection of council tax arrears; our data shows that this isn't necessarily accurate. While one in ten (11%) new clients experienced bailiff enforcement action in 2024, this climbs to three in ten (29%) among those with council tax arrears. Here, it is worth noting that enforcement action presents additional costs to residents already in financial difficulty, when securing earlier intervention and engagement to identify relevant support and ultimately resolve arrears could have prevented its use.

Enforcement action is an inherently complex and difficult process for all involved – including enforcement firms, agents, and those subject to it. So, it's made all the more fraught when households with little to no ability to pay their council tax arrears are slipping through the net and being inappropriately subjected to this type of enforcement. We hope through the extension of the collection timeline and a renewed focus on effective statutory pre-enforcement steps that local authorities will be better equipped to identify struggling households and accommodate their circumstances.

This heightened requirement for due diligence would also likely better equip local authorities to distinguish between those with little to no ability to repay their arrears, through to those who are in a position to repay some or all of their arrears more quickly – and to respond accordingly, ensuring enforcement action is reserved for appropriate cases.

Question 12:

What information or evidence do councils currently use at the pre-enforcement stage to assess whether a household is unable or unwilling to pay their council tax bill?

1. **information provided directly by the household, including contact from the taxpayer or their representative**
2. **previous payment history and patterns of non-payment**
3. **information already held by the council, including records of council tax support or other local authority services**
4. **information shared by other public bodies or partner organisations**
5. **indicators of non-engagement, including repeated non-response to council communications**
6. **professional judgement based on caseworker experience**
7. **no specific information or evidence is used at this stage**
8. **any other information or evidence (please specify)**

While this question is addressed to local authorities, we would counter the suggestion made in bullet point 5 that repeated non-response to council communications can be taken as a sign someone is unable or unwilling to pay their council tax bill.

A lack of engagement should not automatically be taken to mean that a resident behind on council tax is deliberately choosing to ignore attempts at communication from the local authority about their arrears. Over four in five (85%) clients with council tax arrears responding to a 2024 StepChange survey said the communications they received from their council about their arrears made them feel scared, anxious or depressed. What's more, among the small proportion of StepChange clients who didn't directly communicate with their council about difficulty paying their council tax arrears, they were most likely to say this was because they were worried or anxious about contacting the council (81%), or didn't have the money to pay (79%).

We would add that someone having engaged with a debt advice provider about their arrears should be seen as a positive action by the local authority, even if the resident had not previously engaged with them directly prior to this.

Question 13:

What other tools or flexibilities would assist councils in distinguishing between households experiencing genuine hardship and those who are deliberately not paying at the pre-enforcement stage? Please explain.

Question 14:

What additional tools or flexibilities would assist councils in dealing with those who are considered to be deliberately choosing not to pay their council tax bills? Please explain.

We answer questions 13 and 14 together.

Firstly, we would like the government to provide clarity and evidence on the scale of the problem it alludes to around deliberate non-payment. Our evidence overwhelmingly suggests that those dealing with council tax arrears are often in financially precarious situations, and having to make impossible choices. One client told us that having to choose between which essentials to cover meant they "had to go without food" and "had been walking around in broken shoes for over four months."

In our 2024 survey, clients were most likely to cite a cost of living increase as a reason for falling behind on council tax payments, with seven in ten (68%) saying this. Three in five (61%) said mental health issues like stress, anxiety or depression contributed to them falling behind, while a similar proportion (59%) say needing money to cover living costs was a factor. Nine in ten respondents (89%) selected two or more factors, highlighting how common it is for a complex series of events and circumstances to play a role in people's financial difficulties.

What's more, it's important to highlight that two in five (40%) StepChange clients in England with council tax arrears in 2025 had a negative budget – meaning after going through a full debt advice and budgeting session, their monthly income is not enough to cover their basic monthly costs. Further to this, the average monthly income of StepChange clients with council tax arrears in 2025 who had experienced enforcement action was £1,915 – £80 less than a typical client.

These worrying figures make it clear that council tax is becoming increasingly unaffordable to many low-income or otherwise financially vulnerable households, alongside wider pressures on their finances. Given the consequences that people can face for not meeting their council tax payments, the narrative that a noteworthy proportion of people are wilfully choosing not to pay their bills is called into question. If people are behind on their essential bills, it sends a strong signal that – without support – they simply cannot afford to meet their most basic needs. Through this workstream, MHCLG has the opportunity to reset the system so that councils are given the tools to tackle non-engagement and ensure it is not equated to unwillingness to pay by default.

Regarding tools/flexibilities to help councils assess a resident's ability to pay, we would emphasise the **importance of carrying out robust affordability assessments**. A third (34%) of clients from our 2024 council tax survey who agreed to a repayment plan with their council said they were not able to keep up with it, while approaching half (47%) found it difficult to do so. When prompted to tell us why, their answers revealed complex circumstances, as well unhelpful communications or undue pressure from councils in certain cases. One client said: "they just threatened me with bailiffs etc, and constantly bombard me saying I have to pay X amount in one payment otherwise I will go to court." Another said attempting to keep up with the repayment plan "put a lot of strain on already stretched finances. I couldn't afford to miss a payment, or I would have had to pay the whole lump sum which was not possible for me."

Existing council tax guidance does give some endorsement for the use of affordability tools in council tax debt collection processes, although it does not recommend a specific method.[17] The low proportion of our clients reporting that they were able to agree to a comfortable repayment plan, and the worrying numbers reporting difficulty keeping up with the arrangement they made with their council, suggests that the use of effective affordability assessments and the Standard Financial Statement (SFS) could be significantly improved. This is reinforced by research published by the Centre for Social Justice and supported by the Money Advice Trust, which found that only one in five (18%) local authorities said they were using the SFS In 2022/23.[18]

As we touched on in questions 8 and 10, we believe that **the design of attachment of earnings orders needs attention from MHCLG**. Currently, a group of local authorities are piloting use of Digital Economy Act (DEA) data sharing powers which will be used to get information enabling more attachment of earnings orders to be put in place. Councils often find in difficult to get such orders in place because they lack the necessary information about the employment of the person they are seeking to recover from. The DEA powers should help local authorities get the information they need. Colleagues from local authorities tell us that this could reduce the number of cases passed to bailiffs for enforcement. Given the issues that StepChange and other advice charities have raised about bailiff enforcement, this could be a good thing.

However, attachment of earnings orders for council tax are deducted as set % of earnings set out in the regulations. While the deduction rate is lower for lower-income households, earnings attachments are not necessarily affordable and could leave households facing fresh financial difficulty. Colleagues from local authorities have

[17] Department for Levelling Up, Housing & Communities (August 2021), Council tax collection: best practice guidance for local authorities
[18] Centre for Social Justice (August 2024), Still Collecting Dust: Ensuring fairness in council tax collection

acknowledged this point but said the current regulations don't allow them flexibility to ask for a different amount to be attached that would be affordable. As such, MHCLG should consider changing this as part of its wider modernisation workstream.

Allowing local authorities to attach a fixed regular affordable amount would support more stable and fair payment arrangements (in line with the Government Debt Management Function fairness principles), while giving local authorities the security and efficiency of a regular payment attached from wages. This could remove the problem of % based attachments sometimes not being affordable. That in turn could prevent households experiencing further financial difficulty and hardship.

Lastly**, councils should also be making the most of their own, existing data to identify indicators of financial vulnerability**, such as receiving CTS.

Question 15:

What impact, if any, do you think the proposed changes will have on councils' ability to collect council tax effectively?

Please provide evidence where possible, including any anticipated impact on recovery timelines, in-year collection rates, taxpayer compliance, and administrative burden.

While this question is addressed to local authorities, it is important to note that there has been a general movement in recent years towards understanding the benefits of more empathetic and responsible debt collection, and bringing this about.

Modelling by the National Audit Office, based on a survey of debt advice clients, has indicated that intimidating debt collection actions and additional charges were 15%–29% more likely to make debts harder to manage and increase levels of anxiety or depression.[19] Research also shows that some of the negative 'downstream' effects of punitive debt collection practices can ultimately increase public costs; whereas evidence demonstrates that good debt collection practice both benefits individuals and can boost collection rates.[20]

For too long, local authorities' debt collection practices have fallen short of responsible practice and lagged behind other sectors, including financial services and utilities. We would reinforce our strong support for the government's decision to extend the timeline before someone can be made liable for their full annual council tax payment. Ultimately, the first interaction a resident struggling to pay council tax has with their local authority about their financial difficulty should not be a demand for urgent payment. Building more empathy – and crucially, time – into engagement and providing information in a way that means people can understand their options and

[19] National Audit Office (September 2018), Tackling Problem Debt
[20] House of Commons Library (September 2020), Debts to public bodies: are Government debt collection practices outdated? and National Audit Office (September 2018), Tackling Problem Debt

establish a clear plan of action, would mean they are much more likely to feel confident and empowered to resolve their debts.

This consultation, as it stands, offers a welcome opportunity to reshape the communications from local authorities to those behind on council tax, to be more constructive and compassionate. However, as we have made clear throughout our response, we believe MHCLG should go further in its ambitions for statutory pre-enforcement steps (with our top-level vision for this contained in the annex).

It is also worth highlighting that, to achieve true affordability, many residents in financial difficulty will require timeframes for repayment plans which extend outside of a financial year. These sustainable agreements aren't always forthcoming under the current collection system; any intervention by government should seek to address this problem and enable these longer timeframes.

Question 16:

Please use this section to share views on anything else, related to changes to council tax collection and enforcement, which you feel has not been covered.

We have already provided comments on our recommendations for a statutory protocol and the removal of the imprisonment sanction, so will not elaborate on them here.

Beyond the council tax debt collection framework itself, we also want to see a renewed focus on upfront affordability. The government should act to end the postcode lottery of CTS by ensuring that 100% reductions can be re-established for those on the lowest incomes. Since Council Tax Benefit was replaced by localised CTS in England in 2013 – with central government funding significantly scaled back – outstanding council tax arrears have grown substantially.[21] Worryingly, research suggests that households were more likely to see support with council tax bills cut if they lived in a more deprived area.[22] The situation is more progressive in Wales, where the Welsh Government has maintained full entitlements to support with council tax bills under its national Council Tax Reduction Scheme. Funding for CTS is not currently demand-led, so councils find themselves under increasing pressure when more people become eligible for CTS 'in year'. Central government needs to reset the funding arrangement so that it flexes with demand and increase the financial assistance provided to local authorities, so that they can once again provide 100% support to households most in need.

This should be carried out alongside tackling underclaiming of CTS by increasing awareness and uptake to make sure those who are eligible, receive it, as outlined in response to questions 8 and 10.

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[21] Ministry of Housing, Communities & Local Government (June 2013) Accredited official statistics Collection rates for Council Tax and non-domestic rates in England, 2012 to 2013 and Department for Levelling Up, Housing & Communities (March 2024), Accredited official statistics: Council Tax levels set by local authorities in England 2023 to 2024 (revised)
[22] The Institute for Fiscal Studies (January 2019), The impacts of localised council tax support schemes

On top of this, we would also welcome a move to bring debt owed to local authorities into the remit of the Government Debt Fairness Charter, first published in March 2024 – with this type of debt currently a notable omission. While it still requires work, the Charter sets out welcome expectations of good practice in collecting debts owed to Government.[23] Bringing local authority debts into scope would send a strong signal that expectations of local authorities must be aligned with best practice elsewhere.

Question 17:

Do you have any views on whether these changes will have any disproportionate impacts on any particular groups with protected characteristics compared to others?

We understand that Ministers and the department must pay "due regard" to the nine "protected characteristics" set out in the Equality Act, namely: race, sex, disability, sexual orientation, religion and belief, age, marriage and civil partnership, gender reassignment, pregnancy and maternity.

StepChange research, along with evidence from many other organisations, has shown how council tax debt collection and enforcement practices have a disproportionate impact on certain demographic groups, including women, single parents (particularly mothers), those from minoritised ethnic groups, and those living with mental health conditions.[24] To put this in perspective:

- Seven in ten (71%) new StepChange clients with council tax arrears in England in 2025 were women; around two in five (38%) were single with children; and over three in five (63%) presented with an additional vulnerability beyond their financial situation, driven in large part by mental health vulnerability (39%).
- Using the UK Household Longitudinal Survey (Understanding Society) and Money and Pension Service Debt Need survey 2023, Debt Justice and the Money and Mental Health Policy Institute respectively found that young people, women, renters and minoritised ethnic groups are more likely to be in council tax arrears.
- Research by the Social Market Foundation found that council tax enforcement has a disproportionate impact on women, including those who "may need to flee their home, and enter a refuge, to escape from domestic abuse," as women are more likely to have bills in their own names and "even moving to a refuge does not remove the legal obligation to pay council tax on the home left behind."[25]

[23] HM Treasury Government Finance Function (March 2024), Debt Fairness Charter and StepChange Debt Charity (March 2024), Central Government's new Debt Fairness Charter: inching forward, but still progress
[24] StepChange Debt Charity (October 2024), Looking through the keyhole: StepChange debt advice clients' experiences; Centre for Social Justice (August 2024), Still Collecting Dust: Ensuring fairness in council tax collection; Money and Mental Health Policy Institute (September 2024), In the public interest? The psychological toll of local and national Government debt collection practices; Debt Justice (May 2025), Ban the bailiffs
[25] Social Market Foundation (September 2019), Unfair, ineffective and unjustifiable: the case for ending imprisonment for Council Tax arrears in England

- Meanwhile, the Money and Mental Health Policy Institute found that nearly three quarters (73%) of people in council tax arrears who were referred to an enforcement agent have experienced a mental health problem.
- The Centre for Analysis of Social Exclusion (CASE) at LSE, in collaboration with StepChange, also found that arrears on priority bills, such as rent, mortgage payments, council tax, and household bills, disproportionately impact most minoritised ethnic groups.[26]

These groups face worrying levels of harm under the current council tax collection system, often being subject to rapid escalation of debt collection activity and harsh enforcement practices. Ultimately, the current council tax collection and enforcement regime is designed in a way which too often exacerbates, rather than alleviates, people's personal and financial difficulties. We therefore believe that some of the interventions being explored in this consultation – including redesigning communications to help residents behind on council tax to more constructively engage with their local authorities – will have a positive impact on groups with protected characteristics, by reducing the stress caused by unhelpful or harsh communications.

As discussed throughout the response, however, we want to see the government go further with a more comprehensive package of reforms. This would collectively lead to a more compassionate collection system which both prevents people from falling behind, and give those who do more room to repay through the implementation of a statutory pre-enforcement protocol.

[26] London School of Economics and StepChange Debt Charity (June 2025), Debt, ethnicity and local area deprivation in London

Annex: Statutory protocol

The protocol should incorporate, at a top level, the following principles and steps:

Proactive contact

- ***Establish effective pre-arrears and early identification policies and practices, to encourage early intervention.***
- ***Make demonstrable efforts to contact individuals who have fallen behind or are showing signs of financial difficulty through a variety of methods (email, phone, text), accommodating support needs and communication preferences.***
- ***Design communications using simple, non-technical language which gives people a clear understanding of their options and next steps.***

Affordability and proportionality

- ***Engage with households to understand their personal circumstances, including vulnerabilities or life events which might be impacting their ability to repay.***
- ***Attempt to set up an affordable repayment plan using the Standard Financial Statement – an agreed approach to assess ability to pay.***
- ***Offer repayment plans which extend past the end of the financial year on a case-by-case basis, with the recognition that allowing some people to repay what they owe in this way may be more favourable than continuing to enforce the whole amount.***
- ***Provide advice on income maximisation to residents, helping them identify unclaimed benefits – including Council Tax Support – and other sources of income which would help them repay arrears and reduce likelihood of them falling behind again.***
- ***Effectively refer residents for free money and debt advice where needed, and work collaboratively with debt advice providers.***

Discretionary write-off

- ***Consider writing off parts of people's council tax bills using Section 13a relief powers, or other discretionary hardship funds, where there's no realistic prospect that the individual will be able to repay in full.***

StepChange Debt Charity