

Fairness for all

Improving council tax debt collection in
Wales



**cyngor ar
bopeth**

**citizens
advice**

Citizens Advice in Wales

Citizens Advice is an independent charity covering England and Wales operating as Citizens Advice Cymru in Wales with offices in Cardiff and Rhyl. There are 19 member local Citizen Advice¹ in Wales, all of whom are members of Citizens Advice, delivering services from over 375 locations, as well as offering services over the phone and online.

The advice provided by the Citizens Advice service is free, independent, confidential and impartial, and available to everyone regardless of race, gender, disability, sexual orientation, religion, age or nationality.

The majority of Citizens Advice services staff are trained volunteers. All advice staff, whether paid or volunteer, are trained in advice giving skills and have regular updates on topic-specific training and access to topic-based expert advice support.

The twin aims of the Citizens Advice Bureau service are:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives

Local Citizens Advice, under the terms of membership of Citizens Advice provide core advice based on a certificate of quality standards on consumer issues, welfare benefits, housing, taxes, health, money advice, employment, discrimination, family and personal matters, immigration and nationality and education.

Since 2014 the Citizens Advice service has had responsibilities for consumer representation in Wales including statutory functions and responsibilities to represent post and energy consumers as a result of UK Government changes to the consumer landscape.

Last year we helped over 2.7 million people across the UK face to face, by phone, email or web chat. This gives us a unique insight into their needs and concerns. We use this knowledge to campaign on big issues, both locally and nationally. So one way or another, we're helping everyone – not just those we support directly.

¹ Citizens Advice is changing. We are modernising our services to respond to changing needs and to reach more people. As part of this process there will be a new name for the service - 'bureau' is now called local Citizens Advice.

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Executive summary

This report summarises the findings of specific research undertaken by Citizens Advice Cymru to better understand the reasons behind recent increases in council tax arrears problems that local Citizens Advice across Wales have seen over the last few years. It draws on the experiences of both clients who have fallen behind with their council tax bills and advisers who support them with these problems, in particular their relationship(s) with the local authority concerned.

Council tax debt has often been one of the biggest debt-related problems seen by Citizens Advice however the number of council tax arrears problems has been steadily rising over the last five years. In 2014 to 2015 it became the largest single debt-related issue seen by our network in Wales and this trend has continued during 2015 to 2016. Around a third of all council tax arrears clients who've sought help over the last couple of years reported an issue with bailiff enforcement.

The devolution of responsibility for localised council tax support (CTS) in April 2013 has resulted in different support systems being in place in each of the devolved nations. The accompanying 10 per cent cut to the previous Council Tax Benefit (CTB) budget has meant in England the majority of local authorities now require all working age households to make at least some contribution towards their council tax bills regardless of income, with minimum payments varying quite considerably between different local authority areas. In Wales the Welsh Government has taken a different approach, maintaining a national Council Tax Reduction (CTR) Scheme with very little variation locally, as well as a commitment to local authorities (until at least 2016-17) to meet the shortfall in funding following the abolition of CTB. This means currently recipients in Wales receive the same level of support they would have received under the old CTB system.

Evidence from across England shows there is a clear link between levels of CTS provided by English authorities and the level of council tax arrears in those areas, however the situation in Wales shows the rise in council tax arrears problems being seen by local Citizens Advice is more complex than the fact more people are having to pay something towards their bills.

Routes into debt

Living on a low income and a change of circumstances, such as losing a job or ill health, are common triggers which can lead to unmanageable debt. These were common themes cited during our research by both advisers and clients. The evidence from across our network shows the majority of clients helped with council tax arrears problems have multiple debt problems. Many received advice on at

least one other debt issue, with rent arrears and water debt being the most common. This reflects the changing nature of debt being seen by Citizens Advice in recent years with increasing numbers of people seeking help on essential household bills. For some their debt has become so unmanageable the only solution has been a debt relief order (DRO)² or other form of insolvency.

Other contributory factors to the rise in council tax arrears problems reported during our research included low pay, insecure and irregular work; changes to council tax reduction as a consequence of being in and out of work (which only exacerbates an unstable financial situation for many); benefit changes, delays and sanctions; uncertainty and confusion over benefit rules and processes; and an inability to prioritise debt repayments, as well as poor literacy and budgeting skills. Advisers also spoke of the growing complexity of cases with increasing numbers of clients seeking help with historic council tax debts, as well as problems paying their current bill.

Concern was expressed throughout the research about the ability of many households with insufficient or irregular income to meet their liabilities for council tax, with many facing the difficult choice of paying that or other essential bills.

Support offered to debtors

When people are struggling to pay their council tax bills the benefits to all of seeking advice and support at the earliest opportunity are clear. During our research advisers acknowledged that generally people will only seek help from agencies like Citizens Advice once things have reached crisis point, either following a court summons or visit from an enforcement agent. Some also recognise that a failure to respond to reminder letters or to accept responsibility for paying council tax is a problem, although having a client who is a 'won't pay' is very rare. Several clients also admitted to ignoring or not opening letters but this is normally as a result of feeling overwhelmed by their financial situation.

That said, advisers also felt many people they help with council tax debt problems don't have a good understanding of what council tax is or the implications of not paying. Clients also spoke of their confusion around the whole process.

Against this background of confusion and uncertainty the overwhelming view from clients is that they were offered no or limited support from local authorities in relation to their council tax debt and little consideration was given to their circumstances.

² See footnote 12

The proactive promotion of available support by local authorities, including council tax reduction and other reductions/discounts, was rated fairly poorly by advisers in many areas. In addition, while standard contact information for agencies like Citizens Advice is often on the back of reminder letters, the availability of more 'hands on' support varies. Active referrals to external advice agencies for help are often lacking, even though the relationship between most local Citizens Advice and their local council tax department is generally good.

Approaches to debt recovery

Our research shows a varying picture across Wales of how the regulations which govern the collection of council tax, as well as the legislation and revised National Standards introduced to improve the regulation of enforcement agents, are being interpreted.

Overall advisers believe authorities are better at performing the more routine, administrative aspects of debt recovery. This includes notifying households of their level of arrears and the speed and ease of contacting council tax officials. Many elements of debt recovery which require a more amenable and potentially time consuming response from the authority are however generally rated less positively, including the extent a debtor's ability to pay and personal circumstances are considered before recovery action is pursued.

Linked to the latter, throughout the research many advisers consider that their local authority uses enforcement agents far too readily to recover council tax debt, with insufficient time given to explore other repayment options. Some advisers put this partly down to a lack of staff resources within their authority. The perceived unwillingness of their local authority to retain responsibility for the debt once it's been passed to enforcement agents was also an issue for many advisers.

There is overall agreement that deductions from benefits could be used at an earlier stage more frequently than they are currently. In some areas local authorities are also more willing to pursue an attachment of earnings for working debtors. Clients often prefer both these approaches as they're predictable and they allow them to budget. The level of such repayments was raised by some advisers as a particular concern however as there have been cases where clients have been left with little money to cover rent and other living costs following such deductions.

Problems and impacts

Use of enforcement agents

The perceived over-use of enforcement agents was frequently cited by advisers as one of the biggest problems currently associated with council tax debt recovery in Wales.

The over zealous and intimidating behaviour of enforcement agents, particularly external agents, was reported by both advisers and clients throughout our research. The stress and anxiety this causes debtors is clear. There was also widespread concern amongst advisers about the appropriateness of this approach when debtors are on benefits or in irregular and/or low paid work with very limited financial resources. Concern was also expressed about the levels of debt for which enforcement action is sometimes used. These situations are only exacerbated when fees and charges have been added to the debt.

Advisers have mixed views on whether recent legislation, and the associated revised National Standards to improve the regulation of enforcement agents, has improved the position of clients. The simplification of fees and codification of standards were given as positive improvements, while increased fees and a perceived growing reluctance of local authorities to take debts back were cited as reasons why they felt the situation has worsened. Many however felt the situation hadn't changed with the poor behaviour of enforcement agents continuing and little clarification on what constitutes vulnerability.

Vulnerability and affordability

Our research found processes for identifying and supporting debtor's in vulnerable situations vary across Wales. In some areas advisers said their authority appears to have no consistent vulnerability policy and as a consequence they regularly struggle to get evidence of debtor vulnerability accepted. This contrasts with other areas where advisers reported their authority as being sympathetic and reasonable once they've been made aware that the debtor is in a vulnerable situation, readily accepting verbal evidence from advisers like themselves as trusted third party intermediaries.

Advisers are generally far more critical of enforcement agents' approach to vulnerability. Their vulnerability policies are seen as much more restricted. It is also much harder to get them to accept verbal evidence that a client is in a vulnerable situation. Only rarely do they proactively consider a client's circumstances or identify vulnerability directly.

In contradiction with established good practice in the wider creditor sector during our research we consistently heard of clients being given unaffordable repayment plans to recover the council tax they owed by both local authorities and enforcement agents acting on their behalf. Clients often felt they had been given little choice in the setting up of such plans, with no consideration of their ability to pay or circumstances and little, if any, room for negotiation. Several spoke of their frustration around this.

The policy of many local authorities to collect any arrears within the billing year was frequently cited by advisers as a predominant reason why repayments are often set at unaffordable levels for debtors, and why enforcement agents can be unwilling to negotiate.

Once Citizens Advice is involved however the situation in some areas appears to improve, with more local authorities being willing to consider a client's financial circumstances when setting repayment levels.

Administration issues

Our research also highlighted how internal administration problems within authorities themselves can lead to council tax arrears. Outstanding claims for council tax reduction or housing benefit, as well as incorrect CTR calculations following a change of circumstances have contributed to some people's debt.

Many advisers felt the knock-on effect of benefit changes and suspensions isn't helped by a perceived lack of coordination across different local authority departments. Several felt communication between benefits and council tax recovery departments within their authority needs to be improved.

Working with local Citizens Advice offices

Generally, when it comes to dealing with clients' council tax arrears problems most advisers describe the relationship their local Citizens Advice has with their local authority as 'good' or 'very good'. Very few rated this poorly.

Once Citizens Advice is involved advisers are generally able to secure positive outcomes for clients. Clients spoke of the help they'd received which included the negotiation of considerably reduced repayments; support to apply for a DRO or become insolvent (which they believed was the only option for the level of debt they had); corrections to their CTR which practically wiped out the debt, and help to manage their finances better in the future.

Common reasons given by advisers for why things work particularly well in some areas included proactive referrals between the local Citizens Advice and the authority; prompt responses to enquiries; listening and acting on advisers' requests

to recognise vulnerability; a willingness to negotiate more affordable repayments, and having trust between both parties.

Many of the problems with the current approach to council tax debt recovery that we've identified through Citizens Advice evidence and during this research can be attributed to an automated system for debt collection which is designed around the needs of local authorities and the minority of people who 'won't pay', rather than supporting those unable to pay to seek debt advice and find a solution to their problems.

Our findings highlight the realities of in-work poverty and a life on benefits. For many debtors current collection methods, where Liability Orders are regularly sought and debts readily passed to enforcement agents, are counter-productive and only serve to increase the debt after fees and charges are added. This often leads to an unsustainable situation for all concerned, and only prolongs the stress and anxiety for debtors.

In addition, the research emphasises the need for both local authorities and debtors to be more responsive earlier in the process to help ensure people's circumstances are fully understood and more appropriate action is taken.

Advisers also expressed their concern about the capacity of many low income households in Wales, whether solely reliant on benefits or in low paid, irregular work, to meet their current and future council tax liabilities. This, combined with the on-going impact of welfare reform and potential future changes to the Council Tax Reduction Scheme in Wales, highlights the need for the Welsh Government, the Welsh Local Government Association (WLGA), local authorities and advice agencies, such as Citizens Advice, to work together to ensure council tax debt collection practices are fairer and more effective, and most importantly that they work for the benefit of local authorities *and* debtors.

In light of the evidence from our network across Wales, together with this research Citizens Advice Cymru has made a series of policy recommendations.

Policy recommendations

The Welsh Government should:

- Retain a full Council Tax Reduction (CTR) Scheme in Wales to ensure those in need continue to receive appropriate support to pay their council tax bills. This should be a national scheme to ensure consistency and equity across Wales, with no groups being given preferential protection
- Develop specific guidance on council tax debt collection to ensure the system is fair and effective across Wales. This should build on the 'Collection of council tax arrears good practice protocol' developed by Citizens Advice and the Local Government Association/Welsh Local Government Association (last revised in 2013)³
- Ensure the provision of financial education in community settings is strengthened when developing the Delivery Plan for the Revised Financial Inclusion Strategy, particularly for people who are more likely to face disadvantage.

The Welsh Government, the Welsh Local Government Association (WLGA) and local authorities should:

- Develop a fairer approach to council tax debt recovery across Wales, using the guidance specified above. This should include:
 - ensuring all local authorities have commonly agreed indicators of debtors in vulnerable situations, and what actions to take in such circumstances
 - requiring all local authorities to adopt the Common Financial Statement (CFS)/Standard Financial Statement (SFS)⁴ and accept offers of payment based on it to ensure all repayments for council tax arrears, and other debts which might be owed to the authority, are affordable for debtors
 - having a minimum debt level before a Liability Order is pursued, as well as a minimum debt level before enforcement agents are instructed

³https://www.citizensadvice.org.uk/about-us/campaigns/current_campaigns/recent-campaigns/council-tax-arrears-good-practice-protocol/ Citizens Advice plan to look at updating the protocol later this year.

⁴ The Common Financial Statement is a widely accepted tool for assessing affordability, sponsored by the Money Advice Trust, the British Banker's Association and the Finance and Leasing Association and supported by Citizens Advice and other free debt advice providers. It provides a detailed budgeting format enabling an accurate overview of a client's income, expenditure, assets and liabilities to be produced. It is due to be replaced with the SFS from 1 March 2017.

- immediately recalling the debt from enforcement agents if vulnerability is identified, in order to pursue a more appropriate approach for debt recovery
- ensuring all enforcement agents employed by outsourced debt collection services have undergone specific training in dealing with vulnerability (as specified in the legislation). This policy should be reviewed annually against cases that are returned to the local authority on the grounds of vulnerability
- all local authorities having a consistent and clear policy on hardship, ensuring each case is treated on its merits. If hardship is subsequently identified then powers under Section 13A of the Local Government Finance Act should be considered to write off the debt.

Local authorities should:

Debt recovery

- Put more person-centred systems in place which encourage people who are struggling to pay their council tax bills to seek help as soon as possible and prevent debts from escalating
- Develop a better understanding of people's circumstances *before* pursuing enforcement action to ensure the most appropriate debt recovery method is used at the start of the process and enforcement agents are only used as a last resort. This should include:
 - using any information they already hold on debtors, such as benefits information (eg. Council tax reduction; Housing benefit; DHPs) and/or data on rent payments, if applicable (eg. evidence of difficulties keeping up with rent/rent arrears)
 - target help/support more effectively including budgeting support; debt advice and benefits advice
- Review their systems for assessing affordability when setting-up repayment plans, in addition to adopting/accepting the CFS/SFS this should include:
 - learning from the good practice of other creditors by ceasing to request an unaffordable lump sum payment if one or two installments are missed, and instead encouraging residents in financial difficulties to contact them and, with the help of debt advisers, agree an affordable repayment plan
 - consider reducing the level of historic debt if a debtor is meeting their current council tax liability (eg. as per Welsh Water's Customer Assistance Fund)

- ensuring deductions from benefits or attachment of earnings orders don't result in additional hardship for debtors.
- Establish a system for investigating complaints concerning the behaviour of enforcement agents, with appropriate action being taken for repeat offenders. This should include challenging their fitness to operate.
- Make greater use of in-house enforcement agents as our evidence suggests this can result in better outcomes for debtors and local authorities
- Review the costs and benefits of each stage of current debt collections processes, with a view to making the 'customer journey' shorter, more effective and less costly for residents and the council.

Communication

- Use more personalised and clearer ways to communicate with debtors to encourage them to take action and seek debt advice earlier. This should include:
 - implementing more proactive referrals to external, quality-assured advice agencies, including Citizens Advice (where this isn't currently the case)
 - using reassuring, 'nudge-style' messages on the front of overdue bills and reminders, as well as envelopes
 - providing clarity on the period(s) to which the debt applies
 - differentiating between current liability, arrears, and any relevant fees/charges (if applicable)
 - better promotion of available support to pay council tax bills including the discounts that may be available (such as the Single Person Discount) and eligibility for CTR (eg. by signposting to the Better Advice Better Lives CTR take-up programme)
 - improving the training of frontline staff to ensure consistency in approach when dealing with debtors and external advice agencies.
- Improve communication/coordination across local authority departments, particularly those involved in benefits administration and debt collection, to ensure debtors are given the most appropriate support, vulnerability is identified and all repayments remain affordable.

DWP/Jobcentre Plus should:

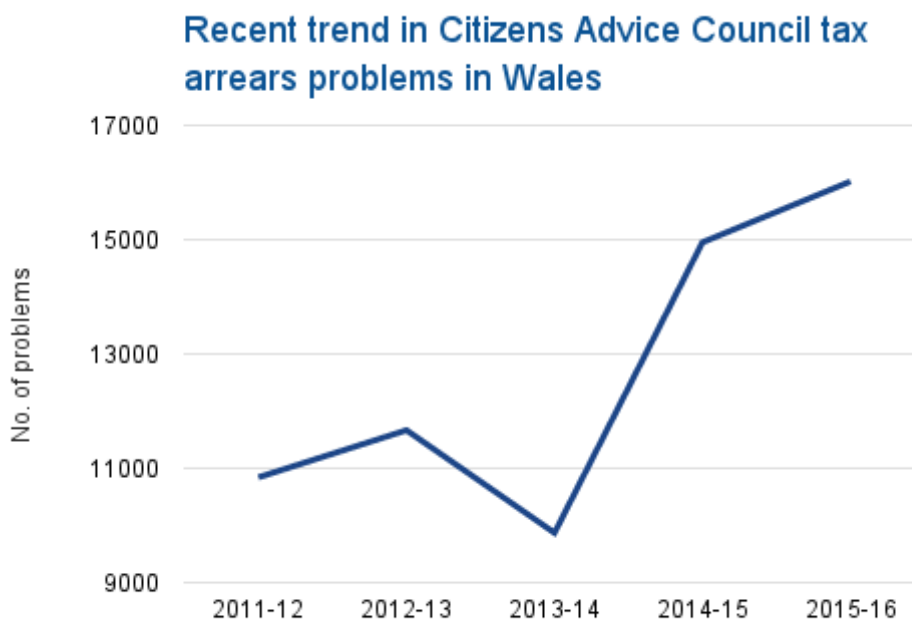
- Notify benefit claimants and all creditors to whom there is a deduction from benefit set-up, including local authorities, that if the claimant is subject to a benefit sanction that all direct deductions will need to be set up again.
- Ensure local offices always prompt people making claims for Universal Credit to check whether they are also entitled to Council Tax Reduction.

Introduction

Council tax collections in Wales are at an all time high⁵. In 2015 to 2016 local authorities collected 97.2% of council tax billed, the highest collection rate since council tax was introduced in 1993. The total amount of arrears also fell compared to 2014 to 2015 from £85.1 million to £84.9 million, with 56% of this total relating to arrears from previous years.

Many people in Wales pay their council tax bills on time without difficulty however, council tax debt has often been one of the biggest debt-related problems seen by Citizens Advice and over the last five years we have seen a steady increase in the number of council tax arrears problems⁶.

In 2014 to 2015 it became the largest single debt-related problem seen by our network in Wales. This trend is continuing with over 16,000 problems reported during 2015 to 2016, an increase of 7% on the previous year.



▲ Graph 1: Council tax arrears problems seen annually by Citizens Advice in Wales, 2011 to 2016

⁵ Council Tax collection rates in Wales: 2015-16 (Revised), Statistics for Wales (13 July 2016)

⁶ The number of council tax arrears problems dipped in 2013-14. This is likely to be as a result of an overall decline in the capacity of the Citizens Advice service to deal with debt issues following the loss of Legal Aid funding for many areas of social welfare law, including debt advice, which came into effect from April 2013. Our case recording system also underwent changes at this time.

This situation is particularly worrying because the consequences of not paying these bills can be severe. They include local authorities taking enforcement action through the courts, and in extreme cases imprisonment.

Looking in more detail at the type of issues people are seeking help on, over a third of all council tax arrears clients during 2015 to 2016 (34%) reported an issue with bailiff enforcement.

On examining our data for each local authority area there is some variation in the level and type of problems being seen by local Citizens Advice offices across Wales however, several factors can contribute to this including funding and capacity issues, as well as the number of proactive referrals in some areas. Any variation doesn't necessarily indicate that there is a bigger or less of a problem in different areas.

During 2015 to 2016 council tax arrears was the top debt-related problem in 10 local authority areas and the second biggest debt issue in 6 areas. In all but one of the remaining areas council tax debt ranked as the 3rd biggest debt issue.

In April 2013 the UK Government abolished council tax benefit (CTB) and responsibility for its replacement, localised council tax support (CTS), was devolved to local authorities in England and the national governments in Wales and Scotland. The devolution of responsibility for local CTS was accompanied by a 10 per cent cut to the CTB budget. This has resulted in more and more local authorities in England requiring all working age households to make at least some contribution towards their council tax bills⁷. From April 2016, 79% of English local authorities have now introduced a 'minimum payment', ranging from 8.5% or less to over 30% of the bill.

In Wales however, the Welsh Government took a different approach, prescribing a single, national Council Tax Reduction (CTR) Scheme⁸ (with only some level of flexibility locally), along with a commitment to provide additional funding to local authorities, until at least 2016-17, to meet the full costs of the CTB system at the point of abolition. This means currently recipients in Wales receive the same level of support they would have received under the old CTB system. Only 41 local authorities (13%) in England are continuing to provide this level of support⁹.

Analysis by the New Policy Institute shows a clear local link between the level of CTS provided in English local authority areas and arrears - councils which have not introduced minimum payments saw arrears fall by seven per cent between 2012/13

⁷ As pensioners are protected only working age households are affected.

⁸ 'Three years on: an Independent Review of Council Tax Support Schemes', Eric Ollerenshaw, March 2016

⁹ <http://counciltaxsupport.org/>

and 2014/15. Those who introduced payments of 20% or more saw arrears rise by at least 23%.

Council tax arrears became the largest single debt issue in England during 2013 to 2014. The increase has been more prominent in areas that have introduced substantial minimum payments, as opposed to those where no changes to the old CTB system were made.

From this data we can assume that there is a correlation between the two, however the data for Wales indicates that the reason for the rise in council tax arrears problems is more complex than the fact more people are having to pay something towards their bills.

Undoubtedly low income is the largest contributory factor for people struggling to pay their council tax bills wherever they live, but we believed further investigation was also needed to explore in greater detail the reasons behind the increase in Wales.

Looking in more detail at the profile of council tax arrears (CTA) clients in Wales over the last couple of years (April 2014 to March 2016)¹⁰:



¹⁰ These figures are based on available client profile data, only age, gender, disability and ethnicity profiling questions are mandatory (eg. we only have employment status data for 48% of clients).

Methodology

The evidence we have from across our network, while considerable, does not provide us with a full enough understanding of the reasons behind the increase in council tax arrears problems in Wales, or a detailed picture of the nature of these problems.

In order to build on our existing evidence Citizens Advice Cymru undertook further research to explore the experiences of both clients who have fallen behind with their council tax bills and advisers who support them with these problems, in particular their relationship(s) with the local authority concerned and the enforcement agents local authorities employ.

The research was divided into four stages:

- Desk research - this involved looking in detail at existing Citizens Advice evidence by local authority area and client profile
- Online research with advisers - **98 completed questionnaires** were received and analysed. The survey was open to any local Citizens Advice staff/ volunteers who have helped clients with council tax arrears problems or who have a good understanding of the issues seen locally. The majority of responses came from specialist debt advisers (39%), generalist advisers (22%) or specialist advisers in other areas eg. benefits, housing (12%).
- Qualitative research with advisers - **8 mini-focus groups** were conducted in local authority areas across Wales (3-4 advisers per group) to allow for more detailed investigation of the issues
- Qualitative research with clients - **21 in-depth interviews** were undertaken with clients who've sought help regarding council tax arrears over the last year. These interviews were undertaken in 7 of the 8 local authority areas selected for the adviser focus groups.

All the research was undertaken between November 2015 and April 2016.

The online survey included responses from local Citizens Advice covering every local authority area in Wales, although due to the self-selection nature of the survey the number of responses within each authority varied.

The results of our research should therefore be treated more **qualitatively** and not representative across Wales.

Local authority areas covered by the qualitative research were as follows: Caerphilly (advisers only); Cardiff; Denbighshire; Flintshire; Merthyr Tydfil; Pembrokeshire; Rhondda Cynon Taff and Ynys Môn. Half of all responses to the online survey came from advisers across the remaining 14 local authority areas.

Topics covered included¹¹:

- the common routes into debt for council tax arrears clients
- the whole process of council tax debt collection in their area, including approaches used and the type of information and support offered to residents who are struggling to pay
- the extent to which local authorities and/or enforcement agents consider ability to pay/ affordability when setting up repayment plans
- the use of bailiffs/enforcement agents, particularly concerning the most common issues identified by local Citizens Advice (ie. offers of payment; fees and charges; rights to entry)
- the impact of new legislation regarding the behaviour and practices of enforcement agents which came into force in April 2014
- the extent local authorities and/or enforcement agents take into account potential resident vulnerability, including the training of enforcement agents to recognise vulnerable residents
- referral arrangements between local authorities and local Citizens Advice and/or other advice providers or partners
- views on any issues which may affect the collection of council tax in the future
- perceived areas for improvement to council tax debt collection both locally and across Wales.

¹¹ Copies of the online questionnaire and topic guides for the qualitative research can be found in the appendix.

Main findings

Routes into debt

The majority of clients helped with council tax arrears problems have multiple debt issues. During 2015 to 2016 70% of council tax arrears clients in Wales received advice on at least one other debt issue. The most common being rent arrears (31%) and water debt (26%), with fuel debt and telephone/broadband debts also featuring highly (15% and 14% respectively). This reflects an on-going shift in the nature of debt problems being seen by local Citizens Advice across Wales and England, which has seen increasing numbers of people seeking help with arrears on essential household bills. For many the level of their overall debt has become so unmanageable their only option is insolvency or a debt relief order (DRO)¹². In the last year more than 1 in 5 council tax arrears clients in Wales (21%) have been supported with a DRO.

Other debts cited by advisers include TV licence and popular forms of high cost credit provided by the likes of Provident, BrightHouse and Buy as you View. The latter creditors are frequently paid ahead of paying council tax and other essential bills. The main reasons given for this included an inability to prioritise, paying 'whoever shouts the loudest', as well as the relationships people have with home credit agents.

'It's just one of the first few debts people will start not paying attention to, because you'd feed yourself and you'd heat yourself .. it would be maybe the rent or the council tax but you only need to get 1 or 2 months behind for it to start snowballing .. then obviously the costs that are incurred just add to the problem'

North Wales adviser

¹² A DRO is one way someone can deal with their debts if they don't own their home, have much spare income, have a car worth less than £1000 and total other assets worth less than £1000; they must also have 'qualifying debts' of less than £20,000. While a DRO is in force the ability of their creditors to seek repayment is put on hold. Not all debts can be written off in a DRO, but those that are 'qualifying' are written off at the end of the DRO moratorium period of 12 months. There are some exceptions eg. debts incurred through fraud, child maintenance liability and Magistrates' Court fines. Council tax is normally regarded as a 'qualifying debt'. There is a £90 fee and people have to go to an Insolvency Service Approved Intermediary, such as Citizens Advice, to apply.

There are a number of common triggers which can lead to unmanageable debt. Many of these are reflected in the findings of our research. Living on a low income and a change of circumstances, such as losing a job, ill health and a relationship breakdown, are common themes cited by both advisers and clients.

- 62% of council tax arrears clients in Wales have a household net income of £999 or less per month (equivalent to a gross annual income of nearly £13,000)¹³

Zero hours contracts, irregular and/or seasonal work, and low pay are all felt by advisers to be contributing to the rise in council tax arrears problems. In part this is the result of the benefits system being unable to keep up with the real time changes in people's working patterns. It was felt changes to council tax reduction (CTR) as a consequence of being in and out of work, only exacerbates an unstable financial situation for many, often leading to delays in a reduction being implemented, or a household's liability being overreduced, and therefore still needing to be paid.

Benefit delays, repaying benefit overpayments, sanctions, and the impact of the under-occupancy charge on household budgets were also mentioned as contributory factors to the rise in council tax arrears problems being seen by local Citizens Advice. In some areas advisers estimate around 7 out of 10 council tax debt clients are benefit claimants, with many in receipt of sickness/disability benefits. In 2015 to 2016 almost two-fifths of council tax arrears clients helped by local Citizens Advice in Wales (38%) also received support on a benefits/tax credit issue.

Clients living on benefit income as well as those in irregular work spoke of their on-going struggle to manage financially. Throughout our research a number of advisers agreed that households with insufficient or irregular income find it extremely difficult to meet their liabilities for council tax, with many facing the choice of paying this or not paying rent/putting food on the table.

'I got myself into a whole mess of debt .. I couldn't budget.. something would come up for the kids that I needed to get or something else needed paying .. when I fell behind [with council tax] I was actually out of work cos I was on the sick with a bad back so I was only getting sick pay .. I was off for quite a few months .. so I fell behind in a lot of debt then .. that's when it all started mounting up'

North Wales client

¹³ Just under half of all CTA clients during 2015-16 provided net household income data.

Uncertainty and confusion over certain benefit rules and processes has also lead to arrears in some cases. Particular examples include non-dependent deductions (NDD) to a CTR, which come into effect when a child living at home becomes an adult, and universal credit claimants who hadn't realised they would need to make a separate application for CTR.

Another common theme highlighted by advisers is the growing complexity of cases, with more and more clients seeking help with historic council tax debt. A local authority is not permitted to ask for a liability order for council tax more than six years after the council tax became due, however once they have obtained a liability order there is no time limit for enforcing it. During our research we heard about cases going back a number of years, examples of 8 and 9 years are given, which often involve considerable sums, frequently thousands of pounds. Some clients also have multiple council tax debts over several years, including a current liability. As each of these debts often have a different reference number it can make it very difficult for clients to understand which debt(s) they are repaying.

'I had a client who had 9 years of council tax debt .. they were working part-time .. There was no let up, rolling debt over 9 years .. bailiffs come in and that client totally doesn't understand which debt they're paying .. there were 9 different reference numbers'

South Wales adviser

An inability to prioritise, as well as poor literacy and budgeting skills, are also cited as reasons for council tax arrears and wider debt problems. Several clients who took part in our research admitted they aren't good at budgeting. Over 1 in 10 council tax arrears clients in Wales during 2015 to 2016 (11%) received financial capability support from their local Citizens Advice, in addition to help with their debt issues.

Support offered to debtors

We recognise that the majority of clients will only seek help from advice providers like Citizens Advice when things have reached crisis point and this may affect their views on available support. Advisers confirmed that generally the point they become involved is usually after the client has received a court summons or when enforcement agents are knocking at the door.

During the qualitative stage of our research advisers felt many people they help with council tax debt problems don't have a good understanding of what council tax is or the consequences of not paying. This is particularly true for clients whose first language isn't English. Others still refer to it as the 'poll tax'.

Clients also spoke of their confusion around the whole process. For example, the way bills are presented, working out what they owe, being quoted different amounts, and confusion between paying off arrears and their current liability.

Some clients do understand the potential consequences of not paying but admit to 'burying their heads in the sand' and ignoring or not opening letters. A number of advisers recognise that this failure to respond to reminder letters or to accept responsibility for paying council tax is a problem, although having a client who is a 'won't pay' is very rare.

'They send out these letters with all these numbers and figures on them, that's just impossible to read .. I just couldn't make sense of it'

North Wales client

Against this background of confusion and uncertainty about how the council tax system works, the overwhelming view from clients was that they were offered no or limited support from local authorities when they fell into arrears on their council tax. Several stated that no-one within the authority had asked about their circumstances. More than one felt the authority had 'washed their hands' of them after the debt had been passed to enforcement agents.

Awareness amongst clients of the type of support available, including CTR, the single person discount (SPD) or severe disability premium is mixed. Some had only found out about these things through a third party, others are aware of CTR but were found to be ineligible at the time. A couple of clients had actively sought help when they'd received the initial notification of arrears but such cases were in the minority. Advisers also agreed many clients are unaware of CTR or what discounts/premiums they may be entitled to, especially older clients or those who are working.

'Part of this that I owe is for between February and April when I was actually on universal credit but I didn't know that I had to claim for council tax benefit .. I get the housing benefit in my universal credit but the council tax you have to apply separately to the council, well I wasn't told this'

North Wales client

Better Advice Better Lives - CTR take up campaign

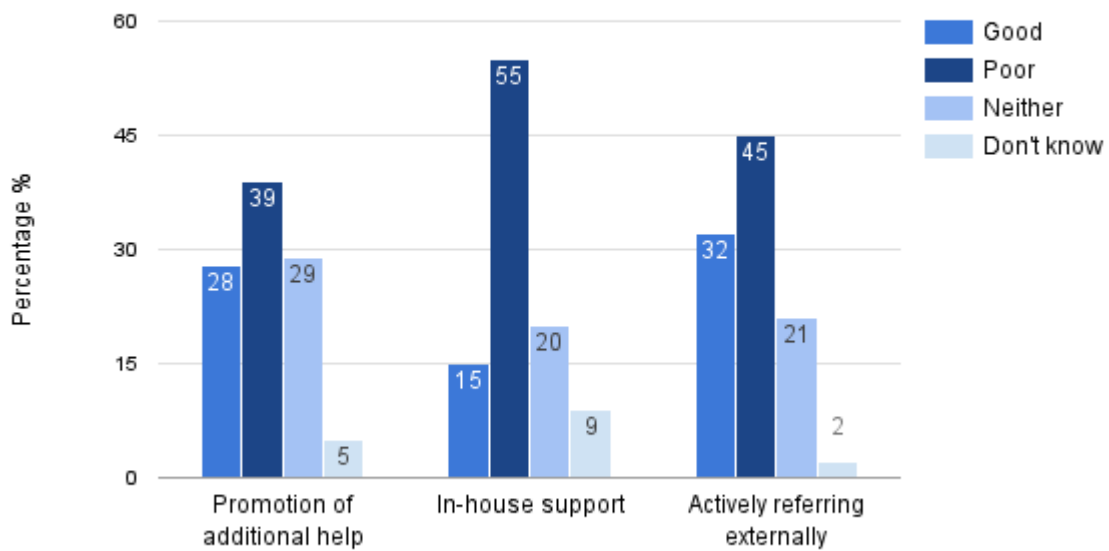
The 'Better Advice Better Lives' (BABL) project has been funded by Welsh Government and managed by Citizens Advice Cymru since January 2012 (having originated in 2001 as Better Advice Better Health). This project is an income maximisation programme aimed at reducing poverty and operates in every local authority area in Wales. In 2012 a new element was introduced to encourage increased take up of Council Tax Reduction (CTR) and Housing Benefit.

Staff working on the project work in partnership with local government across Wales. At a local level Citizens Advice work with housing departments and housing benefit departments with a view to increasing awareness of potential entitlement. They also try and publicise the help available through networking, open days and information sharing events both with local organisations and members of the public.

In 2015/16 advisers working on the council tax element of BABL saw 7,513 clients with 15,233 problems (not all of which were council tax related). We were able to confirm gains of £6,138,050 for those clients, with £693,276 being for CTR. The remaining £5.4m was for other benefits that the advisers discovered clients were entitled to.

In addition, the other two elements of BABL (advice in GPs surgeries and Families with Disabled Children) also recorded confirmed gains of £116,788 in CTR for their clients, bringing the project total to £810,064.

The proactive promotion of support was rated fairly poorly by advisers in the online survey. This includes the promotion of additional help that may be available to people struggling with their council tax bill (eg. CTR or other reductions/discounts), in-house support offered to clients (such as debt advice, benefits advice and budgeting support) and the extent local authorities actively refer residents to an external debt advice agency for help (including Citizens Advice) - see Graph 2 below.



▲ Graph 2: Citizens Advice Advisers rating of local authority support for debtors

When exploring support for clients in more depth during the qualitative research there were notable differences in views across local authority areas. While most advisers recalled that contact information for Citizens Advice and/or Stepchange Debt Charity is normally on letters sent to debtors, more ‘hands-on’ support was variable and ranged from an authority that made ‘every effort to contact’ the debtor, to others who it was felt are only concerned about collecting the money.

‘They send relevant letters but [clients] don’t really find out support, so they let clients know they’re in arrears but they won’t tell them what to do about it .. apparently they do have something on the back of their letters which says you can get free advice from .. and it’s got us .. people are not going to look on the back, they’ll just see on the front you owe this much..’

South Wales adviser

Working with Caerphilly County Borough Council - Good practice example

At Citizens Advice Caerphilly and Blaenau Gwent, we have built a good relationship with several departments at Caerphilly County Borough Council, including council tax collections. We have set up a 'rent clinic' that takes direct referrals from the rents department, and inevitably find that people attending have council tax arrears as well as rent arrears.

We find the council tax department realistic when special repayment arrangements are set up thereby, ensuring that they are affordable. They will also accept lower repayments to repay historic debts meaning that clients are better able to afford the current liability. The council will also give the client a number of opportunities to pay even when they have previously defaulted on arrangements.

There have been instances where the bailiff won't engage with us or accept realistic offers, when this is reported back to the council, they have contacted the bailiff direct, and have instructed them to accept our offer or to engage with us.

Once we have advised them that the client has an appointment booked with us, they will put the account on hold to ensure that no further action is taken until they have had the chance to take advice. If we identify the client as vulnerable for whatever reason, they are sympathetic and will note their file accordingly.

If we advise them that the client is going to apply for bankruptcy or a Debt Relief Order, they will put the account on hold whilst the information is being collated, and will keep the account on hold as long as they are kept informed of the situation.

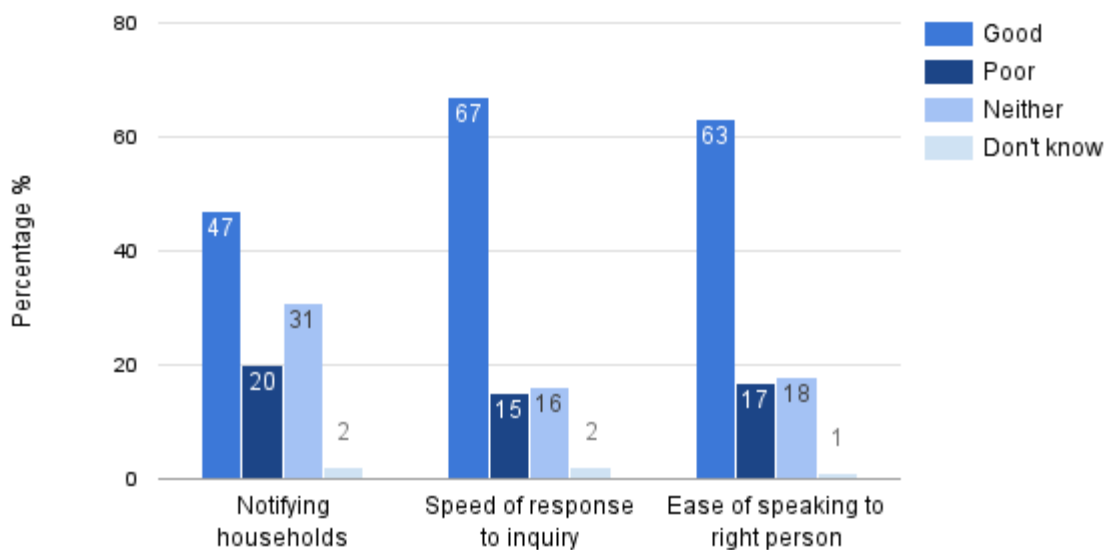
*supplied by the local Citizens Advice

The perceived lack of support for residents in some local authority areas, be that proactive or reactive, is worrying, particularly when, more often than not, we are referring to clients in vulnerable or potentially vulnerable situations.

Approaches to debt recovery

The overarching framework for the recovery of council tax is governed by regulations. In spite of this the findings of our research show a varying picture across Wales of how these regulations are being interpreted.

Overall authorities are thought to be better at performing the more routine, administrative aspects of debt recovery, including notifying households of their level of arrears, the support available and implications of not paying; the speed of response to an inquiry, and the ease of speaking to the right person - see Graph 3 below.



▲ Graph 3: Citizens Advice Advisers rating of the administration aspects of local authority council tax debt recovery

Looking at these issues in more detail, in the majority of cases clients told us they'd initially been notified of their arrears by letter, often multiple letters, with very few alternative forms of communication such as phone calls used. Some advisers expressed concern around the over reliance of letters and believe alternatives such as text alerts and email may be more effective.

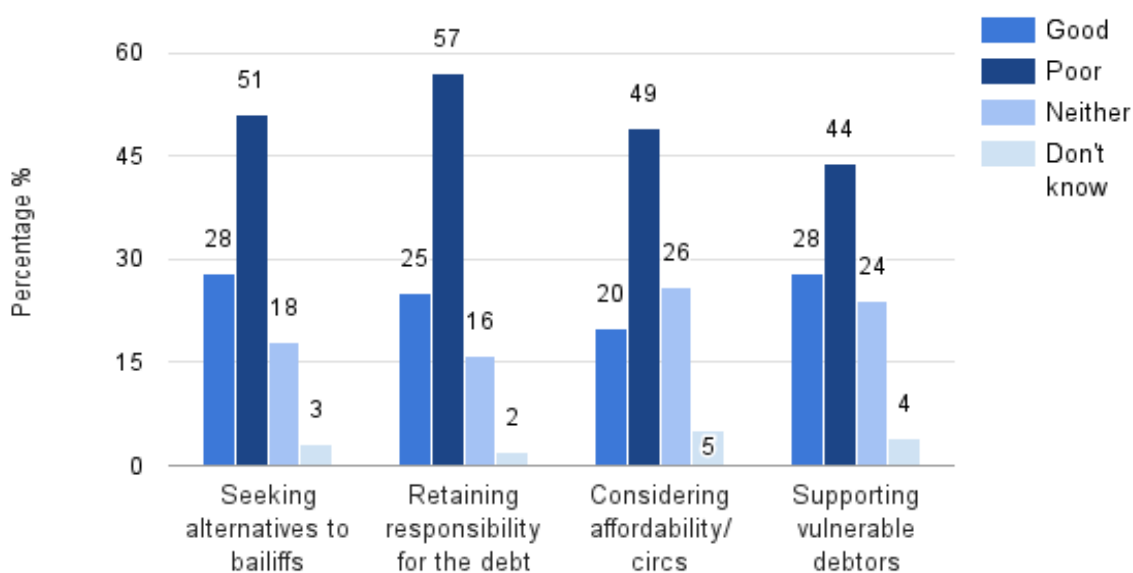
As mentioned previously, letters alone can also be problematic for a variety of reasons, eg. they can be easier to ignore or are unsuitable for people with poor literacy skills or those whose first language isn't English.

'They told me 'you didn't respond to our letters', because I don't know the rules .. the job centre cut my employment and support allowance and they start it again but there is a gap, and [in] this gap they send council tax but I wasn't working .. and my housing benefit is not stopped .. because I'm not from this country I don't know I have to be continuous having benefit'

South Wales client

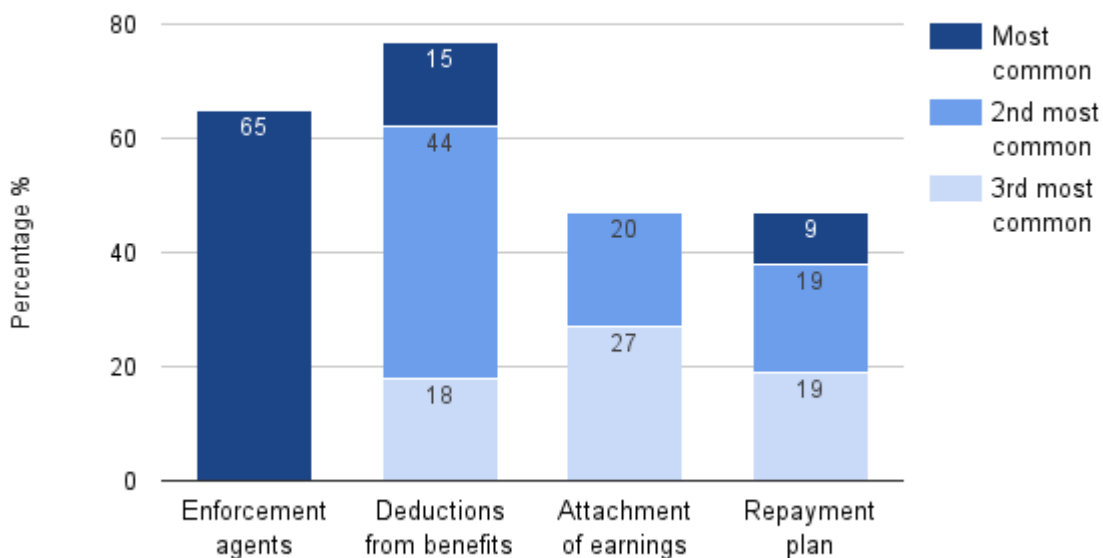
Another recurring theme was the variation in response between different officials within an authority, 'it depends who picks up the phone'. This issue has been raised with the authorities concerned. Some advisers also said they would frequently hang up and ring at another time in the hope of reaching a 'more helpful' official.

Our research also shows that elements of debt recovery which require a more amenable and potentially time consuming response by the authority are regarded less positively by many advisers. This includes the extent to which local authorities explore alternative ways of collecting a debt *before* passing it to enforcement agents, their willingness to retain responsibility for the debt *after* it's been passed to enforcement agents, the extent to which affordability/personal circumstances are taken into account before recovery action is pursued, and their effectiveness at supporting debtors in vulnerable situations - see Graph 4 below. The latter two issues are explored later in this report.



▲ Graph 4: Citizens Advice Advisers rating of local authority debt collection practices

When asked to identify the three most commonly used methods of council tax recovery, from their experience almost two thirds of advisers (65%) indicated that recovery action by enforcement agents is the most commonly used¹⁴. Only 15% of advisers stated deductions from benefits was their authority's most common approach. It was however the highest ranked 2nd choice (44%), with a deduction from wages (formally referred to as an 'attachment of earnings order') being the highest ranked 3rd choice (27%).



▲ Graph 5: Ranking of most commonly used debt collection methods

Once again the qualitative research allowed us to explore debt collection practices in more detail. Before pursuing any type of enforcement action, including direct deductions from benefits or wages, the local authority must ask a magistrate for a Liability Order (LO). We heard about variable approaches to the use of Liability Orders (LOs) across Wales. Some local authorities are pursuing court action for debts as low as £50-£60 (in one extreme case a LO had been pursued for a debt of £3.95), whereas in another area the authority has a policy of not pursuing a debt through the courts if it is below a certain level as it isn't cost effective. We also heard of one authority routinely issuing LOs in bulk and others actively discouraging debtors from attending court proceedings - even when debtors want to take up the opportunity to put forward their case in court.

¹⁴ As mentioned previously this finding should be viewed in the context that people are more likely to turn to Citizens Advice once court/enforcement action is being pursued.

‘Back last September I had a letter saying I owed £202 council tax we’re taking you to court, so I went into the [council one-stop shop] and said I’m due in court next week for council tax and I was told you don’t have to appear in court [client had made an offer to take it out of their benefits] .. of course I didn’t go to court and then they sent it to the bailiffs’

South Wales client

Over half of advisers believe in many areas council tax debts are passed to enforcement agents far too quickly.

- 52% agree their local authority passes on council tax debts to bailiffs without fully investigating other options

When exploring potential reasons for this some advisers spoke of a lack of staff resources within the authority to pursue other methods. Others referred to cases which had initially gone to enforcement agents but had then been returned to the local authority for deductions from benefits or attachment of earnings to be set up. This is usually once Citizens Advice has become involved.

There was overall agreement amongst advisers that deductions from benefits could be used more at an earlier stage to recover council tax debts than they are currently. Clients also often prefer such an approach as it’s predictable and allows them to budget. With one or two exceptions, it was generally felt local authorities are reluctant to go down this route and it’s more often than not seen as the option of last resort. Advisers recognise this is likely to be because it takes longer to recover the debt however, it also helps to facilitate a more sustainable repayment plan and ensures at least some of the debt will be repaid.

It was felt in some areas local authorities are more willing to pursue an attachment of earnings for working debtors. As with direct deductions this approach can also be preferred by clients for similar reasons. The level of such repayments was raised as a particular concern however as there have been cases where clients have been left with little money to cover rent and other living costs.

- 45% of advisers said within the last year they have seen cases when deductions from benefits or attachment of earnings have lead to a client getting into further financial difficulty.

Deductions from benefits and attachment of earnings orders are generally viewed favourably by advisers however, opinion was split on whether an authority should be able to pursue either *without* the need for a Liability Order, as is the case for deductions in relation to fuel and water debt. Some believe the fact that local authorities have to prove liability is critical. In the online survey over two fifths of advisers (43%) disagreed with this proposal in relation to deductions from benefits (with 29% disagreeing strongly) and more than half (52%) disagreed in relation to an attachment of earnings order (31% strongly).

More advisers were in favour of limiting the length of time people are liable for council tax debt when there has been no contact with the debtor.

- 45% agreed (26% strongly) this should be limited to 3 years after a Liability Order has been issued, compared to 22% who disagreed.

During the research advisers stated that arrangements to set up repayment plans ahead of enforcement action are used less often as an initial approach, although advisers in some authority areas said this did happen in their area. Likewise, statutory demands for bankruptcy proceedings, charging orders and committal proceedings are never or rarely used. In one area it was felt there has been an increase in committal proceedings in the last few months but they believed this was more 'to frighten people into action'. In another area this approach can be used if there is a very historic debt.

Case study

David* lives with his 4 children (two of whom are aged under 16) and one grandchild. He is a lorry driver but hasn't been able to work recently due to kidney failure. He is awaiting a transplant. He's in receipt of benefits and is in the process of applying for a Personal Independence Payment. He owns his house with a mortgage and regularly struggles to keep up with mortgage payments and other essential household bills. His electricity bills, which he pays via a prepayment meter, are very high and he's also fallen into arrears on his water bill.

His problems with council tax payments go back over a decade and started in connection with a property he and his brothers inherited from his mother. They were going through bankruptcy proceedings and the receiver had told them the outstanding council tax debt for the property would be paid off after the sale. A few years later they found out this hadn't happened. Having queried the situation with the Council at the time he'd been told that the council tax owing on the property would most likely be written off. Just before Christmas 2014, whilst in hospital, he received notification that he owed around £4,000 for council tax arrears on this property.

He feels as if he received no support from the Council during this time. In contrast he found the official he spoke to quite forceful, hinting they would want the debt cleared quickly. As a consequence he believed the only way to stop bankruptcy proceedings again was to make a big payment. Even though it would be a struggle for him and his family he made an offer to pay the debt off with monthly instalments of £1,000. He was working at the time so thought he could use a credit card to clear the debt as quickly as possible - no-one asked about his circumstances. After this had been set-up he developed kidney failure and his health and financial situation deteriorated rapidly. He was no longer able to work and struggled to keep up with repayments. He then received a further bill for around £4,000 council tax arrears which he'd incurred due to changes to his CTR entitlement for periods he's been able to work. As he had applied for ESA and CTR together he had assumed his CTR would stop at the same time as his ESA claim. He was again threatened with bankruptcy. He finds council tax bills very confusing. When he'd tried to clarify the amount he owed he was quoted figures which differed by up to £1,000.

When he received notification of the latest arrears he had paid off most of his original council tax debt. His Social Worker advised him to speak to Citizens Advice. Due to his current health and financial situation, as well as questions remaining about his liability for the original debt, Citizens Advice helped him put in an objection and the application for bankruptcy was withdrawn by the Council in October 2015. They also agreed to cover court costs. They denied having any knowledge of his circumstances even though these had been discussed previously. Citizens Advice has also applied for the debt to be written off but neither David nor Citizens Advice have heard anything from the Council in recent months. As yet they haven't pursued the money that's still owed which has left him feeling 'in limbo', unsure of what will happen in the future and whether he'll be able to afford repayments if they ever ask for the debt to be repaid.

*Name changed to protect anonymity

Problems and impacts

Use of enforcement agents

Many advisers consider that their local authority uses enforcement agents far too readily and do not allow sufficient time to explore other repayment options. This was frequently cited as one of the biggest problems associated with the way council tax debt is collected locally.

Most of the problems associated with enforcement agents seem to occur when external agents are used. Nearly all local authorities in Wales use external agents to some extent, however some use them in conjunction with internal agents. Advisers generally expressed fewer concerns about the latter.

Throughout our research, we heard about the over zealous and intimidating behaviour of enforcement agents, particularly external agents, from both advisers and clients alike. The stress and anxiety this causes debtors is clear. Clients described the process as 'daunting and scary', leaving them feeling 'hounded', 'physically sick' and 'living on the edge'.

Examples of such behaviour include:

- Forcing entry
- Taking control of goods on hire purchase
- Visiting at unsocial hours eg. very early in the morning or late at night
- Not leaving when a child answers the door
- General threatening/taunting behaviour eg. saying children will be taken into care; impersonating police; threatening they would lose their house; escorting a client to the cashpoint, threatening to take pets.

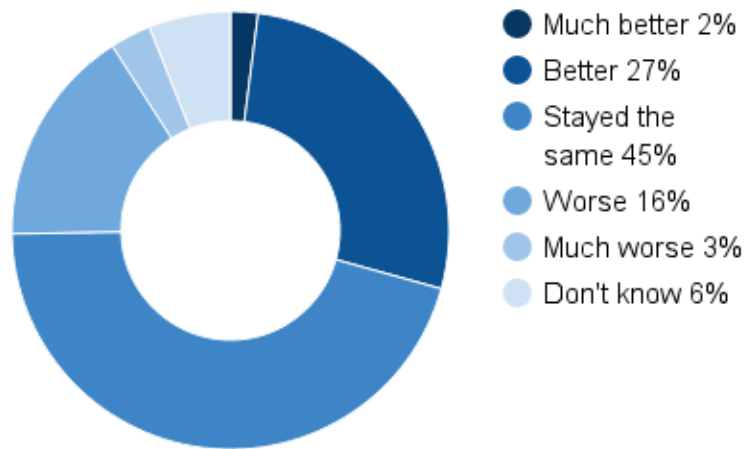
Legislation and revised National Standards were introduced by the UK Government in April 2014 to improve the regulation of enforcement agents¹⁵ however advisers have mixed views on whether this has improved the position of clients.

'They were after us all the time .. [name of bailiff company] come at 5.10 in the morning, one morning we was in bed and he was knocking our back door, as well, he came in through our back garden and he was knocking on the back door .. shouting through the letterbox .. they come again then late at night it was about 10.30. I made a complaint about them then'

South Wales client

More than two-fifths of advisers who took part in our online survey (45%) considered that the legislation has not improved the position of clients with poor behaviour of enforcement agents continuing (as described above) and little clarification on vulnerability. Almost 3 in 10 (29%) considered the situation was better/much better', while nearly a fifth (19%) thought it 'worse/much worse'.

¹⁵ The Certification of Enforcement Agents Regulations 2014 came into force on 6 April 2014. Alongside this the 'Taking Control of Goods: National Standards' (April 2014) also sets out minimum standards for how enforcement agents, the agencies that employ them and the creditors who use their services (including local authorities) are expected to behave when recovering debts. The standards are not legally binding but are intended to support the underpinning legislation.



▲ Graph 6: Perceived effectiveness of new legislation/ revised National Standards for enforcement agents & situation for clients

Advisers who felt the situation has improved referred to the simplification of fees, and the codification of standards which makes it easier to hold enforcement agents to account. The advisers who considered the legislation had made things worse mainly referred to the increased fees and the impact this might have on the willingness of local authorities to take back debts once they have been passed to an enforcement agent. One or two believed agents have become more threatening as they're no longer able to charge per visit.

There was widespread concern about the appropriateness of this approach when debtors are on benefits or in irregular/low paid work with very limited financial resources. Concern was also expressed about the *levels* of debt for which enforcement action is sometimes used. These situations are only exacerbated when fees and charges have been added to the debt.

'I know obviously I owed that money but sending it to bailiffs doesn't do any good .. obviously it does frighten you .. , whether they think we'll frighten you to pay the money, but when you haven't got the money to pay .. you think why are you doing that, why are you charging £200 odd, it's just gone up so crazy .. I can understand by not opening the mail [it made things worse], but they didn't listen to the circumstances behind all that either'

South Wales client

When enforcement action is pursued the debtor becomes liable for any subsequent court and enforcement costs. The cost of a 'typical' Liability Order in Wales is £70. The charging structure for enforcement agents has changed following the recent legislation. Fees are now divided into 3 stages - compliance, enforcement and sale, with fixed fees of £75, £235 and £110 respectively¹⁶. They can only be charged once for each stage of the process, regardless of how much work is involved in that stage. Previously the fee structure was more complex and less transparent. The old rules are still likely to apply however if enforcement action began before 6 April 2014.

Most clients who'd been in this situation spoke of being made aware of these additional costs in letters but advisers said clients often don't really understand the fee structure.

- 55% of advisers agreed (38% strongly) fees and charges following enforcement action often end up being more than the original council tax debt.

Advisers also reported many instances when enforcement action is pursued even though clients have little or nothing of value to take. Others said although numerous threats are made and enforcement agents can take control of goods (this includes identifying and valuing items), in their experience it is unusual for them to actually remove or sell belongings.

'The Council just seem to be doing what they like because I've just had a client with [one bailiff company] they've gone into the house, found that client had nothing at all to take so they handed it back to the Council and the Council handed it straight to [another bailiff company], so the client's going back through it again'

South Wales adviser

Although less frequent we did hear examples from clients of enforcement agents being helpful and understanding.

There was also evidence in some areas that local authorities have changed their approach to enforcement in recent years with agents being used more as a last resort, or where the authority is considering reducing their usage.

¹⁶ As well as fixed fees there are also other fees/expenses enforcement agents can charge. These are usually dependent on the level of debt to be recovered or other expenses involved in the bailiff action eg. storage costs.

Vulnerability

The Ministry of Justice's National Standards list several groups of people who might be identified as vulnerable (including people with a disability; the seriously ill; people who are unemployed; older people; lone parent families and the recently bereaved), however they go on to say that each situation needs to be assessed on a 'case by case basis'¹⁷. Several standards refer to how enforcement agents and creditors (in this case local authorities) should behave when a debtor has been identified as being in a vulnerable situation. This includes having agreed procedures in place on how such situations should be dealt with.

Many clients who turn to Citizens Advice for help are in vulnerable situations. We therefore wanted to explore advisers' views on the extent vulnerability issues are considered throughout the council tax debt recovery process.

Despite the National Standards being in place our research highlights how local authorities' and enforcement agents' approach to vulnerability differs across Wales.

- Almost half (49%) of advisers disagreed that their local authority is good at identifying if a client is vulnerable **before** applying for a Liability Order/pursuing enforcement action, compared to 21% who agreed

Once the enforcement process is underway it was felt some local authorities can also be reluctant to recall cases from enforcement agents even after debtor vulnerability has been identified.

- 43% of advisers rated as 'poor/very poor' their authority's willingness to recall such cases when they have underestimated or missed the fact a debtor is in a vulnerable situation, compared to 30% who rated their authority as 'good/very good'

Unsurprisingly a lack of consideration of vulnerability issues was spontaneously cited as another one of the biggest problems associated with the way in which council tax debt is currently collected in their area.

The above views were reinforced during the qualitative research, with some advisers saying their authority has no consistent vulnerability policy. As a result they regularly struggle to get evidence of vulnerability accepted. Examples provided included cases where there has been a family bereavement, and where clients have been fleeing domestic violence, having cancer treatment or have mental health problems.

¹⁷ <https://www.gov.uk/government/publications/bailiffs-and-enforcement-agents-national-standards>

'They're not assessing [vulnerability] at all .. the local authority have never asked for anything .. they don't consider anyone to be vulnerable .. [detailing a conversation between adviser and the authority], 'I know you've stated she's had domestic violence, she's had cancer recur twice now, she's on ESA, 'what makes you think she's is vulnerable?', I'm like you've just named them all!'

North Wales adviser

Encouragingly, we also heard evidence of good practice in some areas with advisers referring to their authority as being sympathetic and reasonable once they've been made aware that the debtor is in a vulnerable situation. Subsequent actions include putting accounts on hold and readily accepting verbal evidence of client vulnerability from advisers like themselves as trusted third party intermediaries.

'I haven't been asked by the Council directly to provide evidence of mental health problems .. it's just been on our say .. if they're in receipt of a benefit like ESA or PIP now that helps'

South Wales adviser

Overall advisers across Wales were even more critical of enforcement agents' approach to vulnerability, particularly when external agencies are used. This is likely to be due to the fact that the same companies operate pan-Wales.

The general view is that while companies may claim to have vulnerability policies their definitions can be very restricted. They are also more resistant to accepting verbal evidence from advisers that a client is in a vulnerable situation, and rarely consider a client's circumstances or identify vulnerability proactively.

'They don't recognise vulnerability very much .. the whole system needs to be looked at again because using force to get money from someone who has no money is never going to work .. we're telling you that they're vulnerable we're not going to make that up, why would we, so if it comes from an external agency like us then they should accept that'

South Wales adviser

Affordability

The readiness of some local authorities in Wales to pursue enforcement action is also reflected in advisers' views on the extent affordability is considered *before* such action is taken.

- 49% rated as 'poor/very poor' the extent a client's ability to pay/circumstances are considered before recovery action is pursued, with only 20% rating this as 'good/very good'.

A number of clients referred to arrangements they had made with their local authority or an enforcement agent to repay their debt. Often they felt they had been given little choice in the setting up of repayment plans, with no consideration of their ability to pay or circumstances and little, if any, room for negotiation. This is in contradiction with established good practice in the wider creditor sector. Several spoke of their frustration around this.

'They wanted £165 a month and we were on £240 a week, paying £82 rent .. I went back I asked them to reduce it they wouldn't reduce it .. I didn't dispute I owed it, my biggest panic was in April I'm going to have a new council tax bill so there's no way I'm going to be able to pay that'

South Wales client

We heard examples of both authorities and agents demanding unaffordable amounts, either large lump sums or *weekly* payments of between £20 to £40. Sometimes those with multiple council tax debts were paying similar unaffordable amounts to their authority *and* an enforcement agent, or multiple enforcement agents for different debts. To put this into context over a third (35%) of all council tax arrears clients helped by local Citizens Advice in Wales last year stated they had a household net income of £599 or less per month¹⁸. In several cases repayments had proved unsustainable or difficult to maintain when their circumstances had changed.

¹⁸ See footnote 10

'The Council] wanted me to pay back an amount I couldn't afford, I think it was around £80 a month .. I told them I couldn't afford it they seemed quite stuck on not being able to take any less .. and then finally I had a knock on the door .. the gentleman that came left a letter for me to contact him, which I did .. he was incredibly rude .. and then it was £100, he wanted £100 a month .. I said I can't possibly afford £100 a month and basically the conversation was cut dead, it was like £100 or nothing'

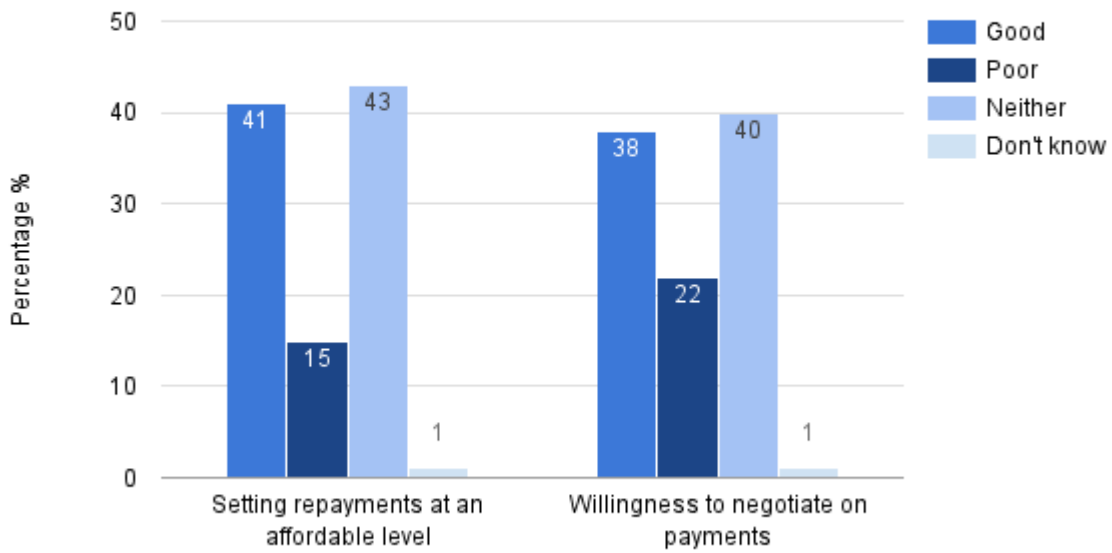
North Wales client

Advisers said clients will frequently agree to repayment plans they can't afford, particularly when enforcement agents are involved, in order to make the situation 'go away'.

'I sorted it with the Council and then to be honest with you I stopped paying again .. they was asking for £40 a week, it was a lot of money, do you know what I mean.. '

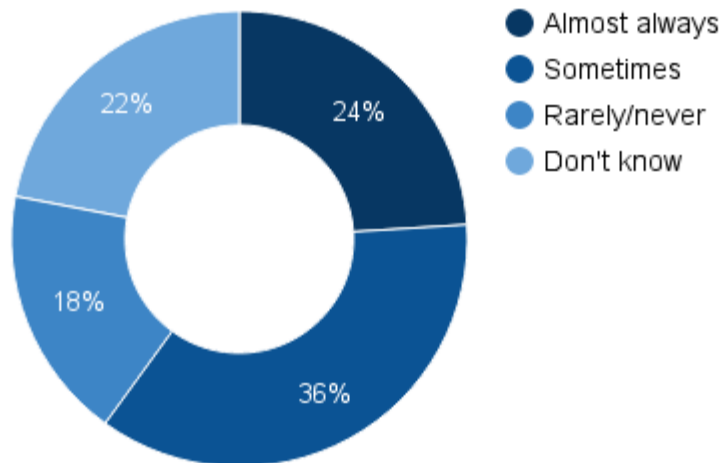
South Wales client

Once Citizens Advice is involved however the situation in some areas appears to improve, with more local authorities being willing to consider a client's financial circumstances when setting repayment levels and negotiate on payments when a client is unable to afford them - see Graph 7. Around two-fifths of advisers however rated their authority as neither good nor poor, indicating there remains much room for improvement.



▲ Graph 7: Citizens Advice advisers rating of local authority willingness to consider a client's financial circumstances after they're involved

Advisers were also asked to what extent their local authority uses the Common Financial Statement (CFS)¹⁹ to help ensure offers of payment are affordable to council tax debtors. Nearly a quarter (24%) said it is used 'almost always', with an additional 36% saying this is 'sometimes' used.



▲ Graph 8: Perceived use of Common Financial Statement by local authorities

¹⁹ See footnote 4

Since 2002 the CFS has provided a transparent, standard, principles based and tested approach to how financial statements are prepared, and how affordable debt repayments should be calculated. The Money Advice Service has recently announced the launch of an updated financial statement, referred to as the Standard Financial Statement (SFS), which will go live on 1 March 2017. The SFS has been developed in conjunction with major advice providers (including Citizens Advice), creditors, trade associations and insolvency agencies. It provides a single set of income and expenditure categories with spending guidelines which will be used across the sector. The aim being to bring greater consistency in the way affordability assessments are recorded and considered when setting repayments.²⁰

During the qualitative research the policy of many local authorities to collect any arrears within the billing year was consistently cited by advisers as a predominant reason why repayments are frequently set at unaffordable levels for debtors. Subsequent instructions to enforcement agents to recover the debt before year end also means they can be unwilling to negotiate. In many cases it is only when the client defaults that agents will consider discussing repayments.

'Their own policy is always, as expected, clear it before the end of the billing year .. we see lots of clients that come to us and it's simply the number of months left in the year .. the amount of balance divide it by that .. so it's nonsense .. £375 in December, January, February to be cleared before the new bill .. when for a lot of these clients they're having CTR, housing benefit they know a vast amount of information from the client so to ask such a client for those balances is a waste of everyone's time'

South Wales adviser

We heard more detailed evidence of some local authorities' willingness to negotiate once a debtor has sought help from an advice agency like Citizens Advice.

'[Name of Citizens Advice adviser] spoke to the bailiffs and now I pay the £50 a month, which is a lot better than £30 a week .. since I've had a letter saying about the payment plan my life is stress free'

North Wales client

²⁰ <https://www.moneyadvice.service.org.uk/en/corporate/press-release-standard-financial-statement>

Around a fifth of clients who've sought help from Citizens Advice in Wales this year in relation to a council tax debt are being/have been supported to apply for a debt relief order (DRO). Council tax is a 'qualifying debt' for a DRO.

In other cases some advisers said their authority can be reluctant to proactively write off the debt, even when a client's circumstances would warrant it. Section 13a of the Local Government Finance Act states that a billing authority has the power to reduce the amount of council tax which a person is liable to pay 'in respect of any chargeable dwelling' as they 'think fit', including the power 'to reduce an amount to nil'.

'I was devastated, I was crying, I wasn't sleeping, I couldn't eat, I couldn't focus on looking after [my husband] .. everything was so raw you know .. it was just horrendous, it was the worst time of my life .. I never really got to speak to anyone [at the Council] about [my situation] .. they should look into people's circumstances and find out a bit more..'

South Wales client

As mentioned previously additional fees and charges following enforcement action can add significant sums to a client's debt making it even more unaffordable. Advisers spoke of how such fees just added to the problem, with clients 'giving up' or taking out additional loans to cover the costs.

Administration issues

Our research highlighted how internal administration problems within authorities themselves can lead to council tax arrears.

- Over half of advisers (55%) have seen cases in the last year where an outstanding claim for council tax reduction or housing benefit has contributed to council tax arrears

The nature of the current labour market (irregular/seasonal work and zero hours contracts) and how it interacts with the current benefit system, particularly in some of the more deprived and rural areas of Wales, was also raised during our research. Incorrect CTR calculations following a change of circumstances, including moving in and out of work, has contributed to some people's debt.

'I said I can't understand how I owe a couple of hundred .. they said yes you owe, I think it was about £300 .. and it worked out I only owed £25 .. with my job [Council Tax Reduction] goes up and down .. in the winter here it's dead so my hours are very low and it's usually up between 16 and 18 hours a week during the summer, so they were saying it was about that'

South Wales client

Many advisers felt the knock-on effect of benefit changes and suspensions isn't helped by a perceived lack of coordination across different local authority departments, including those who may also be chasing the same resident for arrears on other debts (eg. rent or sundry debts, such as car parking or library fines).

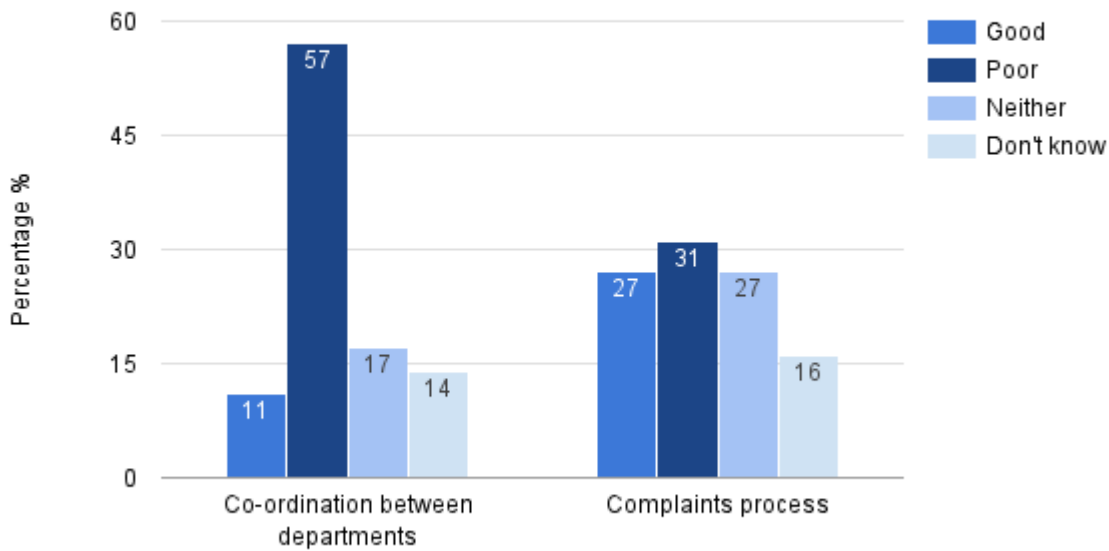
Several advisers believe communication between benefits and council tax recovery departments within their authority needs to be improved. Claimants who've been sanctioned are still entitled to get both Housing Benefit and Council Tax Reduction.

The local Jobcentre will normally contact the Council to inform them of the sanction. These benefits can then be stopped until the claimant confirms their change in income status.

- 59% of advisers *agreed* (41% strongly) they have seen cases in the last year where a client has been sanctioned and a subsequent suspension of Housing Benefit/Council Tax Reduction has led to council tax arrears

Local Citizens Advice have also reported cases where deductions from benefits set up to pay council tax arrears have been stopped following a sanction. In one particular case, the local authority had been in the process of taking further enforcement action to recover the debt as they were unaware of the client's situation. The client hadn't been told by the local Jobcentre that these deductions need to be set up again once the benefit has been reinstated.

Views on the effectiveness of local authorities' internal complaints systems in relation to council tax issues also varied.



▲ Graph 9: Citizens Advice advisers rating of local authority administrative processes

During the qualitative research opinion on how authorities handle complaints about enforcement agents was also mixed. In a couple of areas advisers said their authority would intervene so long as they spoke to the right person. Others said complaints about the behaviour of enforcement agents were often ignored. CIVEA (the Civil Enforcement Association which represents private certificated bailiffs in England and Wales) was described as a ‘waste of space’.

Working with local Citizens Advice offices

Generally, when it comes to dealing with clients’ council tax arrears problems most advisers (59%) described the relationship their local Citizens Advice has with their local authority as ‘good’ or ‘very good’. Only 10% rated this poorly.

There is however a varying picture across Wales regarding the actions local authorities are prepared to take once external advice agencies are involved. For example, overall authorities are viewed as being more receptive to issues such as negotiating on unaffordable repayments and recognising vulnerability, than recalling cases once the enforcement process has been set in motion. As mentioned previously some advisers believe the latter has got worse following the recent legislation changes as authorities have become liable for enforcement costs if the debt is taken back.

- 40% rated as *'good/very good'* their authority's willingness to stop/reverse enforcement action when a client is seeking help from an advice agency such as Citizens Advice, compared to 39% who rated this as *'poor/very poor'*.

When exploring these relationships in more detail, common reasons why things worked particularly well in some areas included:

- proactive referrals between the local Citizens Advice and the authority
- prompt responses to enquiries, often facilitated by having direct phone lines to the council tax department (including named contacts in some cases)
- listening and acting on advisers' requests to recognise vulnerability, negotiate more affordable repayments, place accounts on hold and instruct bailiffs (although as mentioned above the recalling of cases could be more problematic)
- having a hierarchy of debt protocol
- having trust between both parties, and
- generally being approachable, understanding and cooperative.

'[Our local authority] are brilliant .. they're realistic in setting up special arrangements .. and they always renegotiate .. they trust us with the incomes and expenditures.. they'll even, if the bailiffs have been a bit shirty, they'll speak to the actual bailiff companies and say they have to liaise with us or engage with us'

South Wales adviser(s)

In other areas while the situation was still generally good, advisers noted the relationship had changed in recent years, not necessarily for the better. Some advisers expressed frustration at the lack of proactive referrals to advice agencies like themselves, while others felt their authority is now less flexible than it once was, particularly when it comes to negotiating on behalf of clients.

In areas where the relationship isn't so good advisers largely put this down to poor response times from the authority when they are trying to support clients. In many instances it can take months to have any meaningful contact which only exacerbates the situation for clients. It was recognised that in part this is due to staff shortages within the authority.

Working with Denbighshire Council - Good practice example

Five years ago Citizens Advice Denbighshire met with the Council to discuss council tax debt collection with the aim of producing more positive outcomes. This included establishing areas we could agree on and those that were more contentious. We then worked to remove barriers, gain a greater understanding and develop a closer working relationship. Key to its success was the fact it had been initiated and led by senior management in both organisations.

Our approach was based on: **Responsibility** to pay Council Tax; **Rights** that the debtor had before and during the collection/enforcement process, and **Consequences** for debtors of their decisions/actions.

Since that time we have actively worked together to put in place a referral system to us for those needing money advice. Denbighshire County Council has set a minimum debt level before a Liability Order is sought and also a minimum before enforcement agents are instructed. This recognises the impact that additional costs have on debtors. The Council has also reflected on the impact on debtors of the current capped Liability Order fee of £70 in Wales and we have seen fees imposed at less than 60% of the maximum fee allowed.

The Council has an enforcement agent team that recognises vulnerability at an early stage in the process and withholds action to recover. The Council is prepared to introduce payment options which provide debtors with greater opportunity to manage their money better; an example of this is the proposed weekly payment option. We have found that the Council is prepared to renegotiate on agreements that the debtor has not met in order that the debtor has every opportunity to have a sustainable repayment that they can afford. It readily refers debtors to us for money advice when appropriate such as when the debtor has additional money problems.

It has also established a hierarchical debt collection process which co-ordinates collection of debts across the authority via a multi-channel approach so as to lessen the impact of multiple contacts with debtors and ensures a cost- efficient debt collection process.

*supplied by the local Citizens Advice

Once Citizens Advice is involved advisers are generally able to secure positive outcomes for clients. Clients spoke of the help they'd received which included:

- the negotiation of considerably reduced repayments
- support to apply for a DRO or other form of insolvency (which they believed was the only option for the level of debt they had)
- putting their council tax account on hold
- corrections to their CTR which practically wiped out the debt
- help to manage their finances better in the future, including the explanation of priority²¹ and non-priority debts, and support with benefit claims.

'We didn't really know about Citizens Advice to help us with things like this, then somebody told us .. and to be honest it's the best thing we've ever done .. [name of adviser] was marvellous, she was good to us .. she done everything for us from start to finish .. we're insolvent because there's just no other way out of it'

South Wales client

While we heard from many clients about the relief they felt once their debt(s) had become more manageable, following Citizens Advice's intervention, for some particularly those whose debt had been passed to enforcement agents, the impact of the whole experience has been more long-lasting.

'Every time a big van comes up my street I'm thinking 'oh God here we go' .. I'm just living on my nerves'

South Wales client

Future issues and improvements

When asked what particular issues may affect people's ability to pay their council tax in the future, on-going welfare reform was the issue most cited by advisers, predominantly in relation to the continued rollout of Universal Credit (UC).

Concerns included:

- the impact of delays in people receiving their first payment

²¹ Priority debts are those where the consequences of not paying them are more serious than for other debts. Priority debts include rent/mortgage arrears, council tax arrears, and gas/electricity debts.

- the fact that those eligible for Council Tax Reduction will need to make a separate claim
- the higher limit for direct deductions (40%)
- enforcement agents 'targeting' debtors on payment days, and
- the on-going impact of the under-occupancy charge & associated rise in rent arrears.

On a more positive note some felt monthly payments of UC should make it easier for people to set up direct debits.

Other future concerns included potential changes to council tax support in Wales, with many believing if this isn't approached in the right way local authorities are likely to see an increase in council tax arrears.

The role of financial education was frequently cited as being critical to the mitigation of this, as well as the rollout of UC, with advisers expressing the importance of providing people with:

- more information on what council tax is and why it's important to prioritise, and
- the budgeting support required to enable them to prepare for future benefit changes and better manage their finances.

Improvements

Several areas for improvement to the council tax debt recovery process, both locally and across Wales, were suggested by advisers and clients. As might be expected many reiterated their main areas of concern.

A number of common themes emerged. In terms of *local* improvements these can broadly be divided into two categories, the first relating to the debt recovery process itself and the second methods of communication.

In terms of debt recovery these included:

- the need to have a better understanding of people's circumstances *before* pursuing enforcement action to ensure the most appropriate debt recovery method is used
- greater transparency on how local authorities assess affordability
- greater flexibility on repayment options:
 - rescheduling the debt if a payment(s) is missed rather than require the whole debt to be paid
 - extending the timeframe for in-year payments beyond the current financial year

- reduce historic debt if a debtor is meeting their current council tax liability (eg. as is the practice of Welsh Water²²)
- placing a limit on the level of debt for which court action is pursued
- clearer instructions between the local authority and enforcement agents on acceptable offers of payment *and* vulnerability
- making greater use of in-house enforcement agents
- establishing a system for investigating complaints concerning the behaviour of enforcement agents
- be more willing to write off debt in exceptional circumstances eg. extreme poverty or vulnerability.

Suggestions linked to communication included:

- more personalised and clearer communication with debtors to encourage them to take action earlier including:
 - clarity on the period(s) to which the debt applies
 - differentiating between arrears and current liability
 - better promotion of available support (eg. discounts/CTR)
- improve training of frontline staff to ensure consistency in approach
- earlier intervention by local authorities to identify payment difficulties and prevent levels of debt escalating
- more proactive referrals to external advice agencies (such as Citizens Advice) at an early stage (where this isn't currently the case)
- recalling debts from enforcement agents if the debtor is seeking advice, and
- better coordination/standardisation in approach across departments and the authority as a whole, including data sharing with DWP, to ensure debtors are given the most appropriate support and vulnerability is identified.

In terms of how things could be improved nationwide, this included:

- having a standardised approach to council tax debt recovery across Wales, including
 - a commonly agreed definition of resident vulnerability (72% of advisers agreed, 65% strongly)
 - all local authorities having to adopt the Common Financial Statement to ensure offers of payment are affordable for debtors (again 72% of advisers agreed, 58% strongly)
- tighter controls on the behaviour of enforcement agents, replacing guidelines with enforceable standards
- learning from good practice examples of other creditors and adopt similar approaches to debt recovery.

²² Welsh Water's Customer Assistance Fund is designed to help people in severe financial hardship to pay off any water debt. If eligible customers keep up with payments on their current bill after 6 months 50% of their arrears will be written off. After a further 6 months of regular payments the remaining 50% of arrears are cleared.

Conclusion

Our research has highlighted that although many aspects of council tax debt recovery are determined by regulations and legislation, when helping clients with council tax arrears problems the experiences of Citizens Advice advisers vary quite considerably across Wales, with good or poor practice being identified in some local authority areas, and a mixed picture being evident in many other areas.

Throughout the research it became clear that there are significant aspects common to many local authorities in Wales where improvements need to be and could be made. Key areas of concern relate to the perceived over-use of external enforcement agents, inadequate processes for identifying debtors in vulnerable situations, and debtors frequently being asked for repayments they simply can't afford.

Other areas for improvement included the need to make greater use of alternative repayment options and the need to improve communication, not only with debtor households but also within the authority itself.

All of these factors point to an automated system for collecting council tax debt which is designed around the needs of local authorities and the minority of people who 'won't pay', rather than supporting those unable to pay to seek debt advice and find a solution to their problems.

From our clients' perspective in many ways the findings of this research paint a picture of the realities of in-work poverty and a life on benefits. For many, current collection methods, where Liability Orders are regularly sought and debts readily passed to enforcement agents, are counter-productive and only serve to increase the debt, after fees and charges are added, and prolong the stress and anxiety for debtors.

The research also emphasises the need for both local authorities and debtors to be more responsive earlier in the process to help ensure people's circumstances are fully understood and more appropriate action is taken. The benefits to all of early intervention is clear.

Once agencies like Citizens Advice are involved critical factors which support things working well include trust, mutual respect and a willingness to listen to and act on advisers' requests. Proactive referrals and other systems which help facilitate engagement, such as direct phone lines, are also viewed as important. In areas where things don't work so well much of this is borne out of frustration for the time it takes for the authority to respond to enquiries. It was recognised that to some

degree these issues could be a reflection of the level of staff resources available for debt recovery within the authority.

Advisers expressed their concern about the capacity of many low income households in Wales, whether solely reliant on benefits or in low paid, irregular work, to meet their council tax liabilities. This, combined with the on-going impact of welfare reform and potential future changes to the Council Tax Reduction scheme in Wales, highlights the importance of the need for the Welsh Government, WLGA, local authorities and advice agencies such as Citizens Advice, in working together to help inform and improve council tax debt collection practices in order that they work for the benefit of both local authorities *and* debtors.

In light of the evidence from our network across Wales, together with this research Citizens Advice Cymru has made a series of policy recommendations which can be found at the beginning of this report.

Appendix - research materials

Online Advisers Survey Questionnaire

Section 1: Classification questions

- Q1. Firstly, in which local authority area is your local Citizens Advice office/outreach location situated? **When responding to all questions, if you work across more than one local authority area please refer to just one local authority, selecting the one you have most experience in dealing with.**

Blaenau Gwent County Borough Council
Bridgend County Borough Council
Caerphilly County Borough Council
The City of Cardiff Council
Carmarthenshire County Council
Ceredigion County Council
Conwy County Borough Council
Denbighshire County Council
Flintshire County Council
Gwynedd Council
Isle of Anglesey County Council
Merthyr Tydfil County Borough Council
Monmouthshire County Council
Neath Port Talbot County Borough Council
Newport City Council
Pembrokeshire County Council
Powys County Council
Rhondda Cynon Taf County Borough Council
City and County of Swansea
Torfaen County Borough Council
Vale of Glamorgan Council
Wrexham County Borough Council

- Q2. What is your role within your local Citizens Advice?

Generalist adviser
Specialist debt adviser
Specialist adviser - other areas (eg. benefits; housing)
Advice supervisor/Advice session supervisor
Operations/Development Manager
Chief Executive Officer
Other

Section 2: Supporting residents

Q3.1. We'd like to explore your views on the actions taken by your local authority when someone has fallen into arrears with their council tax bills.

How would you rate your local authority in terms of the following:

Please rate from 1 to 5 where 5 = very good and 1 = very poor

- a. Information provided to clients notifying them of the arrears, support available and implications of not paying
- b. The promotion of additional help that may be available to people struggling with their council tax bill, eg. council tax support/council tax reduction scheme or other reductions/discounts (eg. disability reduction, single person discount)
- c. In-house support offered to clients, such as debt advice, benefits advice, budgeting support
- d. The extent they actively refer residents at the earliest opportunity to an external debt advice agency for help (including Citizens Advice)
- e. The extent a client's ability to pay/personal circumstances are considered before pursuing any further action to recover the debt
- f. Their effectiveness at supporting clients in vulnerable situations
- g. Co-ordination between departments who may be chasing the same client for arrears on other debts eg. rent and sundry debts such as car parking or library fines
- h. Their process for dealing with complaints about council tax arrears issues

Q3.2. Please add any additional comments relating to any of the above here:

Q4.1. Now thinking about when you are working on behalf of clients who have fallen into arrears on their council tax bills, how would you rate your local authority in terms of these issues:

Please rate from 1 to 5 where 5 = very good and 1 = very poor

- a. The speed of their response to your initial enquiry
- b. Ease of speaking to the right person to deal with the problem
- c. Their willingness to set repayments at an affordable level for the client
- d. Their willingness to negotiate on payments when a client is unable to afford them
- e. Their willingness to look for alternative ways of collecting a client's debt **before** passing the debt on to enforcement agents
- f. Their willingness to retain responsibility for the debt even after it has been passed on to enforcement agents
- g. Their willingness to recall cases already with enforcement agents when they have underestimated or missed the fact a client is in a vulnerable situation
- h. Their willingness to stop/reverse enforcement action when a client is seeking help from an advice agency such as Citizens Advice

Q4.2. Please add any additional comments relating to any of the above here:

Q5. Overall, thinking solely about dealing with clients' council tax arrears problems, how would rate your local Citizens Advice's relationship with the local authority(ies) in your area?

Very good

Good

Neither good nor poor

Poor

Very poor

It varies in each area

Don't know

Section 3: Debt collection practices

Q6. In your experience, which of the following methods of council tax debt collection does your local authority most commonly use when trying to recover a client's debt?

[Please rank from 1 to 3, with 1 being the most commonly used]

Setting up of special payment arrangements

Applying for a Liability Order to pursue an attachment of earnings order

Applying for a Liability Order to pursue deductions from benefits

Applying for a Liability Order to pursue action by enforcement agents

Applying for a Liability Order to pursue a Charging Order

Applying for a Liability Order to pursue bankruptcy proceedings

Other (please specify)

Q7. Does your local authority use the Common Financial Statement to help ensure offers of payment are affordable for residents in arrears on their council tax bills?

Almost always

Sometimes

Rarely/never

Don't know

Q8. Thinking about the current system for council tax debt collection in your local area and across Wales, to what extent do you agree or disagree with the following statements:

Please rate from 1 to 5, where 5 = strongly agree and 1 = strongly disagree

- a. Local authorities should be able to make deductions from benefits without the need for a Liability Order

- b. Local authorities should be able to apply for an attachment of earnings order without the need for a Liability Order
- c. My local authority passes on council tax debts to enforcement agents without fully investigating other options
- d. My local authority is generally good at identifying if a client is vulnerable before applying for a Liability Order/pursuing enforcement action
- e. All local authorities in Wales should have a commonly agreed definition of resident vulnerability
- f. I have seen cases over the last year when deductions from benefits or attachment of earnings orders have lead to a client getting into further financial difficulty
- g. I have seen cases over the last year where an outstanding claim for council tax support or housing benefit has contributed to council tax arrears
- h. I have seen cases over the last year where a client has been sanctioned and a subsequent suspension of housing benefit/council tax reduction payments has lead to council tax arrears
- i. Fees and charges following enforcement action often end up being more than the original council tax debt
- j. All local authorities in Wales should adopt the Common Financial Statement to ensure offers of payment are affordable for debtors
- k. The length of time people are liable for council tax debt should be limited to 3 years after a Liability Order has been issued and there has been no contact with the debtor

Q9. Focussing just on council tax debt, when the debt is passed on to enforcement agents, are these agents in-house/council employees or do they use an external enforcement agency(ies)?

[Tick one answer only]

In-house/council employees

External company(ies)

Don't know

Q10.1 Since April 2014 new laws have come into effect which govern the behaviour of enforcement agents. Do you believe the situation for clients is better or worse since this new legislation, and the revised National Standards, have been in place?

Much better

Better

Stayed the same

Worse

Much worse

Don't know

Q10.2. Please can you explain briefly why you think this?

Section 4: Changes to the system

Q11. In your opinion, what are the biggest problems associated with the way council tax debt is currently collected in your local area?

[Open-ended - please enter up to three answers]

1. _____
2. _____
3. _____

Q12.1 What improvements do you believe would most benefit clients in relation to council tax debt collection in **your local area**?

[Open-ended - please enter up to three answers]

1. _____
2. _____
3. _____

Q12.2 What improvements do you believe would most benefit clients in relation to council tax debt collection in **Wales as a whole**?

[Open-ended - please enter up to three answers]

1. _____
2. _____
3. _____

Q13. We are also interested in hearing about where things are working well. What, if anything, are the most positive things about how your local authority manages council tax debt collection in your area?

[Open-ended - please enter up to three answers]

1. _____
2. _____
3. _____

Thank you for taking the time to complete this survey. Your views are very much appreciated.

All responses to this survey will be anonymised and treated in the strictest confidence.

Topic guide for focus groups with advisers (FINAL)

Introduction & explanation of confidentiality & consent (10 minutes)

1. Routes into debt (15 minutes)

Broadly, what are the main routes into debt that your clients experience?

Probe:

- Life events (losing job, family changes, illness/disability)
- Living on a low income (unemployed; insecure work; low pay)
- Benefit changes (welfare reform generally or specific changes; delays in payments/sanctions)
- Unexpected/emergencies expenses (flood, fire, burglary)

More specifically, why do some of your clients end up getting into arrears on their council tax bills?

Probe:

- Other types of debt these clients commonly have
- Arrears on other household bills?
- Typical/average amounts owed?
- How do people usually pay these bills?
- Awareness of entitlements/discounts/support available?

Is there a specific type of client you tend to see with council tax arrears?

Probe:

- Working/not working
- People living with a disability/long-term health condition
- People with children in the household
- People affected by welfare reform/specific benefit changes
- Tenants (social or private rented or owner occupiers)

Petra data across Wales shows there has been a steady increase in council tax arrears problems over the last couple of years, does this reflect what you're seeing in this area?

Probe:

- Is there any particular reason for this?
- Average length of time in arrears?

Do clients generally understand the consequences of non-payment of council tax?

Prompt:

- Do many realise they have to pay council tax at all?

2. Support for clients (20 minutes)

In terms of the support they provide, what is your experience of dealing with local authorities when you're working on behalf of clients who've fallen into arrears on their council tax bills?

Prompt:

- What process do they use when setting up repayment arrangements for clients who've gone into arrears?
- How do they assess affordability?

- What other types of support do they offer to clients? (eg. debt advice; budgeting support; benefits advice; promotion of council tax support; single person discounts)
- How actively is this support promoted?

How good are they at supporting clients in vulnerable situations?

Prompt:

- Is a client's situation/personal circumstances fully considered before they decide what further action to take to recover the debt?
- What happens when enforcement action is underway and a client is subsequently found to be living in a vulnerable situation?
- Do you ever have any difficulty in getting them to understand/recognise that a client is living in a vulnerable situation?

Prompt:

- Experiences from clients/ any specific case examples to help illustrate this point?

Generally at what point in the process do Citizens Advice usually get involved?

Please can you describe how the relationship works once you/Citizens Advice are involved?

Prompt:

- The LA's willingness to negotiate on payments when a client is unable to afford them?
- The extent they retain responsibility for the debt after it's been passed to enforcement agents?
- Will they normally stop or reverse enforcement action once Citizens Advice is involved? Has this situation changed over the last couple of years, since new legislation came into force?

3. Debt collection practices (25 minutes)

We'd now like to explore further some of the debt collection practices employed by your local authority.

In your experience what approaches are currently most commonly used when trying to recover council tax debt?

Probe:

- Any particularly negative practices?
- Is there anything that works well in your area?
- Are particular approaches used with different types of clients? (eg. attachment of earnings orders for local authority staff?)

Have you noticed any changes in approach over the last couple of years?

Prompt:

- Any particular approaches being used more or less frequently?
- What do you believe are the main reasons for this?

What impact is this having on clients?

Probe:

- Positive & negative impacts (eg. better able to manage debt; income maximisation; additional costs/fees charged to clients)

Prompt:

- Experiences from clients/ any specific case examples to help illustrate this point?

Problems associated with enforcement agents account for around a third of all council tax arrears problems seen in Wales, what are your experiences of dealing with enforcement agents in your area?

Probe:

- How does the relationship between Citizens Advice, local enforcement agents (especially if external) & your local authority work?
- Do you see problems with particular agents or are problems more widespread?
- Do you believe enforcement agents are given adequate training, especially in relation to identifying clients in potentially vulnerable situations?
- Has the situation changed since new legislation which governs the behaviour of enforcement agents came into force in April 2014? Are things better/worse/the same?

Prompt:

- Experiences from clients/ any specific case examples to help illustrate this point?

4. Future changes & potential improvements (20 minutes)

Is there anything in particular you believe may affect people's ability to pay their council tax in the future?

Prompt:

- Potential changes to council tax support in Wales?
- Future benefit changes?
- Employment in your area?
- Anything else?

What improvements do you believe would most benefit clients in relation to council tax debt collection in your local area?

Is there anything more broadly you believe would benefit clients in relation to council tax debt collection in Wales as a whole?

Prompt:

- What lessons, if any, can be learnt by local authorities from other creditors?
- Do you believe local authorities should be able to make deductions from benefits or apply for an attachment of earnings order without the need for a Liability Order?
Probe: reasons why/why not?
- Should there be a commonly agreed definition of resident vulnerability across Wales? Probe: reasons why/why not?

Thank & close (5 minutes)

Topic guide for client interviews (FINAL)

Introduction & explanation of confidentiality & consent (10 minutes)

Routes into debt (15 minutes)

Firstly, we'd like you to tell us a little bit about you and your current situation, where you live (not exact address), what you do, who else lives with you?

Q1. Thinking about money in general, how do you feel about managing your finances? Do you usually plan/have a budget and are generally on top of your finances, or are you the sort of person that's never quite sure how much money you've got or when things are due. Or somewhere in between?

Q2. How do you usually pay for household bills, such as gas, electricity, water, phone, council tax?

Prompt:

- Main reason why choose to pay this way?
- Different payment methods for different bills?

Q3. When you fell into arrears on your council tax bill, did you have any other debts at the time?

Probe:

- Arrears on other household bills?
- Did you have any other loans or were you paying for anything on hire purchase which you pay off weekly/regularly? eg. for furniture; electronic goods; catalogue.

Prompt:

- If other loans, did you also fall behind on any of these loan repayments when you fell into arrears on your council tax? Which ones?

Q4. What was the main reason(s) you fell behind with your council tax bill?

Probe:

- Life events (losing job, family changes, illness/disability)
- Living on a low income (unemployed; insecure work; low pay)
- Benefit changes (welfare reform generally or specific changes; delays in payments/sanctions)
- An unexpected expense/emergency

Prompt:

- Was this a current bill or an old bill from a previous year(s)

Q5. At the time were you aware of, and did you understand, what might happen if you didn't pay your council tax?

Prompt:

- Were you aware you had to pay council tax at all?

Q6. Were you aware of any support that may be available to you from the Council to help you manage your council tax bills?

Probe:

- such as a discount of 25% if you live alone or help through a council tax reduction if you're on a low income

Prompt:

- Were you waiting for an outstanding claim for housing benefit or council tax reduction when you went into arrears?

Local authority action (20 minutes)

We'd now like to ask your views on the action taken by your local Council after you had fallen behind on your council tax bill.

Q7. How did the Council first inform you that you had fallen behind with payments on your council tax?

Probe:

- Letter, phone call, or some other way

Prompt:

- Did they let you know then what might happen if you didn't pay your council tax bill?

Q8. At this point were you offered any type of support to help you manage the debt, such as debt advice, budgeting advice, or benefits advice?

Probe:

- Did the Council, either on the letter or phone call, give you a phone number, email or website address to contact if you needed this type of advice
- If offered advice/support, was this support from the Council or were you told about an independent advice provider such as Citizens Advice
- Did you follow this up/seek any advice at that time?
- If yes, how did you feel after having this advice?
- If no, why didn't you follow this up/seek advice then?

INTERVIEWER NOTE:

Local authorities can use a number of approaches to collect council tax debt most of which require them to apply for a Liability Order through the courts before they're able to pursue. The cost of this (usually around £70 in Wales) is then added to the client's debt. The debtor will also be liable for any enforcement agent fees if this approach is used.

Please make a note of which of the following is specified by the client when answering the next question (they may not refer to the Liability Order):

- Special payment arrangements were set up directly with the Council (without a Liability Order)
- They applied for a Liability Order to pursue deductions from benefits
- They applied for a Liability Order to pursue an attachment of earnings order

- They applied for a Liability Order to pursue enforcement action by enforcement agents/bailiffs
- They applied for a Liability Order to pursue other enforcement action (eg. a Charging order or bankruptcy proceedings)

Q9. Once the Council had informed you that you had fallen behind with your council tax payments, what happened next?

Prompt:

- Did you understand why this action was being taken?
- If the chosen approach for debt collection required the Council to apply for a Liability Order, was the whole process explained to you?
- How did you feel throughout this process?

INTERVIEWER - ASK Q10 ONLY IF ENFORCEMENT AGENTS/BAILIFFS WERE USED

Q10. Please can you briefly explain about your experiences of dealing with enforcement agents/bailiffs?

Prompt:

- Did you receive a 'Notice of enforcement' letter informing you why bailiffs are coming and what you can do to stop/delay the bailiff action? (eg. paying off the debt, contacting the Council to set up a repayment plan, or by making an offer to the bailiff to pay by instalments)
- Did you check the right process had been followed when the bailiff called round?
- Are you aware of what enforcement agents can and can't do?

INTERVIEWER NOTE:

- Enforcement agents/bailiffs are only allowed to get into a property through a usual means of entry, such as an unlocked door or if people let them in. People don't have to let them in. They can rarely use force. If they do so they will need a court order saying they can use force, and this can only be forcing their way through a locked door/usual means of entry, not physical force against the debtor/other people in the household.
- They cannot enter if a child under 16 or vulnerable person is the only person in property.
- They also need to take special care when dealing with people who are considered vulnerable eg. single parent; older person, someone who is disabled/seriously ill. In some of these cases they should stop the bailiff action & refer the debt back to the Council.
- People can refuse entry but are advised to contact the Council or bailiff company straight away to make arrangements for paying back the the debt.

Q11. How did you feel throughout this process?

INTERVIEWER - ASK ALL PARTICIPANTS FROM HERE

Q12. When setting up arrangements for you to repay the debt, did the

Council and/or bailiffs (if applicable) take into account how much you could afford to pay back?

Probe:

- Did they ask you about your personal circumstances?
- Did they ask you about other bills and everyday expenses you had to pay, such as food or clothes?
- Did you feel repayments were too high, too low, about right?

Q13. Were you told about any additional costs that may be added to your debt as a result of any enforcement action?

Probe:

- Charges for taking out a Liability Order or enforcement agent/bailiff fees?
- Did these extra charges worry you?

Q14. At what point did you turn to your local Citizens Advice for help?

Prompt:

- What stopped you from seeking help from Citizens Advice earlier?
- How did you feel before and after you'd spoken to Citizens Advice?

Q15. What's happened since you've spoken to Citizens Advice?

Probe:

- Action taken by the local authority?
- Action taken by enforcement agents/bailiffs (if applicable)
- Have things got better, worse or no change?

Future improvements (10 minutes)

Q16. What improvements do you believe could be made to the way Council's collect council tax debt to make the situation better for people?

Prompt:

- Let people know what advice & other support is available earlier, to help people manage their council tax bills and before they take enforcement action?
- Put steps in place to make debt repayments more affordable?
- Monitor the behaviour of enforcement agents more closely & act if they're found to be breaking the rules?

Q17. Is there anything else you'd like to add before we finish?

Thank & close

Free, confidential advice. Whoever you are.

We help people find a way forward with their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality and challenge discrimination and harassment.

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Written by Lindsey Kearton

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