

9 February 2024

Harriett Baldwin MP
treascom@parliament.uk

Dear Harriett,

Follow-up to debt advice provision oral evidence session

Thank you for the recent opportunity to give evidence to the Treasury Committee oral evidence session on debt advice provision.

I hope the following additional information is helpful.

Council tax split bills and consistency of good practice

The committee asked about examples of councils that split repayment of council tax payment over 12 months. Unfortunately, we are not able to identify councils that do so via the data we gather from clients as part of the debt advice process. A starting point for understanding how many council may consider doing so is the Citizens Advice and Local Government Association (LGA) *Council Tax Protocol*, which commits the councils that sign-up to the protocol to 'consider' splitting payments over 12 months.¹ We understand that between 60 and 70 councils have signed the protocol.² For residents that have fallen behind on a council tax bill, the protocol also commits councils to seek to ensure that repayment arrangements are affordable and sustainable and spread repayments over more than one year where appropriate.

The Citizens Advice and LGA *Council Tax Protocol*, alongside the Department for Levelling Up, Housing and Communities document *Council tax collection: best practice guidance for local authorities*³ and the Welsh Government *Council Tax Protocol for Wales*, are a useful starting point for understanding good practice in council tax collection.⁴ Key themes across these documents include:

- effective approaches to engaging those in council tax arrears using well-designed communications;
- identifying vulnerability and tailoring support to the needs of individuals;

¹ Citizens Advice and Local Government Association (2017) [Council Tax Protocol](#)

² [Written evidence](#) submitted by Citizens Advice to the Levelling Up, Housing and Communities Committee Council Tax Collection inquiry (2021-23)

³ (2021) [Council tax collection: best practice guidance for local authorities](#)

⁴ Welsh Government (2019) [Council Tax Protocol for Wales](#)

- considering flexible payment options, such as spreading payments over 12 months;
- considering carefully whether to pursue the use of enforcement agents where someone is in receipt of council tax support; and
- assessing ability to pay using recognised tools for assessing affordability.

These documents, while useful in raising standards, are not binding. There are also areas in which we consider that responsible practice in debt collection requires local authorities to go further. In particular, local authorities should:

- Not escalate demand for repayment of the full outstanding annual council tax bill until they have sought to agree an affordable repayment plan.
- Not escalate collection to enforcement agents for households in receipt of council tax support.
- Use robust budget tools such as the Single Financial Statement to ensure that repayment agreements are affordable and sustainable.
- Identify households in vulnerable situations in need of tailored help.
- Integrate local IT systems to ensure relevant data is used to identify households in need of extra support with council tax, including those in vulnerable situations.
- Commit to use only enforcement agents accredited with the new Enforcement Conduct Board (ECB).

Despite the evidence that more flexible collection policies do not have an adverse effect on collection rates, debt collection practices among local authorities are too variable and often fall short of good practice.⁵ In a submission to the recent Levelling Up, Housing and Communities Committee inquiry into council tax collection, we noted that a majority of StepChange advice clients with council tax debts told us they had not received an affordability assessment to inform a repayment agreement.⁶ Our advisors regularly report instances in which clients have experienced poor practice. For example:

A client with council tax arrears tried to speak to the council but was told there was nothing the council could do and to let the debt go to court and then the council would negotiate.

The client is making repayments for council tax arrears, but the council still referred the account to an enforcement agent, incurring extra costs.

In regard to a council tax debt, bailiffs told the client they would break the door down or call the police to help them and come into property to take items, leaving the client in tears.

Analysis of StepChange client data shows that four in ten clients who experienced enforcement action had a negative budget, which means they do not have sufficient income to meet

⁵ Policy in Practice (2020) [Council Tax debt collection and low-income Londoners](#)

⁶ StepChange (2022) [StepChange Debt Charity submission to the Levelling Up, Housing and Communities Committee inquiry into council tax collection](#)

essential needs and should not be subject to enforcement action.⁷ Six in ten clients with council tax arrears who had experienced enforcement had an additional vulnerability such as a health condition that can make repaying debt more difficult.

To address these problems, statutory reform and binding guidance that improves the consistency and standard of collection practices are needed. StepChange, alongside other national free debt advice providers, has recommended that the government amend the 1992 Council Tax (Administration and Enforcement) Regulations to prevent the escalation of council tax and give local authorities more flexibility to collect debts in an affordable way. This step should be complemented by statutory standards for council tax collection and a pre-action protocol which requires councils to take agreed steps before seeking a liability order.

Finally, we would draw the committee's attention to recommendations of the recently published report of the LUHC committee inquiry into council tax collection, which would each be a useful step forward:⁸

- The Government should clarify the provision in the Council Tax (Administration and Enforcement) Regulations 1992 that requires the unpaid balance to become payable in certain circumstances. If local authorities do, under this provision, have the discretion not to require immediate repayment of the full unpaid balance, the Government should make this much clearer, either by updating the regulations or by amending the best practice guidance by the end of this Parliament.
- The Government should direct local authorities to give the use of enforcement agents extra careful consideration before using agents against those in receipt of council tax support.
- The Government should consider putting the ECB on a statutory footing, and in the short term require local authorities to only engage enforcement agents accredited by the ECB.
- To encourage greater data sharing to identify households in financial need, the Digital Economy Act pilots should be rolled out more widely and the Government should clarify the circumstances in which data protection legislation permits local authority teams to share information on vulnerable residents.

Household Support Fund

The committee also asked about the Household Support Fund (HSF) and noted funding to local authorities through the HSF is due to end in March 2024 with no commitment yet made to extend the fund.

The HSF has enabled local authorities to provide crucial grants, advice and support for people experiencing financial crisis and unable to meet essential needs. Vital uses of the HSF have included:

⁷ Data from analysis of StepChange client data in March 2023.

⁸ Levelling Up, Housing and Communities Committee (2023) [*Council Tax Collection: Second Report of Session 2023–24*](#)

- cash grants and support in kind for food and essential bills or one-off costs like furniture and white goods;
- vouchers for free school meals during holidays as well as targeted help for those who receive council tax support or pension credit; and
- funding for advice and support provided by third sector organisations including food banks and welfare rights advisors.⁹ Over twenty six million grants have been provided to households struggling to afford essentials through the HSF.¹⁰

As a frontline debt advice provider we know how important local authority support is to our clients. Without crisis support in place, people are left with no option but to go without essentials or borrow to cope, often using high-cost credit or even loan sharks. In YouGov polling commissioned by StepChange and conducted in January, we found that 45% of those receiving Universal Credit have used credit to pay for essentials, including housing, utility bills and groceries, in the last three months, putting them at risk of developing debt problems.¹¹

UK households have experienced a succession of significant financial shocks. Recent research by the Joseph Rowntree Foundation found that the number of people facing destitution in the UK has increased by 61% between 2019 and 2022, with 3.8 million people struggling to meet basic needs to stay warm, dry, clean and fed.¹² The present cost of living crisis is far from over for those with low- to middle-incomes.

The HSF has significantly boosted local authority capacity to support those experiencing hardship and accounted for 62% of local welfare spending in 2022/23.¹³ Local government now needs certainty about the future of the HSF to make long-term planning decisions. The removal of HSF funding would have devastating consequences and we urge the committee to strongly recommend its continued funding.

I hope this follow-up to the session is helpful. Thank you again for the opportunity to provide evidence to the Committee.

Yours sincerely,



Richard Lane
Chief Client Officer

⁹ Trussell Trust et al (2024) *Securing the Future of the Household Support Fund - January 2024*

¹⁰ Department for Work and Pensions (2023) [Press release: Families in need encouraged to check for local cost-of-living support as 26 million awards already made](#)

¹¹ Figure from YouGov Plc. Total sample size was 2,096 adults. Fieldwork was undertaken between 13th - 15th January 2024. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

¹² Joseph Rowntree Foundation (2023) [Destitution in the UK](#)

¹³ End Furniture Poverty (2023) ['On the Cliff Edge: The State of Crisis Support 2022/2023'](#)