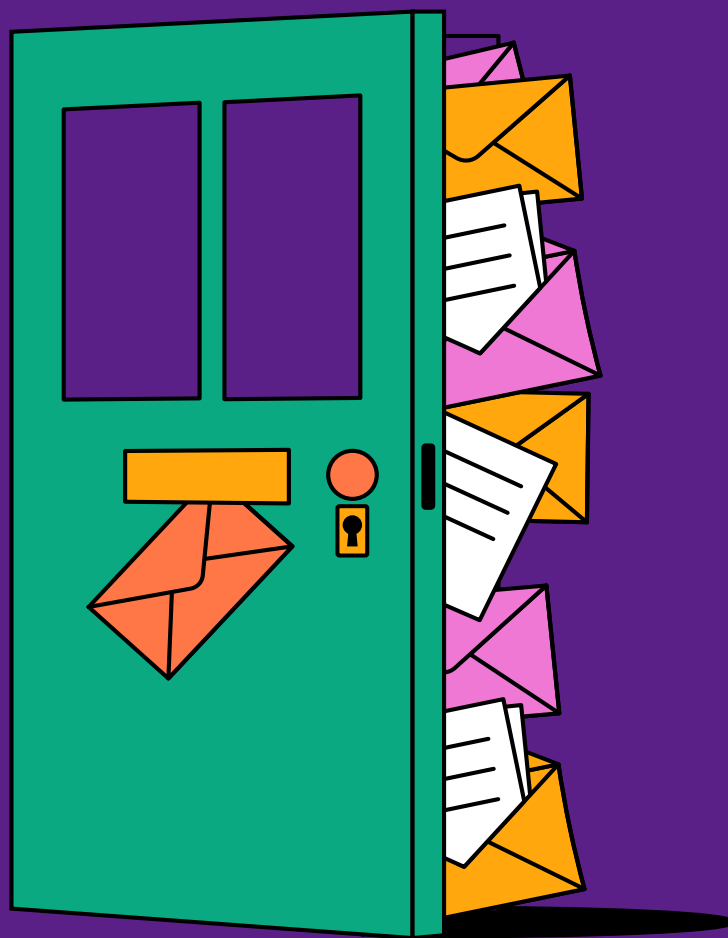


Looking through the keyhole:

StepChange debt advice clients' experiences
of the council tax debt collection journey



October 2024

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Executive summary

Everyone should have a sense of security in their lives and feel safe in their own home. Yet for over a million households facing council tax arrears in England and Wales – including around a third of StepChange debt advice clients – this is too often called into question.

When it comes to experiences of council tax debt collection, the speed at which this crucial foundation can crumble is astounding. The current rules mean that, after missing one council tax payment, someone can suddenly find themselves with the rest of the year's bill to pay, threats of imprisonment hanging over their head and the very tangible possibility that bailiffs will visit their home.

When people are struggling with their situation and most need outreach and support, they instead too often and too quickly face the escalation of their debt to enforcement agents, with significant fees added to their debt and doorstep conduct that can fall worryingly short.

For those already living with problem debt, these problems can be too much to bear. Our clients going through this experience describe how the rapid and severe escalation of collection activity – including a perceived lack of understanding, options and support – drives feelings of isolation and fear. Some tell us how they simultaneously feel trapped and unsafe in their own homes – unable to leave, yet scared of a knock at the door.

But it doesn't have to be this way. There are some meaningful – and crucially, often fairly simple – actions that the new Government, local authorities and enforcement firms and agents can take to better support people in financial difficulty who fall behind on council tax bills. This includes taking a more empathetic, understanding approach to helping people find safe and affordable routes out of debt. As one client told us, “a little bit of compassion goes a very long way.”

In Summer 2024, we surveyed our debt advice clients to understand their experiences of council tax debt collection and enforcement. This report explores affordability challenges, interactions with local councils and escalation to enforcement action where this happened – which was often. It builds on campaigning work we have carried out in previous years.¹

Councils need revenue to fund essential public services, but aggressive debt collection practices are counterproductive. In many cases, they compound personal debt problems and cause damage to people's health, wellbeing and relationships. What's more, there is evidence to suggest that some of the negative 'downstream' effects of such practices can ultimately increase public costs.² In contrast, evidence shows that good debt collection practice benefits individuals and boosts collection rates among those who can afford to repay.³ Our research confirms that reforms to council tax debt collection practices are urgently needed.

Key findings

The root causes of people's financial difficulties are often complicated and layered. There are multiple, complex drivers of council tax arrears, but one thing is clear – council tax payments are an increasingly unaffordable burden for many of our clients.

- Three quarters (73%) of clients we surveyed were also behind on their energy bills when they fell behind on council tax, while over half (55%) were behind on housing costs.
 - Around two thirds (64%) of clients missed utility payments to try and keep up with council tax bills in the six months before they fell behind, while three in five (60%) went without a healthy diet. Half (52%) had rationed the amount of utilities they used.
 - Clients are most likely to cite a cost of living increase (68%) as a reason for falling behind on council tax, followed by mental health issues such as stress, anxiety or depression (61%). Nine in ten (89%) selected two or more reasons for falling behind.
-

Poor council tax debt collection practices aggravate financial difficulties and lead to worrying health outcomes. This is driven by rapid escalation, with insufficient steps taken to identify and engage those in financial difficulty, a perceived lack of empathy and understanding, and challenges agreeing to sustainable repayment agreements.

- Only one in twenty (5%) clients said that their council took their personal situation into account, including vulnerabilities, before taking further action on their council tax arrears.
 - While three in five (61%) clients agreed to a repayment plan with their council after falling behind, most (69%) of this group said this was at a rate they didn't feel comfortable with. A third (34%) of clients who agreed to a repayment plan with their council said they were not able to keep up with it, while approaching half (47%) found it difficult to do so.
 - Over four in five (85%) clients said the communications they received from their council about their arrears made them feel scared, anxious or depressed.
-

Enforcement action is threatened and deployed too often where clients are in vulnerable situations and unable to repay council tax debt. Clients report that bailiffs sometimes break the rules, and fees charged considerably worsen their situations – with damaging consequences for some.

- Around half (53%) of clients who experienced bailiff action said the enforcement agents put pressure on them to make unaffordable repayments during visits to their home, while a third (34%) said bailiffs displayed intimidating or aggressive behaviour.
- The vast majority of clients who experienced bailiff action said it negatively impacted both their mental (95%) and physical (91%) health and wellbeing, as well as their ability to get enough sleep (94%) and how safe they felt in their own home (91%).

Council tax debt collection at a glance



40,336

clients behind on council tax bills in 2023



71%

proportion of clients with council tax arrears who were women in 2023



£1,726

average council tax arrears amount per client in 2023



45%

proportion of clients with council tax arrears who had a negative budget in 2023



64%

proportion of clients with council tax arrears who had an additional vulnerability beyond their financial situation in 2023



37%

proportion of clients with council tax arrears who were single parents in 2023



68%

proportion of survey respondents citing a cost of living increase as a reason for falling behind on council tax



60%

proportion of survey respondents who went without a healthy diet to try and keep up with council tax bills



5%

proportion of survey respondents who said their council took their personal situation into account before taking further action on their council tax arrears



49%

proportion of survey respondents whose council involved bailiffs to enforce council tax debt



73%

survey respondents who experienced bailiff enforcement saying they were treated unfairly by bailiffs



95%

survey respondents saying bailiff enforcement negatively impacted their mental health and wellbeing

Recommendations

With levels of council tax arrears on the rise, the cracks and inadequacies in the current debt collection system are increasingly exposed. These problems are neither inevitable nor impossible to fix. Effective solutions exist which could prevent more households from falling behind and ensure those who do are treated consistently, fairly and responsibly, and that councils are better placed to collect from those who can afford to pay.

That's why StepChange is sounding the alarm around the need to urgently improve council tax affordability and reform some of the harmful collection practices used by local authorities to recover this type of debt. We are calling on the new Government, local authorities and enforcement firms and agents to bring about a more progressive approach to collecting council tax debt and to offer more support and protections for those who are struggling to pay.

There should be three main goals:

preventing people from falling behind on council tax bills in the first place; protecting those who do fall behind by reforming the council tax debt collection journey; and reducing the use of heavy-handed enforcement action, coupled with statutory regulation of the bailiff sector.

The following recommendations should be adopted at speed:

1. End the postcode lottery of Council Tax Support, ensuring that 100% reductions can be re-established for those on the lowest incomes.
2. Tackle underclaiming of Council Tax Support by increasing awareness and uptake to make sure those who are eligible, receive it.
3. Change council tax regulations so that people are given more time to deal with debts and not required to pay their full annual council tax bill after missing one instalment.
4. Develop a mandatory protocol for council tax debt collection, supported by statutory standards. This would require councils to take certain steps before seeking a liability order or taking enforcement action.
5. Establish that bailiffs should only be used as a last resort. Councils should also completely exempt recipients of Council Tax Support from bailiff enforcement action.
6. Give the Enforcement Conduct Board statutory underpinning, so that people facing unfair and intimidating bailiff action receive the protections they deserve.
7. Remove the outdated sanction of imprisonment for non-payment of council tax in England, in line with the other UK nations.

Methodology

This report is based on research using StepChange debt advice client data, a client survey, nationally representative polling and in-depth interviews with debt advisors.

1. We analysed anonymised data held on new clients who completed a telephone or online debt advice session with StepChange in 2023 – 183,403 clients.
2. We conducted an online survey of clients in England and Wales between 19 June and 10 July 2024. The survey was sent to a random sample of 10,956 clients who first received debt advice between 1 May 2023 and 30 April 2024 and had council tax arrears. 420 clients responded to the survey and provided an answer to at least one survey question. There were no mandatory questions, so there will be lower responses where clients chose not to respond.
3. We commissioned YouGov to conduct nationally representative polling into possible policy interventions around council tax debt collection. Fieldwork was undertaken between 9 and 10 September 2024, with a total sample size of 2,211 UK adults. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).
4. We also carried out four in-depth interviews with StepChange debt advisors who have regular engagement with clients who have council tax arrears on 2 August 2024, to contribute to our understanding of clients' experiences.

Each of these elements of research factor into the findings of this report.

Please note: this report contains details relating to suicide and domestic abuse that readers may find distressing.

If you're in need of support with your mental health, the mental health charity [Mind](#) are there to talk and help you find specialist support on 0300 102 1234. If you're struggling to cope, you can call [Samaritans](#) for free on 116 123 any time of the day – or you can text [SHOUT](#) to 85258.

Refuge is a charity providing specialist support for women and children experiencing domestic abuse. You can contact its 24-hour National Domestic Abuse Helpline on 0808 2000 247 if you're looking for free and confidential support, or reach out [online](#). You can also contact The [Men's Advice Line](#), a specialist provider for men experiencing domestic abuse.

The growing problem of council tax debt

Council tax costs and arrears have both grown substantially in recent years, coinciding with the coronavirus pandemic and the subsequent cost of living crisis.

Figures published in June 2024 showed that outstanding council tax arrears in England reached a total of £6 billion as of 31 March 2024. This represents a 9% year-on-year rise and a notable 67% increase since before the pandemic – as the total outstanding arrears stood at £3.6 billion in 2019 to 2020.⁴ The total amount of council tax arrears outstanding in Wales at 31 March 2024 was £224 million, more than double the £109 million owed in 2019–20.⁵

Over the same period, the average amount of council tax arrears per StepChange client has risen by over 50% from £1,146 in 2019 to £1,726 in 2023.

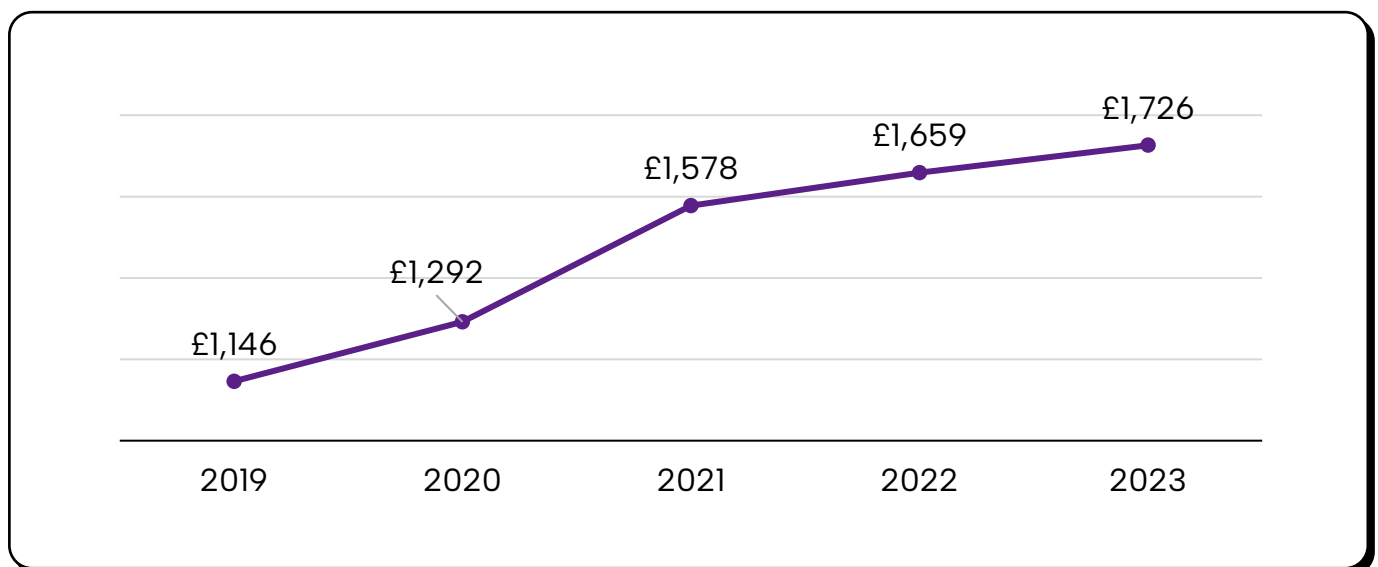
Yet council tax arrears are not a new issue. Even prior to the pandemic, StepChange saw the level of council tax arrears experienced by our clients inflate over time.⁶ Council tax costs have continued to increase year on year while the level of support available to help low-income households tackle this bill has diminished since Council Tax Benefit was replaced with localised Council Tax Support in 2013.⁷

Meanwhile, council tax bands have not been updated in England since the early 1990s, and the early 2000s in Wales.⁸

This means that in both regions, the rates households pay are based on information that is – at best – more than two decades out of date. Council tax has consequently become, on average, more regressive.⁹

With council tax arrears continuing to rapidly rack up, it is clear that more needs to be done to both prevent people from falling behind on this bill and better protect those who do.

Figure 1: Average council tax arrears amount among StepChange clients over time



Who is impacted by council tax arrears?

Among more than 120,000 new StepChange debt advice clients who were responsible for paying council tax in 2023, a third (33%) were in council tax arrears.

Those in this position were **disproportionately likely to be women, renters, and single parents**, compared to clients overall. Among those with council tax arrears in 2023:

- **71% were women**, compared to 63% of clients overall.
- **84% were in private or social rented housing**, compared to 64% of clients overall.
- **37% were single parents**, compared to 27% of clients overall. Data from the Office for National Statistics indicates that single parent households make up 11% of UK households overall – so they are significantly overrepresented among our clients, and even more so among those with council tax arrears.¹⁰

Research conducted by StepChange has shown how these groups can be particularly susceptible to problem debt and financial harm in different ways.¹¹ What's more, many facing council tax arrears cut across more than one of these demographics. This context is key when considering the implications of current council tax debt collection practices.

Meanwhile, approaching two thirds (64%) of clients with council tax arrears have an additional vulnerability beyond their financial situation, compared to 55% of clients overall. This increase is driven in large part by more clients presenting with mental health vulnerabilities.

Vulnerabilities can include experiencing physical and mental health conditions, terminal illnesses, learning disabilities, sight or hearing difficulties, communication difficulties, addiction and other situations – many of which can make dealing with problem debt harder.

It is important to note that clients can – and often do – have multiple vulnerabilities at one time, and that some are temporary while others are constant.

Those who struggle to keep up with council tax bills are often amongst the most vulnerable in society, yet certain elements of the approach to council tax debt collection and enforcement are at best outdated and at worst dangerous for those behind on this bill.

Figure 2: Vulnerabilities among new clients in 2023ⁱ

	All clients	Clients in CT arrears
Any vulnerability total	55%	64%
Any mental health vulnerability	38%	47%
Any neurological or physical health vulnerability	11%	11%
Emergency issue vulnerability	7%	9%
Housing vulnerability	0.2%	0.3%

ⁱAn 'emergency issue vulnerability' includes experiences of domestic violence, a recent bereavement, redundancy/dismissal from work, suicidal tendencies and having been a victim of crime.

Affordability

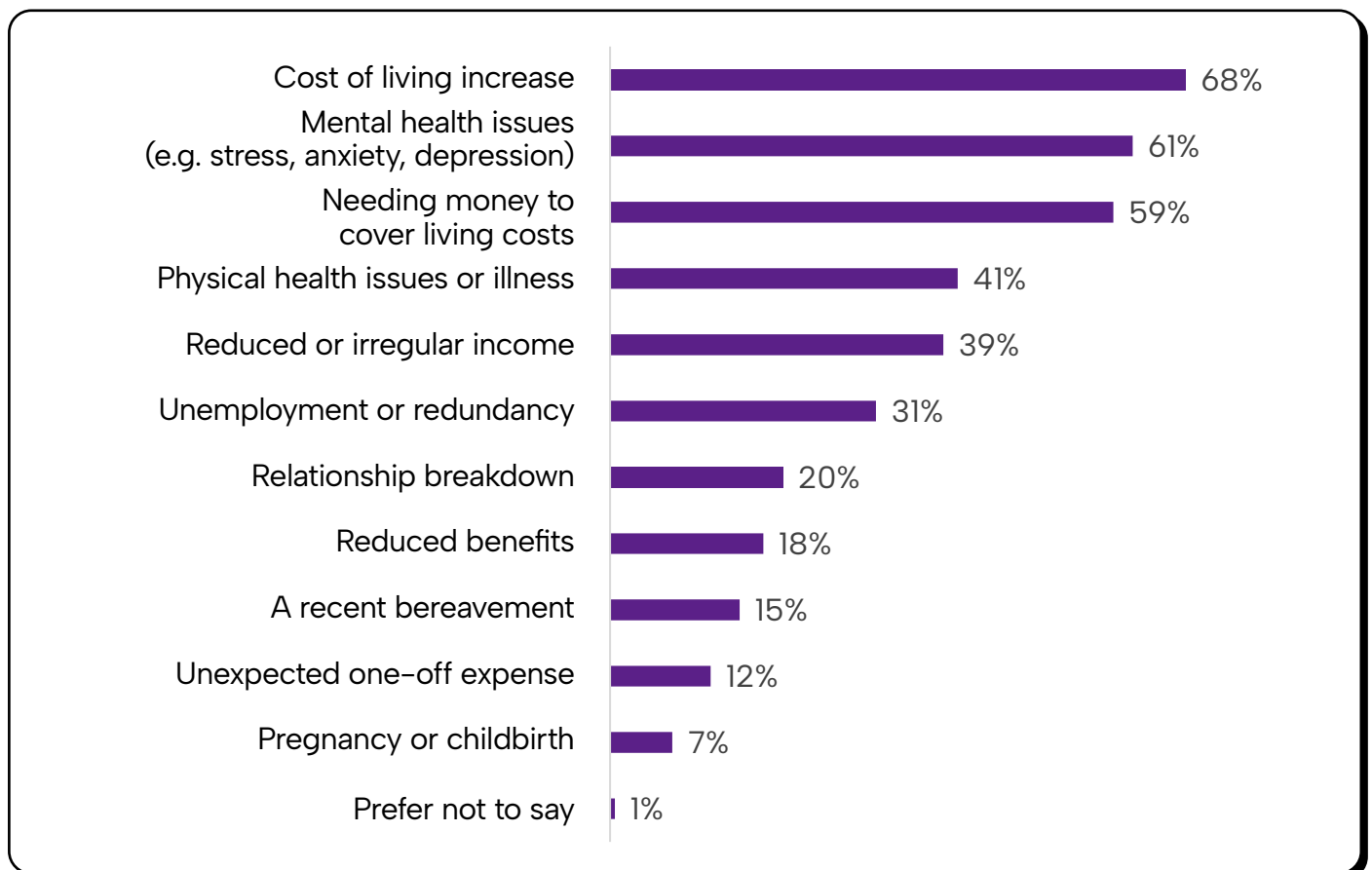
More often than not, StepChange debt advice clients have experienced an overlapping set of challenges that cause and compound their struggles and debt problems. This much is evident when examining why people fall behind on council tax bills.

It is also impossible to ignore the role of ongoing cost of living challenges in contributing to historically high levels of council tax debt. In 2023, approaching half (45%) of our clients with council tax arrears had a negative budget, meaning after going through a full debt advice and budgeting session, their monthly income is not enough to cover their basic monthly costs.

Our clients are most likely to cite a cost of living increase as a reason for falling behind on council tax payments, with seven in ten (68%) who responded to our survey saying this. Three in five respondents (61%) say mental health issues like stress, anxiety or depression contributed to them falling behind, while a similar proportion (59%) say needing money to cover living costs was a factor.

Nine in ten respondents (89%) selected two or more factors, highlighting how common it is for a complex series of events and circumstances to play a role in people’s financial difficulties.

Figure 3: Factors which contributed to survey respondents falling behind on council tax payments



Source: All client survey respondents. Total answering this survey question: 355.

Rising costs and a “postcode lottery” for council tax support

In 2013 Council Tax Benefit (CTB) was replaced by localised Council Tax Support (CTS). This gave individual councils discretion to choose their own approaches, but the move came with reduced central Government funding. Since then, outstanding council tax arrears have more than doubled in England, from £2.376 billion in March 2013 to £6 billion in March 2024.¹²

The generosity of council tax support schemes now varies widely between councils, meaning some households essentially face – as one StepChange debt advisor deemed it – a “postcode lottery” in terms of the level of support they might find themselves eligible for, if at all.

A report published by the Institute for Fiscal Studies (IFS) in 2019 found that the introduction of this localised support may have contributed to decreased collection rates, with low-income households having been more likely to see support with council tax bills cut if they lived in a more deprived area.¹³ This is supported by research conducted by Policy In Practice in 2020, using data from several London boroughs, showing that the generosity of a council’s CTS scheme along with levels of deprivation in the area were the only two things significantly associated with council tax collection rates.¹⁴ This all indicates an increased inability to repay.

The “most widespread and important change” to the council tax support available to residents has been the introduction of minimum council tax payments, with certain councils requiring all households (except any ‘vulnerable groups’ which a council might choose to protect) to pay at least a certain proportion of their overall council tax bill, according to the 2019 IFS research.

In 2023/24, only around 30% of CTS schemes in England had no minimum payment.¹⁵ With some councils having this offering and others requiring that all residents pay at least 30%, households with the exact same income can find themselves eligible for vastly different levels of support, and experience diverging outcomes, based on the luck of location alone.¹⁶

The setup differs in Wales, where the Welsh Government has maintained full entitlements to support with council tax bills under its national Council Tax Reduction Scheme.¹⁷

Three in five (58%) clients who responded to our survey were in receipt of Universal Credit (UC) when they first fell behind on council tax payments, while three in ten (28%) were receiving Council Tax Support or Reduction. Given that being in receipt of UC is often part of the qualifying criteria for local authorities’ CTS schemes, this indicates a potential disconnect between eligibility and actual applications. This is reinforced by Policy in Practice research, which found that CTS is a significantly underclaimed benefit, with 2.25 million people missing out.¹⁸ Meanwhile, one in five (18%) told us that their CTS was reduced in the six months before they fell behind on payments.

All of this raises questions around the appropriateness of some councils’ eligibility criteria and the robustness of the application process, as well as the adequacy of support available for low-income and vulnerable households to alleviate the burden of council tax bills.

Impossible choices for clients

Council tax has risen steadily over recent years, with the average band D council tax amount set by local authorities in England now sitting at £2,171 per year for 2024/25, and £2,024 in Wales.¹⁹ This respectively represents an increase of 29% and 27% from pre-pandemic levels in 2019/20.²⁰ For many, this burden is simply too heavy.

Meanwhile, StepChange has seen the number of people behind on their essential bills, including rent, energy and council tax, climb significantly over time.

Clients tell us how council tax payments, plus soaring housing costs, high food prices and steep utility bills have compromised their ability to afford all the essentials. Many are forced to make the bleak choice between feeding their family or falling behind on other household bills, between guaranteeing a roof over their heads or missing another priority payment.

One client told us that having to choose between which essentials to cover meant they “had to go without food” and “had been walking around in broken shoes for over four months.”

“I have been a single mum and **raised four children alone**. I have worked for the same company for fourteen years and have always had a low income. My earnings are above the threshold for any council tax reduction. **I have no disposable income after paying my bills** and have often used the money set aside for bills to meet some other essential need. This includes council tax.”

Our research indicates that those struggling with council tax arrears are likely to also be having difficulty meeting other essential costs.

Three quarters (73%) of clients who responded to our survey were also behind on their energy bills when they fell behind on council tax payments, while over half (55%) were behind on housing costs. As one StepChange debt advisor summarised during an interview, “9.999 times out of 10 if clients have got council tax [debt], it’s not just council tax that they’ve got to deal with.” Accruing these ‘priority’ debts has harmful implications for those in this position. It can:

- Impact your home and health, leaving you without services you need to live.
- Cause legal problems.
- Lead to more debt.

Given the consequences that people can face for not meeting these costs, the narrative that people are wilfully choosing not to pay their council tax bills is called into question. If people are behind on their essential bills, it sends a strong signal that – without support – they simply cannot afford to meet their most basic needs.

Harmful coping mechanisms

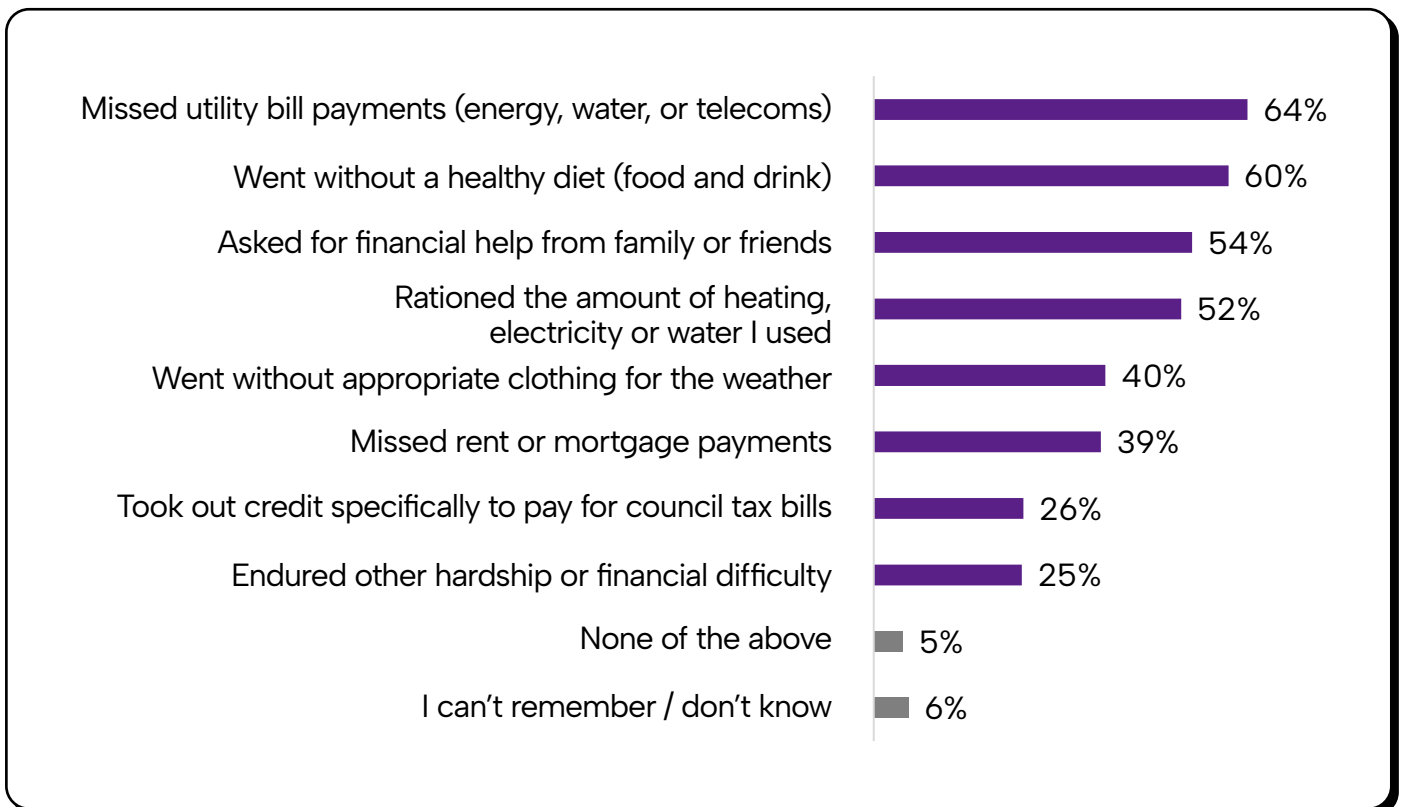
The fallout from council tax affordability challenges can lead to people facing both material hardship as well as poor health outcomes.

Around two thirds (64%) of clients who responded to our survey missed utility payments to try and keep up with council tax bills in the six months before they fell behind, while two in five (39%) missed rent or mortgage payments and a quarter (26%) took out credit specifically to pay for council tax bills. These actions indicate that trying to cope with council tax payments creates financial pressures elsewhere and leads people down a slippery slope into further problem debt.

So, unaffordable council tax bills are not only a consequence of growing financial insecurity for households, but also a *cause*.

Three in five (60%) went without a healthy diet and half (52%) rationed the amount of heating, electricity or water they used to try and keep up with council tax. Research shows how living in a cold, damp home can cause severe and long-term harm, both physically and mentally.²¹ This context cannot be overlooked in discussions around shoring up the affordability of council tax now and into the future, including provisions for those who might struggle to meet payments.

Figure 4: Actions survey respondents took in the six months before they fell behind on council tax payments to try and keep up with them



Source: All client survey respondents. Total answering this survey question: 372.

The complicated web of lived experiences driving council tax arrears

While the widening and deepening of financial distress in recent years has shone a more prominent light on people struggling to make ends meet, the cost of living is certainly not a temporary problem. It is also by no means the sole driver of difficulties paying council tax.

When we prompted our clients to share whether anything in particular led to them falling behind on council tax, their responses revealed a complex web of affordability challenges.

Beyond describing how cost of living pressures across the board meant they struggled to meet all their essential costs, clients told us how:

- **Relationship breakdowns or job losses** had negatively affected their personal finances.
- **Experiences of poor mental health, sometimes triggered or worsened by life events including bereavement**, had reduced their capacity to deal with council tax bills.
- **Disabilities, physical health conditions or periods of illness** impacted their ability to access a consistent income.
- **Ineligibility for or inadequacy of financial support**, such as Universal Credit or Council Tax Support/Reduction, meant their income was too low to manage all of their bills.
- **Life as a single parent** sometimes meant making tough decisions about where to direct limited income, with council tax deprioritised against food and school uniform for their children.
- **Unexpected one-off costs** ate away at their financial resilience.

Each person's circumstances are unique, and most problems do not exist in isolation. Sadly, many of our clients are facing multiple personal challenges at any one time.

One client told us how they experienced an accident at work and endured the death of their son at a similar time, leading to "significant physical and mental health issues", all of which contributed to them falling behind on council tax. Unfortunately, multifaceted experiences of hardship such as this are not rare for our clients.

Another client told us how they had suffered a severe physical trauma which affected their mobility, with their recovery hindered by "using my energy coping with pain management." This experience "led to an episode of depression, anxiety and self-harming, delivering a blow to my mental wellbeing." The client described how this in turn inhibited cognitive ability, "resulting in poor actions that led to becoming isolated as feelings of guilt and shame complicated my situation further." Their recovery took six months, "triple the time" first expected.

Our research demonstrates just how intractable a lot of our clients' problems are, and how rushing to collect and enforce council tax debts can compound these difficult situations. Missing council tax payments is a symptom which indicates that empathetic intervention, not punishment, is needed.

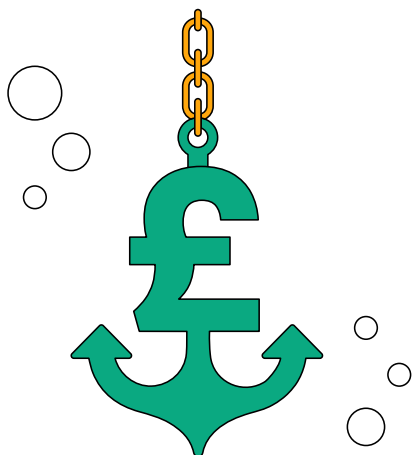
Case study

One of the clients who responded to our survey told us how they were “struggling deeply with mental health following the tumultuous end of an abusive relationship” and had to take time off work. This was unpaid, but they were deemed ineligible for any Government support or assistance.

The client had taken out predatory loans to help flee the old relationship, and with payments for these, rent, high energy prices and the cost of other utilities, they were frequently left with just £10 to feed themselves and their cat for a whole week.

They ultimately had to leave their job due to their mental health problems, and secured a new role elsewhere which felt more manageable. However, the new company went bust less than a week after they started.

The client ultimately fell behind on every bill and ended up getting evicted from their home. They told us: “it seems unbelievable seeing it written out in short like that. I was evicted in 2023 and am still paying those debts off (including council tax) today.”



Case study

One client described how they had been contacting their council asking for help grasping the content of all the letters they had been receiving, and nobody was able to talk them through the details. This meant that the client, who has dyslexia and dyscalculia, “couldn’t understand the letters” and “struggled to manage” their bills.

The client told us how they had been “really trying to find some support” with managing their bills at the time, but also struggled with mental health issues which made it hard to see how they could “get back in control” of their finances.

They went on to say: “the money I was getting was not enough to live on and pay my bills and my Personal Independence Payment (PIP) benefit was stopped because I was unable to attend the review because of my anxiety, so everything started falling apart.”

“Without support when you need it, nobody is able to get back up on their own when they struggle with the same life issues I do. I still to this day have had no support with sorting out my old council tax debt and now I have had help to get my PIP benefit back in place I am getting 100% reduction on my council tax. However, I still have no help with the several years of [council tax] debt I had accrued.”

Interactions with local councils

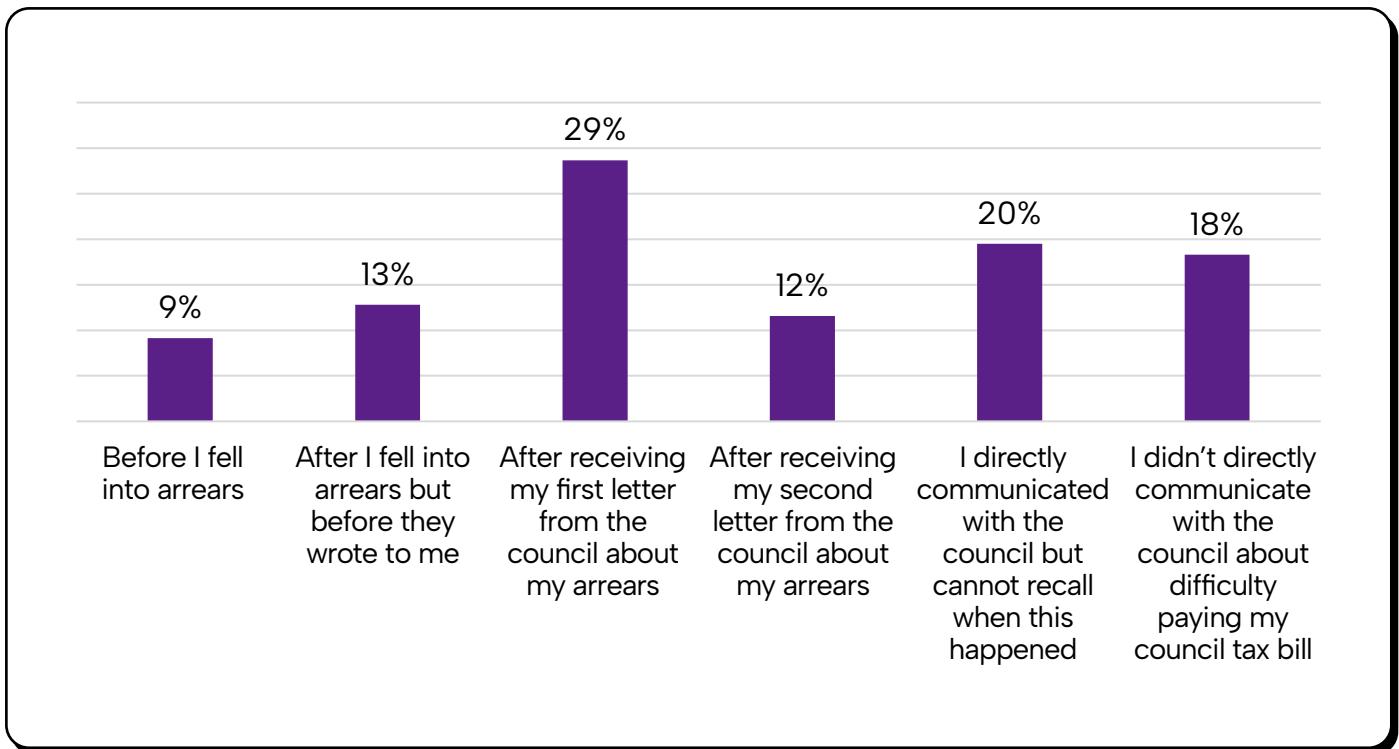
Households that fall behind on council tax can face severe and rapid consequences, including demands to pay the annual bill upfront, and threats of fee-charging bailiffs.

While missed bills also have consequences for councils, the current approaches taken by some local authorities are worryingly heavy-handed and – crucially – not conducive to encouraging the engagement required to secure sustainable repayment arrangements.

What prompted contact?

Clients were most likely to directly interact with their local council after receiving the first letter from the council about their arrears, with three in ten (29%) saying this.

Figure 5: Point at which clients first directly communicated with their local council about difficulty paying their council tax bill



Source: All client survey respondents. Total answering this survey question: 328.

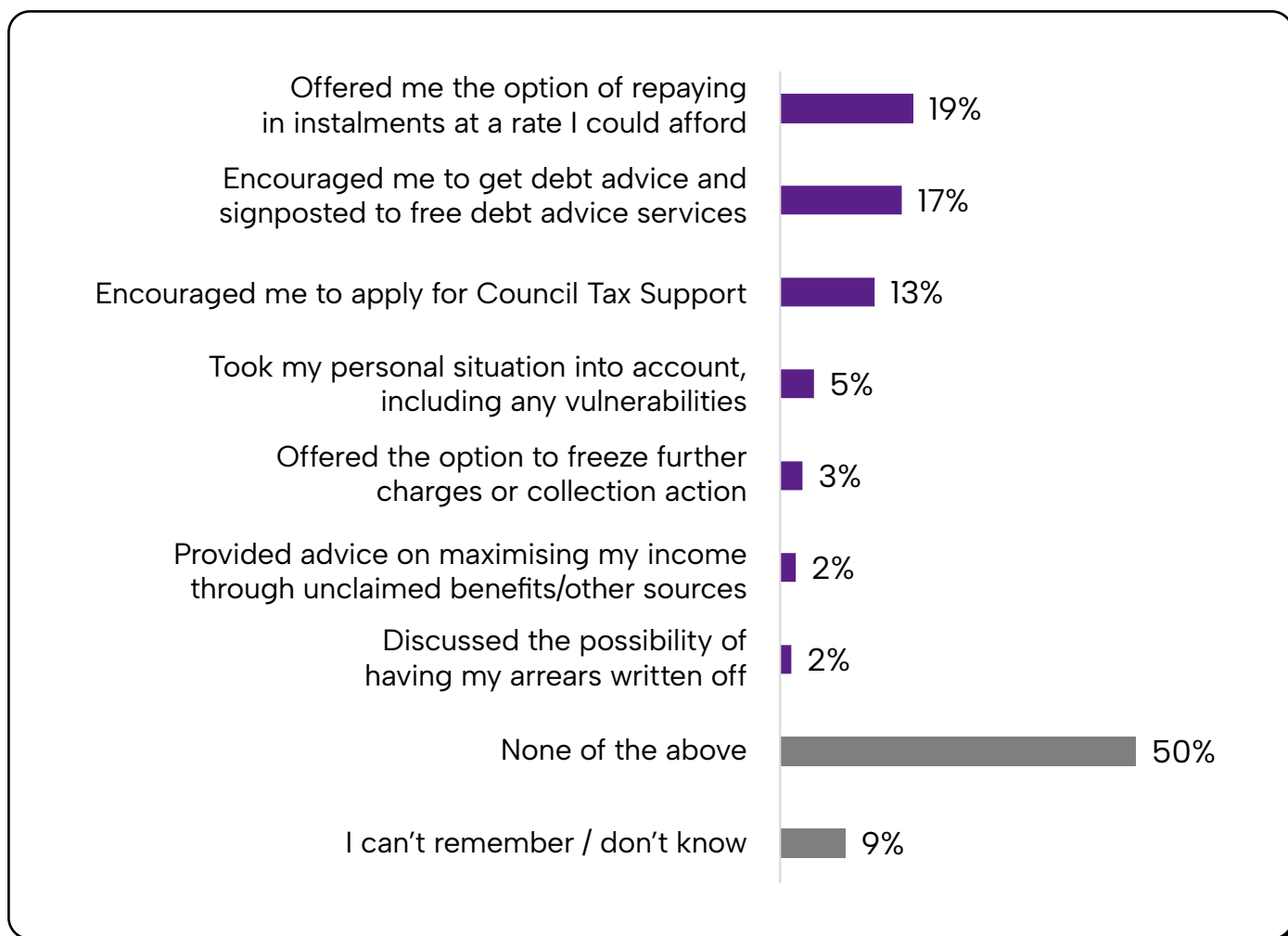
Among the small proportion of clients (18%) who didn't directly communicate with their councils about their arrears, they were most likely to say this was because they were worried or anxious about contacting the council (81%), or that they didn't have the money to pay (79%).

Minimal consideration of personal circumstances

Very few clients in council tax arrears recall being asked questions about their personal circumstances by their local council. Less than 10% of survey respondents respectively remembered being asked whether they were ill, had physical health conditions or disabilities (8%), whether they were suffering from stress or mental health issues (8%), or had recently experienced a negative life event which might have affected their personal finances (6%).

Just one in twenty (5%) clients said their council took their personal situation into account, including vulnerabilities, before taking further action on their council tax arrears.

Figure 6: Actions taken by councils before taking further action on clients' arrears, reported by survey respondents



Source: All client survey respondents. Total answering this survey question: 316.

The untapped resource of free debt advice?

Free debt advice providers like StepChange support people who are worried about their finances in a number of ways, from working out their monthly budgets, finding a way to manage debts that is affordable and suits their situation, and setting up payment solutions where possible. We help thousands of people become debt free every year.

Figures published by the Centre for Social Justice in collaboration with the Money Advice Trust found that just over half (55%) of local authorities said they proactively raised referral to debt advice with residents with council tax arrears prior to seeking a liability order in 2022/23, and a further quarter (27%) did so “if prompted”.²²

Yet our research suggests that free debt advice services are being underutilised or ineffectively framed by local authorities. Less than one in five (17%) clients who responded to our survey could actively recall their council *encouraging* them to get debt advice and signposting to free debt advice services. The discrepancy between what local authorities and clients report is likely explained by the difference between effective active referrals to free debt advice, and passive signposting.

Research conducted by StepChange in 2022 found that simply mentioning debt advice may not be enough to communicate effectively that there is help at hand. People need support to understand what the process of seeking free debt advice involves, and crucially, how it can specifically help someone in a position like theirs.²³

Promisingly, half of those encouraged to get debt advice by their council said this action was the main reason (23%) or contributed to their decision (28%) to take up advice, showing the positive impacts that this move can have.

StepChange clients with council tax arrears also had an average of five unsecured debts in 2023, demonstrating how common it is to be facing multiple sources of debt at one time. Intervention from any creditor is key in enabling support for those experiencing problem debt and facilitating intervention as early as possible, to minimise potential harm.

Effective referrals to free debt advice must be built into the council tax debt collection process from the very start, to ensure those struggling to pay have access to the information and advice they need to tackle their debts.



Threats deployed – from bailiffs through to demanding a year’s payment

Seven in ten (72%) clients who responded to our survey said that their council threatened taking them to court about their arrears, while half (52%) said the council threatened to send bailiffs.

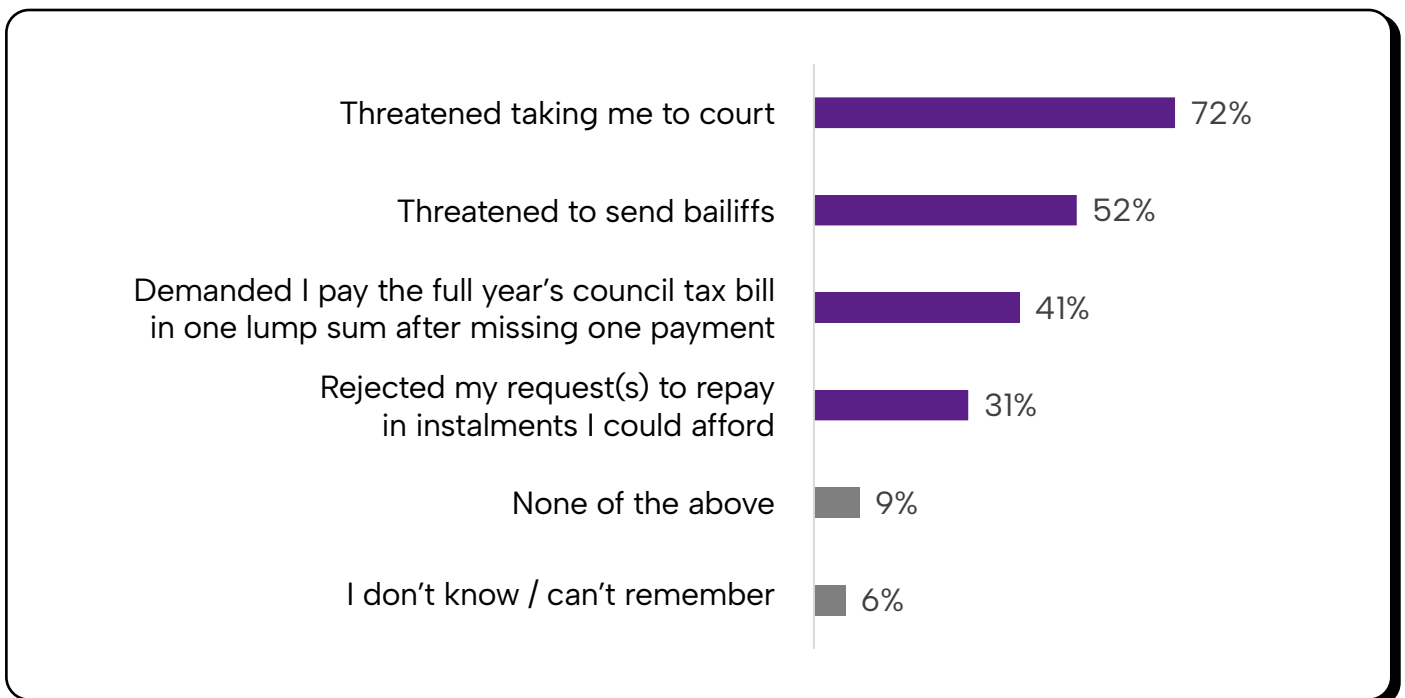
Two in five (41%) clients who responded to our survey said that their council demanded that they pay the full year’s council tax bill in one lump sum after missing one payment.

The current regulations offer local authorities the option to rapidly escalate the enforcement process, and also the amount of money owed, after someone falls behind on council tax.

The Council Tax (Administration and Enforcement) Regulations state that if someone misses a single monthly council tax payment, they will be sent a reminder notice. The reminder notice gives seven days to repay any missed instalments. If outstanding instalments are not paid in the period, the whole outstanding amount becomes payable after a further seven days.²⁴

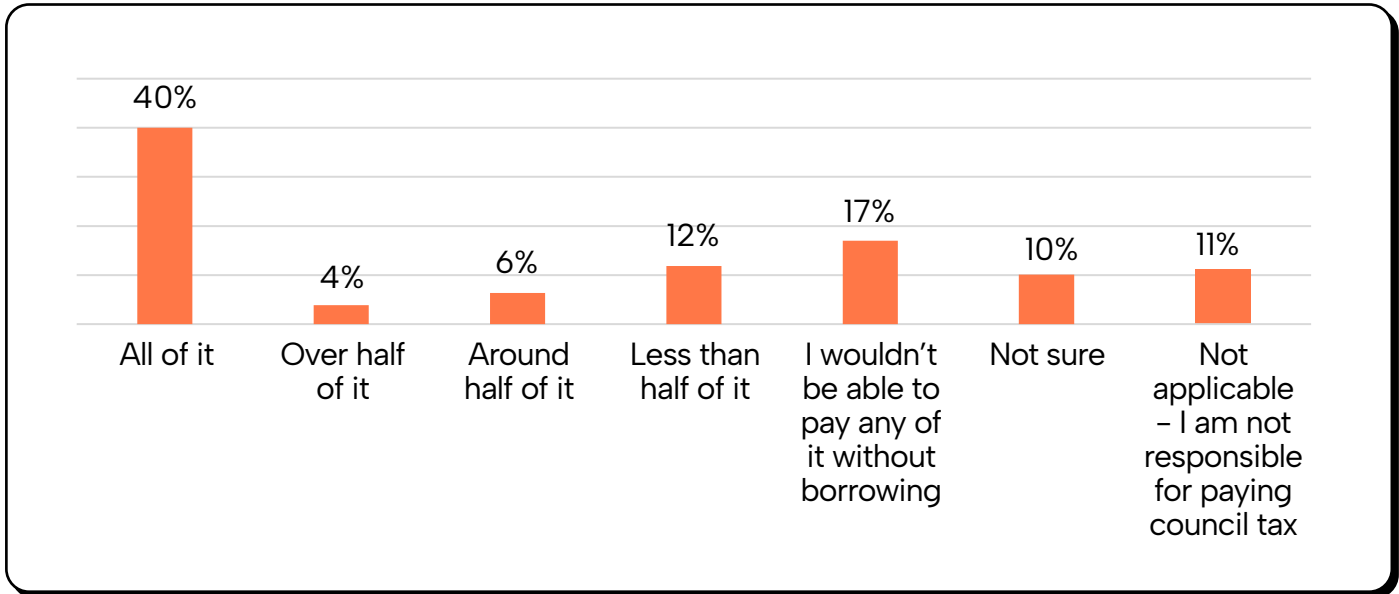
This means that someone already struggling to meet the average band D payment of £217.10 can be served with a bill for £2,171 within weeks after falling behind. For those already finding it challenging to meet their monthly payment, being hit with such a large bill at short notice can make their debt problems feel insurmountable – both emotionally and financially.

Figure 7: Actions taken by councils regarding clients’ arrears, reported by survey respondents



Source: All client survey respondents. Total answering this survey question: 307.

Figure 8: How much a household would be able to pay if presented with their annual council tax bill in one full payment in the next month, according to UK adults



Source: YouGov survey of 2,211 UK adults. Fieldwork was undertaken online between 9 – 10 September 2024. The figures have been weighted and are representative of all UK adults (aged 18+).

In recent polling among the general public, when presented with the scenario of unexpectedly being made to pay their entire annual council tax bill in one full payment in the next month, approaching one in twenty (17%) UK adults said they wouldn't be able to pay any without borrowing.²⁵ A further 12% said they would be able to pay less than half of it, showing the insecurity this move can bring to people's lives.

The then-Department for Levelling Up, Housing & Communities noted in February 2024 that there is: "no requirement or restrictions that require councils to only provide seven days between a missed payment and the full year liability becoming payable. The powers are permissive and councils are free to make their own judgements as to what action they may consider appropriate."²⁶ However, our research indicates that this discretion is not regularly deployed. One reason for this is that regulations can lead to path dependency, with the triggers and periods set out in regulations embedded in local collections policies and IT systems.

Among StepChange clients responding to the survey whose council initially insisted they paid their arrears plus the full year's council tax bill in one lump sum, seven in ten (68%) said their council is still demanding this. The effects of this cannot be overstated. Asked what the impact of this demand had on them, one client told us: "I cried myself to sleep each night."

In fact, it often seems that this demand itself drives people away from engaging with the council because they cannot afford to repay this amount and do not believe they have any other options. Some have become accustomed to the fear of a knock at the door as a result, feeling that a bailiff visit is inevitable in the face of this large unaffordable demand for payment. One client said: "I was terrified of opening the door to bailiffs, I was scared I would end up in jail and lose custody of my child."

Case study

One client told us how the experience of their council demanding they pay the full annual bill caused them “a lot of stress, anxiety and depression”, making them “bury [their] head in the sand even more due to feeling like nobody will help.”

The client is now scared to leave the door unlocked or windows open, even in summer, out of concern that bailiffs will come into their partner’s home and take their children’s belongings before the client manages to deal with their debts. The client is particularly scared that bailiffs could clamp or take their car, which would cause more financial problems as they need it to get to work.

“They only care about the money, and not how badly things like this can affect people’s lives and mental health.”

Clients tell us how their mental health has been harmed by their experiences of council tax debt collection and enforcement. This has had disastrous consequences for some. Research by the Money and Mental Health Policy Institute has shown that insensitive or aggressive debt collection practices can increase the risk of suicidality among those in serious problem debt.²⁷ Unfortunately, a number of clients who responded to our survey described how their experiences led to periods of suicidal ideation and suicide attempts.

Case study

One client told us how for over five years they have been under a lot of pressure from bailiffs and the “huge amount of debt” they carry just from council tax bills, which they couldn’t afford or understand. This experience led to suicide attempts.

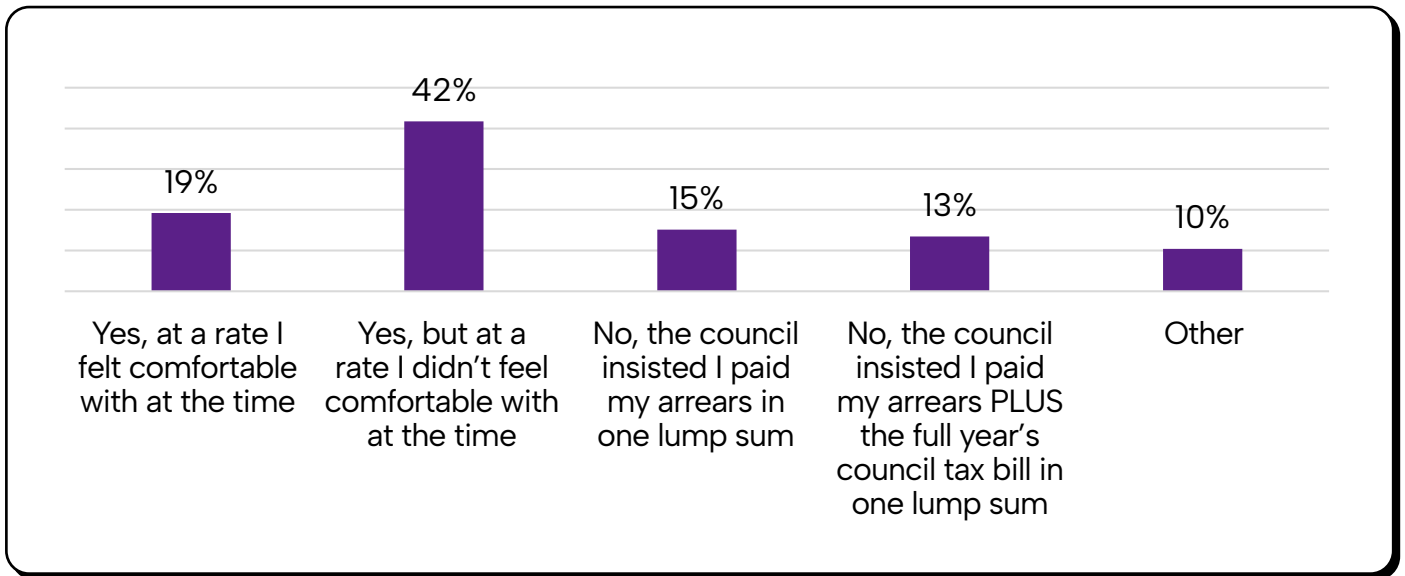
“I nearly committed suicide twice because the council was more interested in sending people to empty my home of possessions instead of listening to my pleas for support with understanding my council tax and finding a way forward that could reduce my debt by putting instalments in place.”

Something is clearly going very wrong here. Firstly, these experiences highlight how a lack of empathy and understanding from some local authorities is driving deeply worrying mental health impacts among those struggling with council tax bills. Secondly, the approach of demanding the entire annual bill after a missed payment is ineffective in encouraging the two-way engagement which is necessary to facilitate affordable repayment plans.

Unsustainable repayment plans

While three in five (61%) clients agreed to a repayment plan with their council after falling behind, most of this group said this was at a rate they didn't feel comfortable with.

Figure 9: Survey respondents agreeing to a repayment plan with the council, at any point after falling behind



Source: All client survey respondents. Total answering this survey question: 298.

A third (34%) of clients who agreed to a repayment plan with their council said they were not able to keep up with it, while approaching half (47%) found it difficult to do so. When we prompted clients to tell us why, their answers revealed complex circumstances, as well as unhelpful communications or undue pressure from councils in certain cases.

One client said: "they just threatened me with bailiffs et cetera, and constantly bombard me saying I have to pay X amount in one payment otherwise I will go to court." Another said attempting to keep up with the repayment plan "put a lot of strain on already stretched finances. I couldn't afford to miss a payment, or I would have had to pay the whole lump sum which was not possible for me."

Another simply said: "I missed payment due to needing money for food, bills, uniform, clothing and other costs."

Existing council tax guidance does give some endorsement for the use of affordability tools in council tax debt collection processes, although it does not recommend a specific method.²⁸

The low proportion of our clients reporting that they were able to agree to a comfortable repayment plan, and the worrying numbers reporting difficulty keeping up with the arrangement they made with their council, suggests that the use of effective affordability assessments and the Standard Financial Statement (SFS) could be significantly improved.

This is reinforced by research published by the Centre for Social Justice and supported by the Money Advice Trust, which found that only one in five (18%) local authorities said they were using the SFS In 2022/23.²⁹

“The tone was severe and threatening”: the impact of council tax communications

Our research suggests that communications from councils are often counterproductively driving disengagement with the debt collection process among those struggling with this bill, and evoke strong negative emotions.

Over four in five (85%) clients said the communications they received from their council about their arrears made them feel scared, anxious or depressed. Two thirds felt helpless (67%) or overwhelmed (66%) as a result. Very few felt more able to take control of their information, informed or reassured by the letters, phone calls or other communications they received.

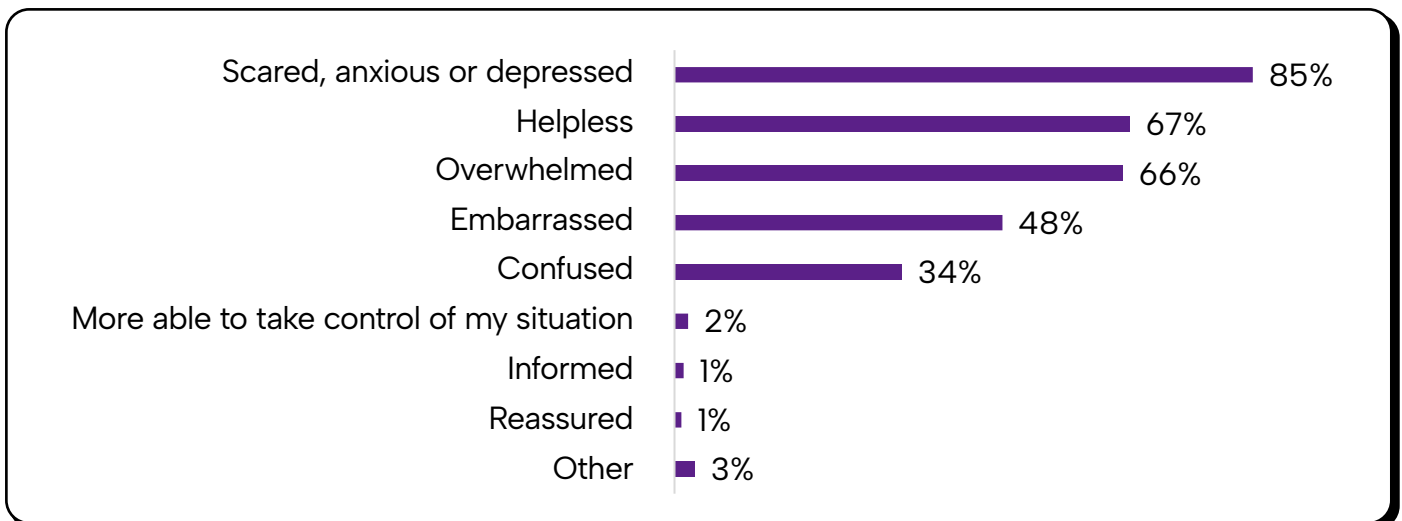
Communications from local authorities to those behind on their council tax bills should constructively alert residents to their financial difficulty and help them to take action and seek help. Yet just a quarter (24%) of clients said the written communications they had from their council about their

arrears helped them understand they had a problem, while only one in ten (9%) said the communications helped them understand the options available to deal with it.

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

This echoes research published by StepChange in 2022, which found that the tone and presentation of communications can trigger pessimistic views on how creditors might respond to requests for support, and legal and regulatory language can act as barriers to seeking help.³⁰ Respondents to this Mixed Messages research were presented with a version of a typical default notice which emphasised certain points, with enlarged or bold text and use of colour (red in the example given to participants). These elements provoked a strong negative reaction.

Figure 10: How the letters, phone calls or other communications received from councils about arrears made survey respondents feel



Source: All client survey respondents. Total answering this survey question: 257.

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

"The tone scared me. I also had eviction proceedings going on at the same time. **I was scared of being made homeless with a young child.**"

Feedback from clients reveals that interactions can vary not only between councils, but between individuals within the same local authority itself. This inconsistency caused some people to retreat from dealing with their situation, while others pointed to experiences which they deemed to be more constructive with creditors elsewhere, with one client saying: "all other creditors listened to my situation, and I have affordable plans in place...[The council] sent the debt as soon as they were able to a bailiff."

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

"[The] first person I talked to [at the council] was very nice and helped me to get [in] contact with StepChange, **she was caring, helpful, supportive and very friendly**. The **second person I talked was very cold**. The calls have left me a feeling like he had enough of people with debt problems and didn't know what to do. He did give me information I needed but I prefer not to speak with him again."

There is a real risk that comes with a lack of reassurance and regard towards personal circumstances. It can leave people feeling isolated, unsupported and ultimately less able to act to deal with their problem debt. One client said: "I have cried during these phone calls, but they just don't seem bothered and insist that the amount you offer isn't enough. They don't understand that what they're asking for is a quarter of my monthly income."

A small minority of clients described more positive or constructive engagement with local authorities when it came to their council tax arrears. One said “[the council was] very helpful. I knew I would fall behind for one month, [and] the advisor helped to spread the cost over the next coming months.” Another described a similar situation, noting that the council “offered sympathy to my situation” and the option to “spread what I owe over the rest of the months I had left to pay” – though in this case, the client was concerned that doing so “just made the monthly payment more.”

The interactions that local authorities have with residents around council tax arrears should not be solely focused on quickly ensuring repayments are made. Instead,

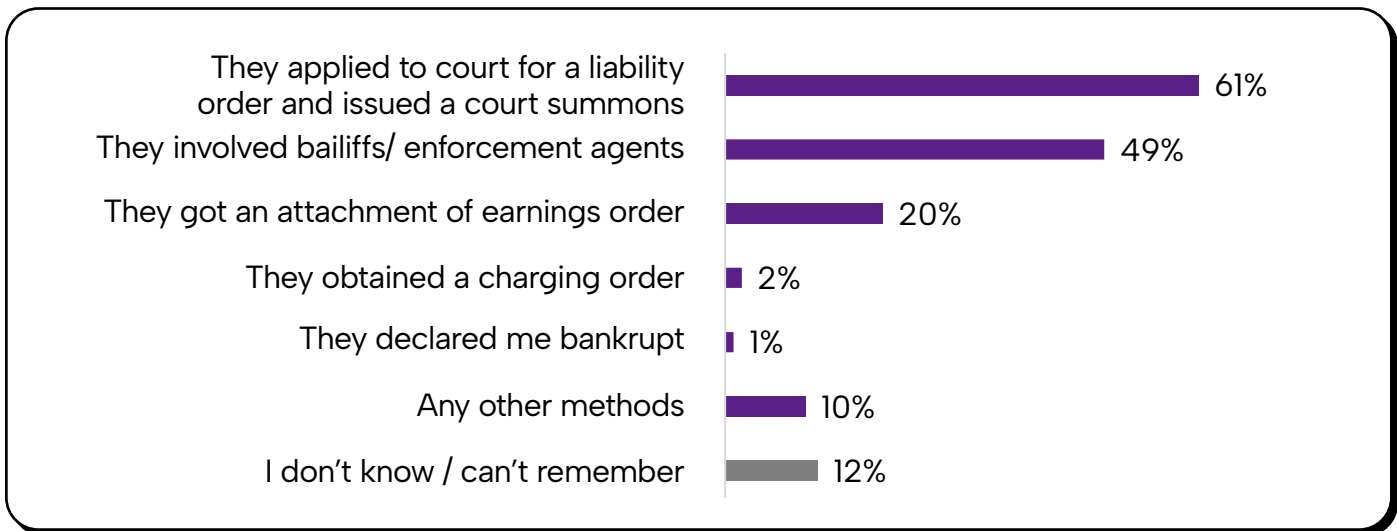
these conversations should be viewed more holistically as an important opportunity to engage with struggling households, to understand their personal circumstances and consider options available – for example, facilitating access to untapped debt advice or unclaimed financial assistance, such as Council Tax Support – which might help them on the road to escaping problem debt.

Improving the tone and presentation of council communications, simplifying messages, building more empathy into engagement and providing information in a way that means people can understand their options and establish a clear plan of action, would mean they are much more likely to feel confident and empowered to resolve their debts.

Heavy-handed approaches to council tax collection and enforcement

Figure 11: Actions local councils took to collect council tax owed by survey respondents

Finally, a stark element of current council tax debt collection practices is how often threats of enforcement action escalate into the actual use of this method. Half (52%) of clients surveyed said their council threatened to send bailiffs; a very similar proportion (49%) later said their council did involve bailiffs or enforcement agents to collect their council tax arrears.



Source: All client survey respondents. Total answering this survey question: 279.

The following section will explore some of the serious harms which stem from rapidly moving to enforcement action against those with minimal ability to repay, as well as the need to drive up standards in the enforcement sector more widely.

Experiences of bailiff enforcement action

StepChange research shows that bailiffs often fall short when it comes to fair and responsible debt collection practices – from rejection of reasonable repayment offers through to threatening or intimidating behaviour. This can have devastating consequences for some of our clients.

Crucially, in stark contrast with other sectors including energy and financial services, the bailiff industry is not overseen by a statutory regulator. This raises significant concerns given the large number of financially and otherwise vulnerable people who interact with bailiffs every single day. While enforcement action is disruptive by its nature, that's all the more reason why a regulator with effective legal powers is urgently needed.

StepChange is very supportive of the work being carried out by the Enforcement Conduct Board (ECB), a voluntary oversight body for the enforcement industry established in November 2022. It has made positive strides towards driving up standards in the sector since its creation, and the industry has so far been largely receptive towards its work.³¹ Yet there are significant limits to the ECB's current voluntary model which must be addressed with statutory powers in order for it to be a truly independent and effective regulator.³²

StepChange debt advice data shows that while one in ten (10%) new clients experienced enforcement action in 2023, this climbs to three in ten (31%) among those with council tax arrears – indicating a heavy reliance by local authorities on the use of bailiffs compared to other sectors.

This is perhaps unsurprising, as StepChange evidence has shown how local authorities are not consistently taking effective steps to engage people behind on council tax, understand their circumstances and enable them to come to sustainable repayment agreements before enforcement action is pursued. In reality, rapid collection timescales and the pressure of in-year collection rates mean that households with little to no ability to pay are slipping through the net and being inappropriately subjected to bailiff enforcement.

To put this into context, the average monthly income of StepChange clients with council tax arrears in 2023 who had experienced enforcement action was £1,633 – £112 less than a typical client. Seven in ten (69%) had an additional vulnerability beyond their financial situation.

Moreover, local authorities with high levels of income deprivation have lower levels of council tax collection and higher levels of enforcement activity, according to research by the Centre for Social Justice in partnership with the Money Advice Trust.³³ This suggests financially worse off households are bearing the brunt of enforcement activity.

“I could see no end”: the impact of enforcement communications

Our research reveals that, alongside council tax communications, bailiff communications and interactions aren’t resulting in constructive engagement in the majority of cases.

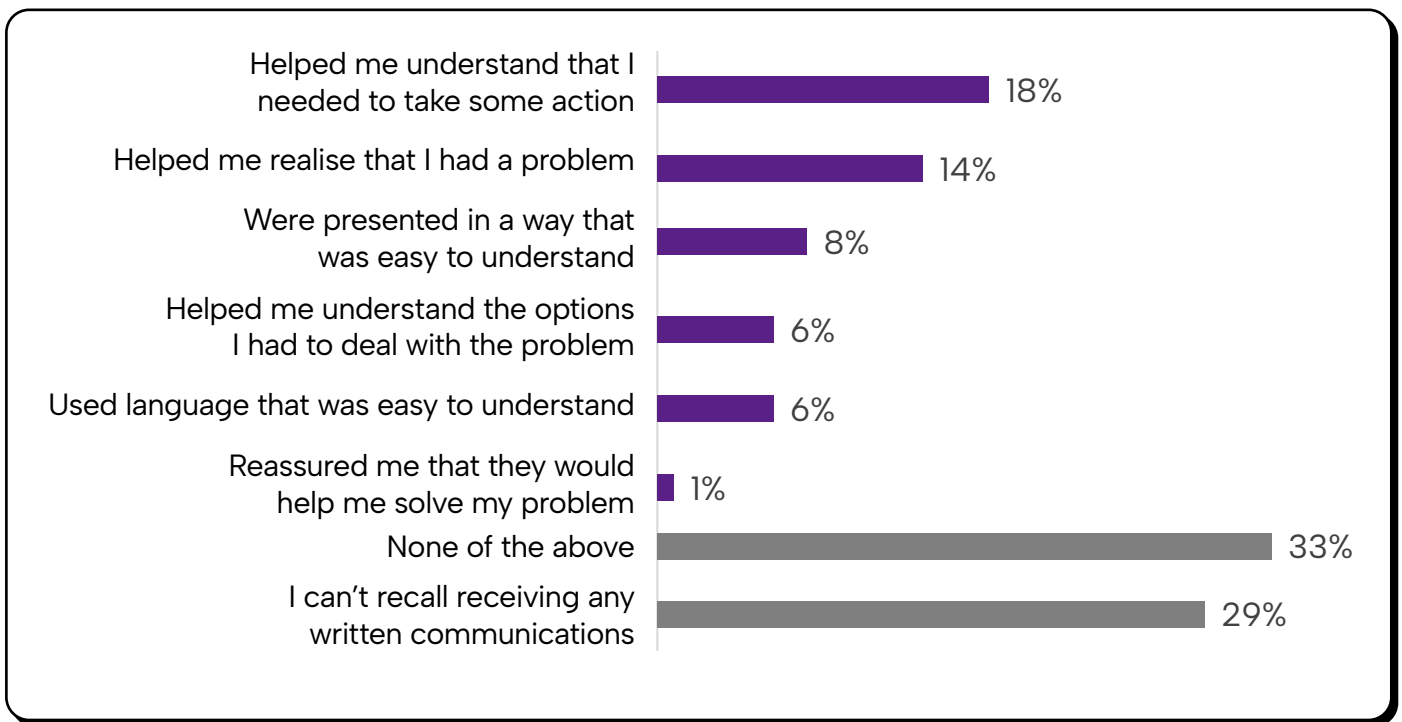
Four in five (85%) clients said the communications and direct interactions they had with bailiffs about their council tax arrears made them feel scared, anxious or depressed. Seven in ten (69%) were left overwhelmed, while two thirds (67%) felt helpless and three in five (59%) felt embarrassed.

No clients indicated that the communications and direct interactions they had with bailiffs

about their council tax arrears made them feel more able to take control of their situation.

Positive statements about written communications from enforcement agents about council tax arrears resonated with very few clients who have experienced bailiff action. Fewer than one in ten said these communications were presented in a way that was easy to understand (8%), helped them understand the options they had to deal with the problem (6%) or used language that was easy to understand (6%). Just 1% felt reassured that enforcement action would help them solve the problem of their council tax arrears.

Figure 12: Impact of written communications from bailiffs/enforcement agents about council tax arrears, according to survey respondents



Source: All client survey respondents who experienced enforcement action. Total answering this survey question: 113.

Research by the Money and Mental Health Policy Institute has demonstrated the toll that bailiff action can take on people’s mental health, including triggering suicidal feelings and mental health crises.³⁴ One client in their early sixties told us how “dealing with bailiffs, just over the phone, had such an impact on my mental health it is the only time I felt as though I was battling ‘inner demons’ ... I was constantly contemplating suicide as I could see no end to this mental torture [and] anguish.”

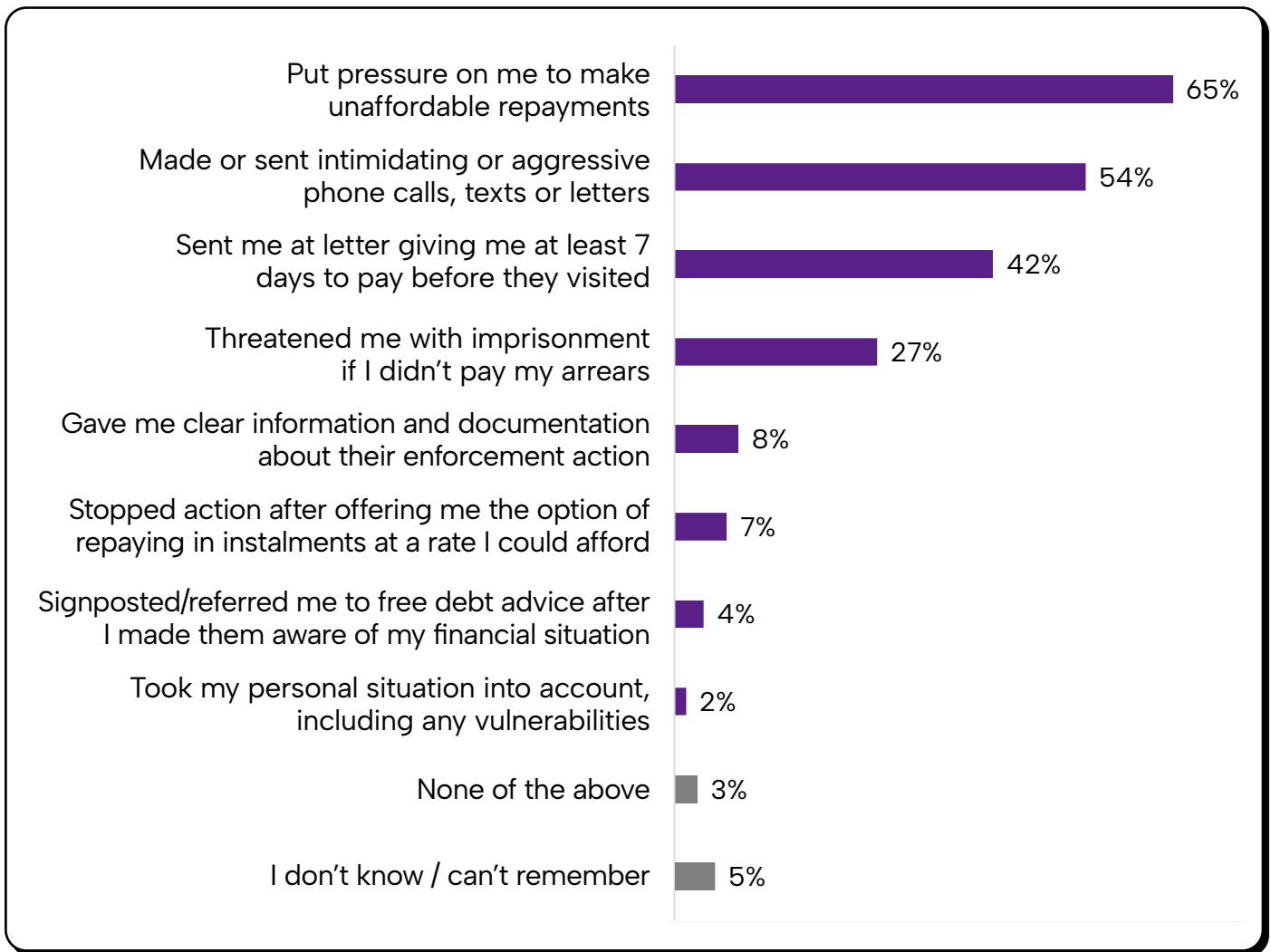
“Nowhere to stay or feel safe”: pressure piling up

The lack of due diligence demonstrated by some local authorities before referring people who are behind on council tax to enforcement action means that it is especially important that bailiffs take effective steps to understand people’s personal and financial situations.

But worryingly, very few clients responding to our survey who experienced bailiff action recall being asked questions about their personal circumstances, including whether they were suffering from stress or mental health issues (6%), were ill, had physical health conditions or disabilities (6%) or had recently experienced a negative life event (3%).

Two thirds (65%) of clients who experienced bailiff action said the enforcement agents put pressure on them to make unaffordable repayments before visiting their home. Over half (54%) said bailiffs made or sent intimidating or aggressive phone calls, texts or letters.

Figure 13: Actions bailiffs/enforcement agents took before visiting survey respondents’ home for the first time



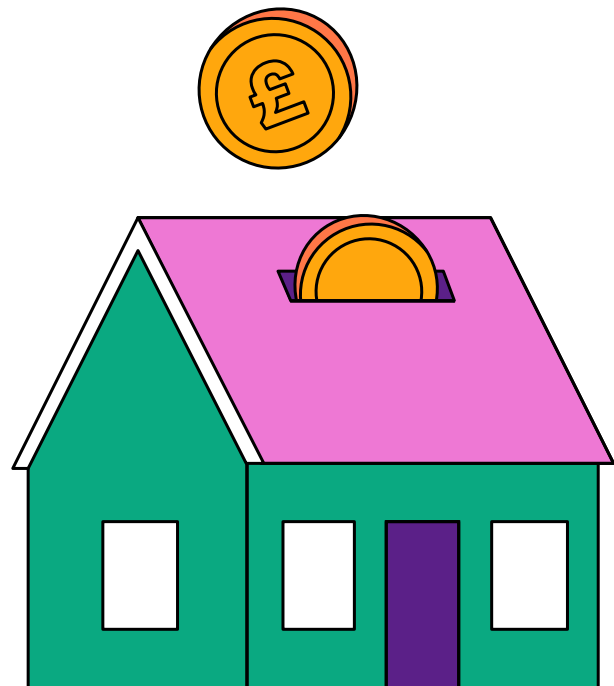
Source: All client survey respondents who experienced enforcement action. Total answering this survey question: 132.

Our homes should give us a sense of stability and be a safe harbour from the outside world. Yet the anticipation of a possible bailiff visit – and the communications that cause people to fear intrusive enforcement – undermine this security and force people to think about removing themselves from an environment where they do not feel safe.

For one client, the fear caused by the tone of enforcement communications and the feeling that she had “nowhere to stay or feel safe” meant she drove to a car park and considered spending the night there with her child, rather than be at home. This experience shows how the practices employed to collect council tax arrears seep into the fabric of people’s lives, affecting not only the billpayer but also others including dependent children.

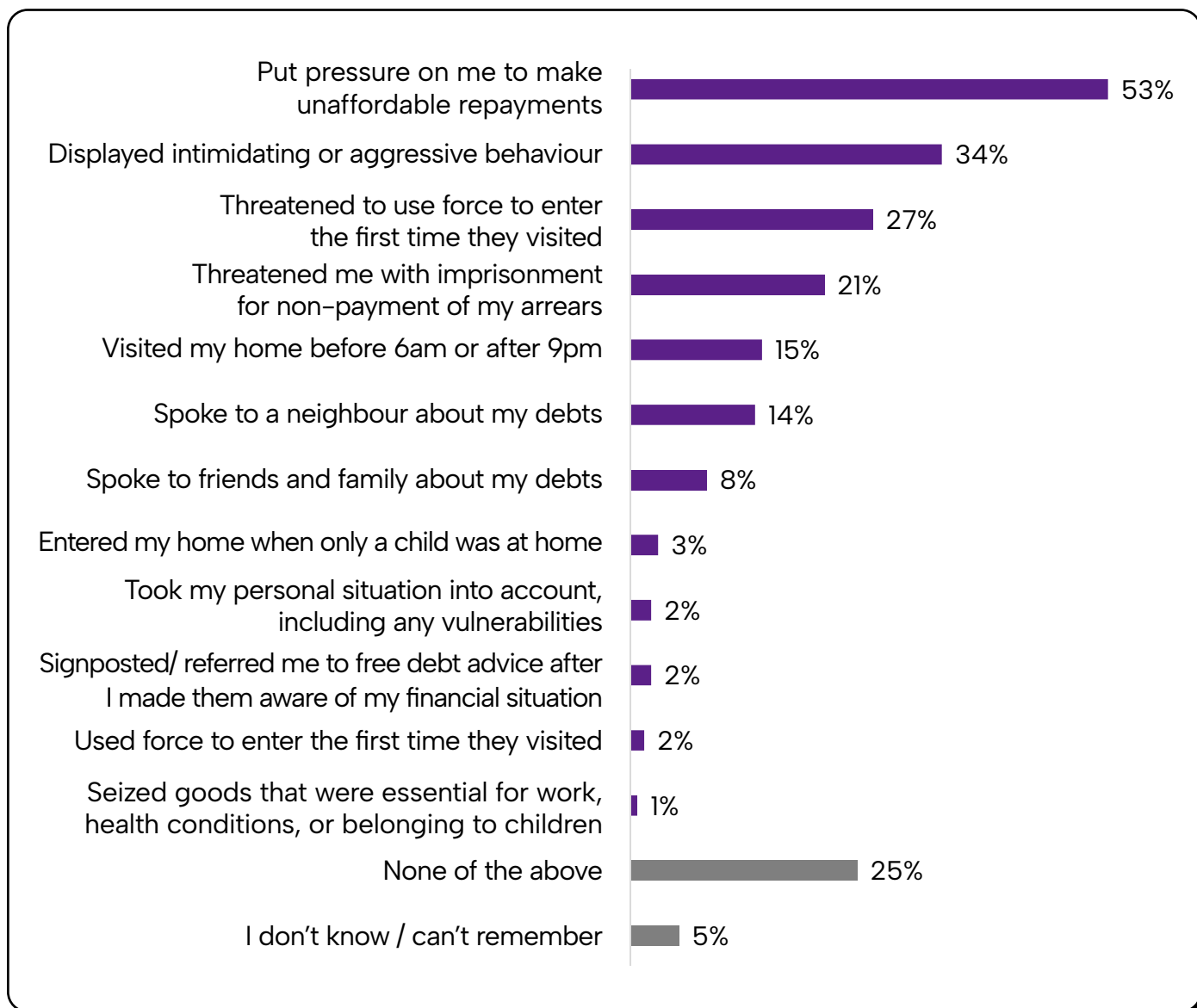
Around half (53%) of clients who experienced bailiff action said that the enforcement agents put pressure on them to make unaffordable repayments during visits to their home, while a third (34%) said bailiffs displayed intimidating or aggressive behaviour.

The current Taking Control of Goods Regulations 2013 contain certain stipulations around the parameters of bailiff involvement.ⁱⁱ For example, the enforcement agent may enter, re-enter or remain on the premises only if a child or vulnerable person (whether more than one or a combination of both) is not the only person present in the premises which the enforcement agent proposes to enter or re-enter.³⁵ In this instance, the number of clients indicating that a bailiff entered their home when only a child is present should categorically be zero – yet our client survey found this isn’t the case.



ⁱⁱThe Enforcement Conduct Board (ECB) is currently consulting on a new set of standards for the enforcement industry. It is the ECB’s intention that these new standards will replace the current National Standards and it is working with the Ministry of Justice to manage this process.

Figure 14: Actions bailiffs/enforcement agents took during visit(s) to survey respondents' homes



Source: All client survey respondents who experienced enforcement action. Total answering this survey question: 131.

“I felt very intimidated by him”: gender and enforcement action

StepChange clients with council tax arrears are disproportionately likely to be single parents and women; many are both. While not all enforcement agents are men, lots are, and the gendered nature of many bailiff interactions cannot be ignored.

To have someone visit, or enter, your home is an inherently personal experience. To have strangers – and not only that, uninvited ones or those in a position of power – do one or both of those things is inherently intrusive. It puts people in a position of vulnerability, which is why enforcement action must be managed carefully so as to minimise potential harm.

Yet some clients in this position describe troubling scenes: “big burly men with poor attitudes” at their door; pushing past children to gain entry to their homes; casually dismissing their concerns and vulnerabilities. One client described how enforcement agents stood, “dead close to my front door”, noting that it is “always a male officer standing pretty much over me [with a] wide stance and threatening body language. [It’s] very intimidating and belittling”.

“The tone of their [visit] was aggressive. They would not listen to me about shared responsibility for the debt and told me they were coming for me as I was easier to locate. **They told me they were coming back with other men to gain entry to my house.** They were big burly men with poor attitudes. It was **extremely upsetting when there are only females in the house, two of which were children.**”

“[The bailiff] pushed me through my front door in front of my 13-year-old daughter, **I made a complaint asked for footage and they said the bailiff did nothing wrong...** He went through all my kitchen cupboards and drawers and took my car keys off the side, and I had to borrow £450 off a friend so he would leave. **He was laughing at me and mocking me the whole time,** laughing because I said I had bad mental health issues.”

These experiences can also surface traumatic memories. Some of our clients describe having been in abusive relationships and feeling intimidated or dismissed by bailiffs who turned up at their door. This involved incidents where our clients made their position known, but had this context disregarded.

The charity Surviving Economic Abuse notes that 95% of cases of domestic abuse involve economic abuse, “designed to create economic instability and/or make one partner economically dependent, which limits their freedom.”³⁶ This type of abuse can have implications long after a victim-survivor leaves an abusive relationship, including on their financial circumstances.

One client told us that enforcement agents: “wouldn’t take into account that I was suffering mental health problems, that I had just come out of a violent relationship... They kept pushing for payments I can’t afford and wouldn’t accept smaller payments.”

Research by the Social Market Foundation found that council tax enforcement has a disproportionate impact on women, including those who “may need to flee their home, and enter a refuge, to escape from domestic abuse,” as women are more likely to have bills in their own names and “even moving to a refuge does not remove the legal obligation to pay council tax on the home left behind.”³⁷

Telling us about her experience of enforcement action, another client said: “[bailiffs] are always men and I live by myself, I have been in an abusive relationship, and I felt very intimidated by him.” Her experience ultimately left her feeling like “bailiffs are bullies who prey on the vulnerable.” This perception is troubling and speaks to the need to embed a better understanding of the experiences of vulnerable groups in the council tax debt collection journey, including victim-survivors of domestic abuse.

In a particularly harrowing case, one client told us that her ex-partner had been imprisoned after trying to kill her and her children, and they were moved to be put into hiding. Despite making this known to the enforcement agents who were instructed for her council tax arrears, she said they “did not care and just wanted the full amount paid.” There is a strong argument that enforcement action should never have been pursued by the local authority in cases like these where victim-survivors have recently fled abusive relationships.

It is clear that much more needs to be done to interrogate the disproportionate impact of council tax arrears on women and to ensure there are safeguards in place to mitigate potential harms that those with protected characteristics or in vulnerable circumstances are currently being exposed to at different stages along this debt collection journey.

Local authorities have a critical role to play in identifying and recognising circumstances which mean escalation to enforcement action might be inappropriate or especially harmful, and therefore to be avoided. This should involve a consideration of the impacts of different types of debt collection activity on victim-survivors of domestic abuse. These experiences also reveal that enforcement firms and agents need to be better and more consistently equipped to sensitively navigate gender power imbalances where they are present.

For a long time, the policy discussion on bailiff regulation has focused on understanding different and contested views on the extent of poor conduct by bailiffs. While this report adds to that discussion, the insights reported by our clients highlight how people’s negative experiences of bailiff enforcement, and their subsequent perceptions of it, condition the way they respond to it. The following sections highlight how these responses create further harm for people who were already financially and often otherwise vulnerable. In the absence of effective safeguards on affordability and vulnerability, the enforcement process can generate a set of perceptions that are sufficient to create harm.

Additional fees and the deepening of debt

Bailiff action can lead to considerable additional fees being added on top of households' arrears, making it even more challenging to get on top of debt problems.

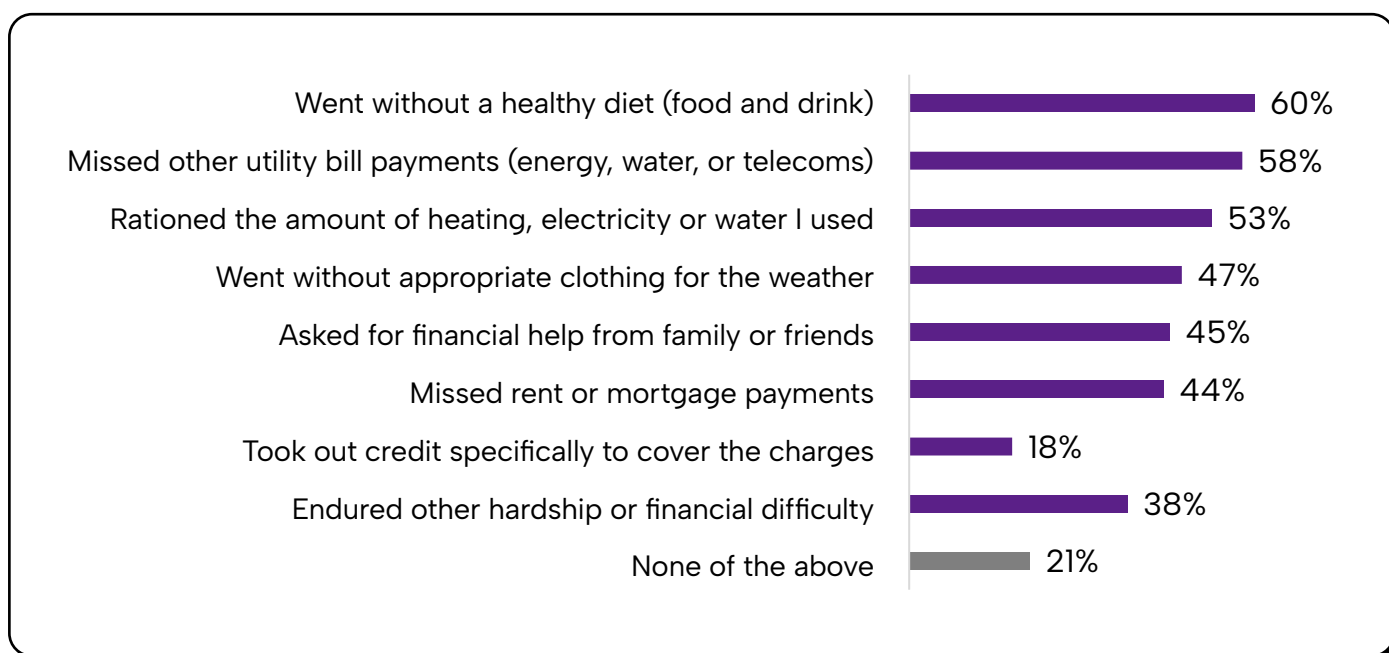
Fees paid to enforcement agents are laid out in the Taking Control of Goods (Fees) Regulations 2014.³⁸ They are collected from the person in debt at different stages, as below:

- £75 is added when the first 'Notice of enforcement' letter is sent.
- £235 +7.5% of the debt's value (over £1,500) is added when the bailiff makes their first visit.
- £110 +7.5% of the debt's value (over £1,500) is added if the bailiff comes back to take things.
- Other storage and auction costs are added if they remove and sell your things.

A large majority (86%) of clients could recall being charged extra fees during the time they spoke with enforcement agents about their council tax arrears.

These charges both deepen financial burdens and lead to concerning coping mechanisms. Three in five (60%) clients went without a healthy food or diet as a direct result of additional charges imposed by bailiffs, while over half (53%) rationed the amount of utilities they used. Meanwhile, three in five (58%) missed other utility bill payments, and over four in five (44%) missed rent or mortgage payments.

Figure 15: Actions survey respondents took as a direct result of additional fees charged by bailiffs



Source: All client survey respondents who experienced enforcement action and were charged fees during the process. Total answering this survey question: 95.

The consequences of threatening imprisonment

A final sanction of imprisonment for non-payment of council tax remains a feature of the current council tax regulations in England. Under these rules, you can be sent to prison for up to three months if the court decides you don't have a good reason to not pay your council tax and you refuse to do so.

While the number of people actually sent to prison for non-payment of council tax is relatively low – with figures indicating that around 80 people may have been jailed for this over the five years up to December 2022 across England and Wales, and the latter nation now having removed this provision – StepChange evidence highlights how the threat of this outcome looms large over our clients, with deeply concerning repercussions at times.³⁹

A quarter (27%) of clients we surveyed said bailiffs threatened them with imprisonment for non-payment of arrears before visiting their home, while one in five (21%) said this happened during a visit. Those who experienced this described a range of distressing emotions and negative outcomes. Several single parents described immense stress and pressure stemming directly from this threat as the only adult in their household, fearing what would happen to their children should this become their reality.

For some, this meant agreeing to repayment plans that they simply couldn't afford – and would cause harm elsewhere – as the threat of imprisonment posed too great a risk to their family. One client, a single parent, said the threat of imprisonment made her feel “incredibly stressed and anxious,” and “so pressured to have to find money each month to pay them or my daughter would suffer and lose her mum, I would lose her.”

One said: “I'm a single parent. Although my daughter is an adult, she has ADHD and autism. It scared the hell out of me. I had nobody to turn to. I would have spoken to my mum about it but she'd passed away, so I literally had nowhere to turn.” Another said: “I was so scared about what would happen to me, what would happen to my child if I was imprisoned and what would happen to my job if and when I was imprisoned.” The threat is all too real for these clients.

“[The bailiff's] attitude was more passive aggressive I guess. **Mentioning that I could face prison if I couldn't find all the money within a few days.** They wanted half then and there, which was nearly £500. I tried explaining that I simply didn't have it. **I remember opening my door wide and showing him the state of my carpets and the broken blinds at the windows. I said, do you think I'd be living in this if I had money tucked away.** It didn't make much difference though.”

Case study

A client who responded to our survey told us how the threat of imprisonment for non-payment of council tax arrears was a “terrifying experience,” and “as an autistic adult it can cause sensory overload.” They described how “its after-effects are extremely debilitating and can last for months.”

“When in these situations I felt that I [was] barely surviving not ‘living’. You know that you cannot afford to pay but you agree as you don’t want them to take what little your children have... I already feel immense guilt and shame that I cannot provide my kids with holidays and the things their peers have due to not being able to find suitable, sustainable work for my health conditions.”

With the knowledge that two thirds (64%) of StepChange clients with council tax arrears have an additional vulnerability beyond their financial situation and approaching half (45%) have a negative budget, it is doubtful that this threat could ever be deployed effectively or responsibly among this group. Instead, this punitive approach drives concerning coping mechanisms and worrying mental health outcomes, rather than constructively helping an individual to repay.



“Their position is recover at all costs”: reflections on bailiff involvement

Approaching three quarters (73%) of clients who experienced bailiff action felt that they were treated unfairly by the enforcement agents – with six in ten (60%) saying they were treated very unfairly.

While the nature of bailiff action is innately intrusive, and it’s therefore unlikely that those going through this experience will ever be totally positive about it, our research points to systemic issues beyond isolated examples of bad conduct. This includes unwillingness

to accept affordable repayment plans and behaviour perceived as “uncaring and hostile.”

One client described their perception that bailiffs “aren’t interested in reasons why you owe money. You are just another name to them.” They went on to say: “I have anxiety and dystonia, their visits were intimidating and made my symptoms worse. It was soul destroying.”

Another said: “their position is recover at all costs. [They showed] unwillingness to listen or look at evidence provided to challenge debts. [They] make you feel despondent and extremely vulnerable. You know they don’t care and it is a very frightening position to be in.”

Case study

A client who responded to our survey told us how their experience of enforcement action had made their life “hell,” leaving them unable to sleep and scared to answer the door, yet not wanting to leave the house.

“They are **uncaring and hostile on the phone** and won’t listen to my circumstances. They demand unaffordable payments and won’t accept affordable payments. They are the worst people I have had to deal with for debts. They **make me feel worthless and like a criminal** for not being able to afford their demands.”

Case study

One client described experiencing depression and helplessness, amplified by the fact that they “couldn’t care for [their] newborn daughter.” The client’s experience with council tax debt collection forced them “back in to work prematurely,” into a job that they “should not have been doing,” and required them to be on their feet all day.

“Simply, I was depressed, feeling useless with no relief in sight and forced into constant pain just to make enough payments to cover the unnecessary charges they added.”

“I am psychologically tired”: how bailiff interactions affect wellbeing

The impacts of a bailiff visit can be severe. Clients tell us how the experience of enforcement action incites mental health problems and illness, compromises personal and professional relationships, and harms their wellbeing as well as that of loved ones.

The vast majority of clients who experienced bailiff action said it negatively impacted both their mental (95%) and physical (91%) health and wellbeing, as well as their ability to get enough sleep (94%) and how safe they felt in their own home (91%). Four in five (80%) said it negatively impacted their ability to socialise with friends and family, while seven in ten (69%) said the same of their performance at work.

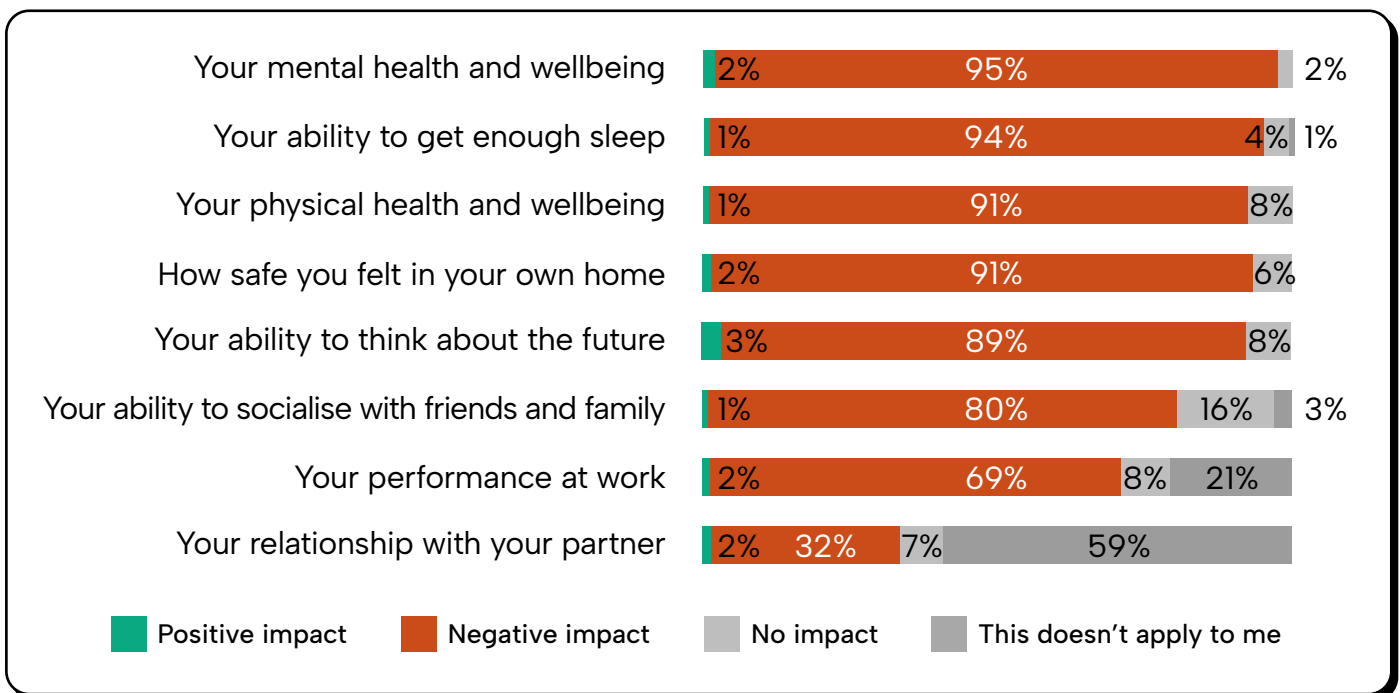
One client told us how they were “psychologically tired” because of their

experiences with council tax debt collection. They said: “I am currently undergoing treatment. I take medicine all the time, but sometimes I have very negative thoughts. I’m afraid of people, I stopped laughing.” Another described how their experiences led to them not sleeping, “becoming depressed and the ultimate breakdown of [their] marriage.”

Deep-seated anxiety around a knock at the door has become pervasive for some of our clients. One client described how they were “constantly living in fear of a knock at the door, wondering if my vehicle is okay outside as I wouldn’t be able to get to work or the children to school if this was taken. [I am] anxious, scared, upset.”

These profound impacts are encapsulated by one client, who – when asked for any final remarks on how bailiffs or enforcement had impacted them – speaking of their anxiety, concluded: “I have to look through the keyhole if someone knocks the door before opening it.”

Figure 16: Impact of bailiff/enforcement agent action on survey respondents



Source: All client survey respondents who experienced enforcement action. Total answering this survey question: 127.

Conclusion and recommendations

Financial stability cannot be delinked from mental and physical stability. It allows people to invest time in their health and wellbeing, their relationships, and their homes. Unfortunately, for those with council tax arrears who find themselves going through the debt collection and enforcement process, this stability often feels far out of reach.

This research has shown how council tax bills have become an increasingly unaffordable burden for many households. Our clients who fall behind often face complex personal and financial circumstances, and a high prevalence of vulnerabilities. Yet instead of enabling constructive conversations and helping people to affordably repay their debt where this is possible, the current system of council tax debt collection is designed in a way which quickly and significantly contributes to people's hardships.

StepChange recognises that local authorities face funding pressures and have a responsibility to collect council tax. Yet a system which drives overly aggressive in-year collections at the expense of responsible debt collection practice is not in the interests of councils or residents. There is a better way.

We are therefore calling on the new Government, local authorities and enforcement firms and agents to take a less punitive, more empathetic approach to collecting council tax debt and to offer more support and protections for those who are struggling to pay. This is crucial in bringing local authority debt collection up to speed with the consumer protections afforded in other sectors, where significant strides have been taken in recent years.

Concrete steps to improve the affordability of council tax and provide financial support for those who still might struggle to meet payments are a key piece of the puzzle.

The following package of recommendations should be adopted at speed:

Prevent people from falling behind on council tax bills in the first place.

Central Government should:

- 1. End the postcode lottery of Council Tax Support, ensuring that 100% reductions can be re-established for those on the lowest incomes.**

Since Council Tax Benefit (CTB) was replaced by localised Council Tax Support (CTS) in England in 2013 – with central Government funding significantly scaled back – outstanding

council tax arrears have grown substantially.⁴⁰ Worryingly, research suggests that households were more likely to see support with council tax bills cut if they lived in a more deprived area.⁴¹

The situation is more progressive in Wales, where the Welsh Government has maintained full entitlements to support with council tax bills under its national Council Tax Reduction Scheme. In 2023–24, this meant that more than 268,000 vulnerable and low-income households – around one in five households – benefited from a reduction in their council tax. Of these, almost 214,500 households paid no council tax at all.⁴²

Funding for CTS is not currently demand-led, so councils find themselves under increasing pressure when more people become eligible

for CTS 'in year', as was the case during the pandemic. Central Government needs to reset the funding arrangement so that it flexes with demand and increase the financial assistance provided to local authorities, so that they can once again provide 100% support to households most in need.

Importantly, there is precedent for such a move: central Government provided local authorities with £670 million of new funding in 2021–22 "in recognition of the increased costs of providing local council tax support and other help to economically vulnerable households during the [Coronavirus] pandemic."⁴³ The crisis in council tax support extends beyond the pandemic, and should be addressed in a long-term way.

Around 2 in 3 (65%) UK adults support reducing council tax rates for people on the lowest incomes, funded by central Government.⁴⁴



Central Government and local authorities should work together to:

2. Tackle underclaiming of Council Tax Support by increasing awareness and uptake to make sure those who are eligible, receive it.

Council Tax Support (CTS) is a significantly underclaimed benefit, according to research by Policy in Practice, with 2.25 million people missing out on £3.4 billion of support.⁴⁵

Under Council Tax Benefit (CTB), households on means-tested benefits were automatically eligible, meaning two thirds of households were passported onto the full benefit – accounting for 70% of spending on CTB.⁴⁶ While the diverging nature of local CTS schemes means individuals cannot be passported in the same way, the Universal Credit (UC) system does not automatically prompt an eligibility check for CTS or notify local authorities when someone could be in scope.

This means that households typically have to apply separately, which increases the likelihood that people might miss out on support. This is worrying, given that over half (57%) of StepChange clients with council tax arrears were in receipt of UC in 2023. This rises notably to four in five (78%) among single parent clients with this type of debt.

Some local authorities have already taken welcome steps to ensure that low-income households are more readily able to access possible assistance, through using existing data-sharing powers to introduce automation into the application process of CTS applications for new UC claimants.⁴⁷

The Welsh Government has also recently confirmed that it intends to take forward proposals to improve the join-up between UC and the national Council Tax Reduction Scheme in Wales.⁴⁸ It will do this by updating regulations so that a council may treat an 'intention to claim' in the Department for Work and Pensions (DWP) UC Data Share as an automatic application for the Council Tax Reduction Scheme. This will enable an application for the Council Tax Reduction Scheme to align with the award of UC.

This should be the default approach of every local authority, synchronising data from the DWP and using the UC system to prompt check CTS eligibility, so that more eligible households are enrolled onto CTS. Central Government should work closely with local authorities to facilitate this and work to clarify or update regulations where needed.

Protect those who do fall behind by reforming the council tax debt collection journey, taking steps to understand people’s circumstances by introducing more flexibility and empathy into the process.

Central Government should:

- 3. Change council tax regulations so that people are given more time to deal with debts and not required to pay their full annual council tax bill after missing one instalment.**

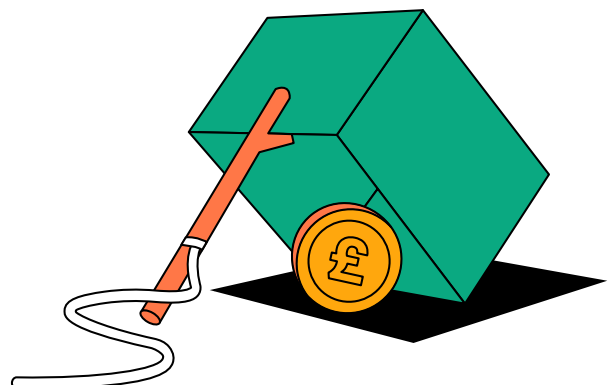
The Council Tax (Administration and Enforcement) Regulations 1992 allow councils to make households liable to pay their annual council tax bill in full if they miss one month’s payment.⁴⁹ This acceleration of payment liability both deepens people’s financial difficulty and adds to the weight of emotional burdens they carry, making it harder to deal with their debt

Councils are also not currently able to access the data required to automate the process for CTS claims for pre-existing UC or legacy benefits claimants. This should be rectified through work between the DWP and local authorities to improve data-sharing practices.

problems. In 2023, approaching half (45%) of StepChange clients with council tax arrears had a negative budget – plunging them into further debt is quite simply not the solution.

While the existing regulations are ‘permissive’, in practice they shape local authority practice and policies. The expectation that local authorities will pursue a liability order once a payment is missed should be removed and replaced by an expectation of responsible steps to engage households in arrears and agree sustainable repayment plans before further escalation occurs. This would allow local authorities more time to engage with their residents to understand their circumstances, provide support and facilitate arrangements which reflect households’ often complex situations – for example, those which involve multiple debts and vulnerable circumstances.

There is strong public backing for this move, as over 8 in 10 (82%) UK adults oppose households having to pay their annual council tax bill in full if they miss one month’s payment.⁵⁰



Central Government and local authorities should work together to:

- 4. Develop a mandatory protocol for council tax debt collection, supported by statutory standards. This would require councils to take certain steps before seeking a liability order or taking enforcement action.**

Our findings demonstrate that intervention to improve the way local authorities engage with those facing council tax arrears in their communities is urgently needed. Our clients report unhelpful communications, challenges engaging with their councils and coming to sustainable repayment plans, coupled with swift escalation to enforcement action.

A move away from the current system of non-enforceable guidance is a crucial step in eliminating these issues. These interventions must be mandatory, as research on the impact of recent council tax interventions in Wales has shown the limitations of a voluntary protocol.⁵¹

A mandatory council tax protocol should therefore be put in place to ensure councils have taken appropriate steps before seeking a liability order. This would generate increased levels of due diligence in the debt collection process, allowing households the time and headspace to, among other things, seek free debt advice and negotiate enduring, affordable repayment plans.

9 in 10 (89%) UK adults support councils being required to try and agree an affordable repayment plan with residents before council tax debts can be passed to bailiffs.⁵²

The protocol should incorporate the following principles and steps:

Proactive contact

- Establish effective pre-arrears and early identification policies and practices.
- Make demonstrable efforts to contact individuals who have fallen behind through a variety of methods (email, phone, text).

Affordability and proportionality

- Engage with households to understand their personal and financial circumstances, including vulnerabilities or life events which might be impacting their ability to repay.
- Seek to agree an affordable repayment plan using the Standard Financial Statement – an agreed approach to assess ability to pay.
- Provide advice on income maximisation to residents, helping them identify unclaimed benefits – including Council Tax Support – and other sources of income which would help them to repay arrears and reduce the likelihood of them falling behind again.
- Identify those who are likely to benefit from free money and debt advice and make effective referrals where needed.

Discretionary write-off

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

This should then be supported by existing guidance (published by the Ministry of Housing, Communities and Local Government in 2021) being strengthened and turned into statutory standards.⁵³

This would help to generate a more consistent approach from councils in engaging and understanding the circumstances of those struggling with council tax, determining households' ability to repay and ensuring those who have fallen behind on council tax can expect a consistent, empathetic experience, no matter where they live.

For example, the existing section on 'engaging with billpayers' should be built on, setting out clear standards on how council communications can best support those in financial difficulty. A 'test and learn' approach should be embedded – as this research has shown that council tax debt communications often counterproductively drive feelings of anxiety and helplessness. Communications should instead give people who cannot currently afford to repay their debt a clear plan of action, so they understand their options and feel empowered to take action.

Going forwards, it should be an expectation that local authorities co-design their communications with people who have lived experience of financial difficulty, and evaluate the readability and effectiveness of communications. This process would likely involve communications about council tax arrears being simplified, with the tone and presentation of text improved so people feel confident that their local authority can and will help them.

Those responsible for designing and adopting these processes could learn from developments in other sectors, where we have seen statutory regulators with rule-making powers make strong progress on fair debt collection practice. The Financial Conduct Authority's requirements of regulated consumer credit firms to identify and support borrowers in financial difficulty are especially noteworthy. They require firms to:

- proactively identify and engage with customers in difficulty;
- provide prompt, tailored support, including referrals to free debt advice and setting out appropriate forbearance options;
- ensure that repayment proposals are affordable and sustainable; and
- review repayment agreements at appropriate intervals to ensure they remain suitable.⁵⁴

Local authorities should be supported by central Government to ensure that they have enough funding and resources to make these changes happen and deliver good practice in debt collection. One important change that can facilitate improvement is revising the current council tax performance indicators, which prioritise in-year collection rates over other more constructive metrics such as the number of repayment plans agreed and sustained. Moving to a multi-year measure, which includes debt recovered over more than one annual period, would also be a progressive step in the right direction.

As an interim step, we would also welcome a move to bring debt owed to local authorities into the remit of the Government Debt Fairness Charter, first published in March 2024 – with this type of debt currently a notable omission. While it still requires work, the Charter sets out welcome expectations of good practice in collecting debts owed to Government.⁵⁵ Bringing local authority debts into scope would send a strong signal that expectations of local authorities must be aligned with best practice elsewhere.

Reduce the use of heavy-handed enforcement action, and quickly regulate the bailiff sector.

Central Government and local authorities should work together to:

- 5. Establish that bailiffs should only be used as a last resort. Councils should also completely exempt recipients of Council Tax Support from bailiff enforcement action.**

Our research has shown that this type of enforcement action compounds people’s personal and financial difficulties, with long-term implications. A commitment to reduce the use of bailiffs – and instead focus on coming to sustainable, affordable arrangements – is an important step in modernising the council tax debt collection system.

There are multiple pitfalls in pursuing enforcement action against those who likely won’t have the ability to repay. Where people are showing signs of vulnerability like being in receipt of CTS, residents should be exempt

from this type of action. In 2022/23, only 31 local authorities had a policy of exempting those in receipt of CTS from bailiff action.⁵⁶ Local authorities should follow the lead of those – such as Manchester City Council – who have already taken this welcome step.⁵⁷

There must also be a concerted effort by local authorities to establish policies and good practice on identifying and engaging with residents in vulnerable circumstances, with only half (48%) having such policies in place in 2022/23.⁵⁸ This would enable councils to adopt inclusive approaches such as that taken by the London Borough of Lewisham, where any case flagged as vulnerable automatically has enforcement action prohibited on their account until that indicator is removed.⁵⁹

Where a resident in vulnerable circumstances slips through the net and is passed onto enforcement action which is inappropriate for them, the case should be reverted back to the local authority.

Around 2 in 3 (65%) UK adults support stopping councils using bailiffs for the recovery of council tax debts for low-income households in receipt of council tax support.⁶⁰



Central Government and local authorities should work together to:

- 6. Give the Enforcement Conduct Board statutory underpinning, so that people facing unfair and intimidating bailiff action receive the protections they deserve.**

As it stands, there is no statutory regulator for the bailiff sector – meaning it lags behind other areas where people can accrue debt, including energy and financial services. Yet local authorities frequently pass their residents over to bailiffs – and our research shows that enforcement action all too often falls short of considerate, responsible debt collection. While we understand that enforcement action is an inherently complex and difficult process for enforcement firms and bailiffs as well as our clients, that’s exactly why an effective, statutory regulator is desperately needed.

Since its creation, the Enforcement Conduct Board has shown significant promise, driving toward its goals of raising standards, managing complaints and improving accountability in the bailiff sector. However, it lacks the statutory underpinning which would properly shore up its longevity and independence, and guarantee it is able to set and maintain effective standards and enforce them when necessary. The Ministry of Justice has already committed to reviewing the option of putting this body onto a statutory footing by November 2024; it is now just political will which is required to get this over the line.⁶¹

While we want to see local authorities referring far fewer people for bailiff action, a statutory regulator of the enforcement sector is urgently needed to protect and support financially and otherwise vulnerable people who do end up facing this activity.

Crucially, more than 4 in 5 (86%) UK adults support the introduction of an independent statutory regulator which ensures bailiffs abide by rules to treat those in debt fairly.⁶²

Central Government should:

- 7. Remove the outdated sanction of imprisonment for non-payment of council tax in England, in line with the other UK nations.**

While very few people are sent to prison in reality, the threat of this is deployed too readily and can have awful consequences on the wellbeing of those who simply can’t afford to pay. From causing people to agree to fundamentally unsustainable repayment plans, through to creating debts elsewhere and creating concerning mental health outcomes, it is not constructive in generating the empathetic engagement required to tackle problem debts.

Removing this ultimate sanction of imprisonment is a crucial step in modernising outdated council tax debt collection practices which don’t belong in the 21st century. What’s more, not only can this be done, but it already has been done elsewhere – including in Wales, where the “outdated and disproportionate” nature of the punishment has been recognised.⁶³ Research by Policy in Practice has found that the removal of this sanction has not noticeably affected council tax collection rates.⁶⁴

It goes without saying that the threat of imprisonment does not help an individual in financial difficulty to repay money owed, and it is widely understood that working constructively with people in debt is more conducive to repayment than punitive threats. Revoking this punishment is fundamental in reframing the council tax debt collection system as a whole.

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