



Resources and Governance Scrutiny Committee

Date: Thursday, 11 January 2024

Time: 10.00 am

Venue: Council Chamber, Level 2, Town Hall Extension

This is a **Fourth Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published.

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Membership of the Resources and Governance Scrutiny Committee

Councillors - Simcock (Chair), Andrews, Brickell, Connolly, Davies, Evans, Kilpatrick, Kirkpatrick, Lanchbury, Rowles, Stogia and Wheeler

Fourth Supplementary Agenda

8. **Feasibility Study into Ending the Use of Enforcement Agents** 3 - 82
Report of the Deputy Chief Executive and City Treasurer.

This report presents a feasibility study into whether the use of Enforcement Agents (EAs), also known as bailiffs, is an effective or proportionate method of collecting debt.

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Monday, 8 January 2024** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester, M60 2LA

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 11 January 2024

Subject: Feasibility study into ending the use of Enforcement Agents

Report of: Head of Corporate Revenues

Summary

This report represents a feasibility study into whether the use of Enforcement Agents (EAs), also known as Bailiffs, is an effective or proportionate method of collecting debt. The work follows the submission from ACORN and Debt Justice on 7th September which encouraged members to support the following:

- This committee acknowledges the difficulties faced by people with lived experience of debt across Manchester.
- This committee acknowledges the work of Debt Justice and ACORN in supporting people from across Greater Manchester with lived experience of debt.
- This committee recommends that the Council's Executive initiates a review into the best way to ethically support people experiencing Council Tax debt with methods that are financially inclusive and no longer include bailiffs as a way to recover debt to be presented within 6 months.

The use of EAs remains widespread across the UK. Manchester is one of the five most deprived Council areas in England (English Indices of Deprivation 2019), the other four are Liverpool, Hull, Middlesbrough and Knowsley. All of these Councils refer cases to EAs where residents do not engage. All of the Greater Manchester Councils use EAs to recover Council Tax debt, although Oldham and Wigan Councils have in-house teams to carry out this work. All of the major cities in the UK (Manchester, Birmingham, Leeds, Liverpool, Sheffield, Bradford, Newcastle, Nottingham and Bristol) use EAs to recover Council Tax from residents who don't engage.

Citizens Advice Manchester have also made recommendations, but these relate more to reducing the numbers passed to EAs than ending the use of EAs altogether.

Improved Regulation

There has been significant progress on how the industry has been regulated since 2014. There have been two major reports reviewing the effectiveness of the 2014 changes on the use of EAs in the last 4 years. These have led to further steps to regulate the enforcement of debt and to make improvements to practice. In 2019 the Justice Committee recommended:

- The overhaul and clarification of the complaints process.

- The establishment of a regulator to stop unfit EAs and companies practicing and encourage good practice.
- That the regulator makes recommendations to the Government on the level of fees setting them as low as possible while maintaining the viability of the enforcement industry.
- Body worn cameras are mandatory when visiting homes or businesses.

These built on the Government's response to the Committee's Seventh Report of Session 2017-19 which recognised the need for the proper treatment of residents by EAs and that the role they played was necessary and difficult. The work has seen the establishment of the Enforcement Conduct Board (ECB) as an independent oversight body for the industry. The Government supported the idea of an independent complaints function and greater regulation and is looking to the ECB to provide this. The ECB will be funded by firms on a pro rata basis and the key objectives will be to:

- Establish clear standards of behaviour for the enforcement industry;
- Improve accountability, including introducing effective sanctions for non-compliance;
- Ensure public confidence in an accessible and independent complaint-handling system; and
- To protect vulnerable people.

It noted that body worn cameras had been made mandatory in 2019 (it was compulsory for EAs working in Manchester from 2016).

More support for residents

The Council follows the government guidance on supportive debt recovery in the different stages of the Council Tax enforcement and recovery process including scheme design, working with the debt advice sector, effective use of data and enforcement action. Considerable investment has also gone into, and continues to go into, improving debt collection practice and working more closely with residents. Examples include:

- Measures recommended by the Truth Commission were introduced in June 2023 for an initial 12-month period:
 - ✓ Increased support through the Discretionary Council Tax Payment scheme of £133k so far this year.
 - ✓ Writing off costs for those in receipt of maximum CTS and those who engage and make a sustainable repayment agreement.
 - ✓ Giving residents in Council Tax arrears the ability to spread repayments over longer periods.
 - ✓ Implementing a less formal local 'breathing space' scheme to give residents in arrears the ability to pause collection activity whilst they seek debt advice and local authority support to stabilise their finances.
- Improvements to letters in conjunction with ACORN and the CABx (examples at appendix 6).
- The maximum level of Council Tax Support payable is being increased from 82.5% to 85% subject to the outcomes of the consultation.

- A web page that brings all of the different kinds of help and support offered by the Council under the 'Helping Hands' banner

Steps have been taken to reduce additional costs to residents. The full costs of fees of £644.50 are only added if a resident goes through all the recovery stages and has goods removed, which is very rare. Residents who are struggling to pay their Council Tax and contact the Council are offered a range of solutions that can prevent cases escalating to EAs, including writing off the most recent set of summons costs. As part of the budget process the Council will be funding up to £600k to offset the amounts that used to be collected through court and summons processes.

Recovery processes prior to an EA visit

It is recognised that Enforcement Agents should only ever be used as a last resort and before it gets to that stage, residents will have been encouraged to apply for financial support and to engage and make a repayment plan. Most Manchester residents pay their Council Tax without question and never have to think about what happens when they do not pay. By the time a resident has their account passed to EAs they will have ignored a reminder, two text messages (where the Council holds a mobile phone number), a summons and two letters warning of a visit by an EA. Once the case is with an EA company and they start to make contact with multiple letters and phone calls warning of the real possibility of an EA visit, they collect between 41% and 47% of the total that they recover with zero or £75 fees added, removing the need for an actual visit by an EA and additional costs.

Importance of Council Tax to the Council

However, the use of Enforcement Agents remains an important part of the measures. Council Tax represents 30% of the Council's funding, supporting vital front-line services. Over 50% of the budget is on adult and children's social care and it is worth noting that the Council has invested significantly using £6m of its own resources in 2021/22 to provide additional support to residents.

Recommendations

The Committee is recommended to:-

- Note the contents of the report and thanks ACORN, Debt Justice and Citizens Advice Manchester (CAM) for their challenge and contributions.
- Note 1% drop in the in-year collection rate of Council Tax represents a reduction of £2.73 million in the Council's revenue. The Council has had cumulative budget cuts of £443m from 2011/12 to 2023/24 and are looking at a gap of The Council has had cumulative budget cuts of £443m from 2011/12 to 2023/24 and are looking at a gap of £5m for 2024/25 which will need to be resolved before the budget is set, rising to over £36.2m in 2025/26 and £55.4m in 2026/27.
- Noting all the information provided, recommend that the City Council continues to use EAs in the collection of Council Tax against individual residents.

- Recommend that it is not appropriate for any case in receipt of any level CTS to be referred to EAs and agrees that recovery via an attachment of benefits is more appropriate, including for those currently in receipt of maximum CTS.
- Recommend that further consideration is given to implementing the recommendations made by CAM.

Wards Affected:

All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	None
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	The principal recommendation is for the continuation of an existing policy. The use of Enforcement Agents against residents is determined by their non payment of Council Tax rather than by membership of any protected or disadvantaged groups.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	By mitigating the impact of Council Tax recovery on residents and removing the burden of historical costs, it makes them more able to play an active role in the city's economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	n/a
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Writing of historic summons costs for residents on maximum CTS reduces any debt burden they have, easing the passage back in to work.
A liveable and low carbon city: a destination of choice to live, visit, work	n/a
A connected city: world class infrastructure and connectivity to drive growth	n/a

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Adopting the recommendations of the report will:

- Maintain revenue collection by EAs for the Council and increase recovery from those on maximum CTS by re-introducing attachments to benefits for those on maximum CTS.
- Reduce the value of historic summons costs available for recovery, although much of this will have been covered by the Council's bad debt provision.

Financial Consequences – Capital

None

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Background documents (available for public inspection):

Council Tax Recovery during the Cost-of-Living Crisis Policy

1.0 Introduction

- 1.1 At the Resources and Governance Scrutiny Committee meeting on 7 September 2023 the committee requested that officers, in consultation with the Executive Member for Finance and Resources, undertake a feasibility study into ending the use of Enforcement Agents (EAs) in the collection of Council Tax.

The paper includes:

- Background and history of the use of EAs by Manchester City Council including extracts from the Council's Debt Recovery Policy and EA Code of Practice, collection levels, adding and recovering fees and steps the Council has taken to reduce the use of EAs.
 - Detail of how important Council Tax collection and recovery are to the Council's finances.
 - A summary of ACORN and Debt Justice's arguments for ending the use of EAs to collect Council Tax and input from Citizens Advice Manchester including recommendations to support more vulnerable residents.
 - Details of how effective EAs are at recovering Council Tax in Manchester and the rest of the country.
 - An examination of the levels of complaints made against EAs
 - A review of the recent report by the Justice Committee and the Government response.
 - A look at the experience of Bristol City Council and Hammersmith and Fulham Council who initiated an 'ethical collection' approach in 2018 and undertook not to use EAs for the recovery of Council Tax.
 - Details of planned initiatives to further reduce the use of EAs in Manchester .
 - A section on recovery of Council Tax from residents in receipt of Council Tax Support .
- 1.2 The study draws on information from ACORN, Debt Justice, The Citizens Advice Bureau, CIVEA, individual EAs, Bristol City and Hammersmith and Fulham Council's. Papers submitted by ACORN, Debt Justice, CAM and CIVEA are included as appendices.
- 1.3 The summary will review the main points identified in the paper and draw conclusions on the impact of ending the use of EAs in Council Tax collection.

2.0 Background and history

- 2.1 Referring an outstanding Council Tax debt to EAs is one of a number of recovery options available to Councils following the granting of a Liability Order by a Magistrate. Other options include an attachment of earnings (where employer details are known), attachment of benefits (when the resident is in receipt of appropriate benefits), insolvency and committal to prison.

2.2 The Council currently works with three EA companies following a competitive tendering exercise. There were originally four, but one no longer receives work as they were the worst performer of the group.

2.3 Government guidance states:

“Effective use of Enforcement Agents can also be an important way of recovering Council Tax debt where the authority is satisfied that there are no other appropriate mechanisms for recovering that debt. When collecting unpaid Council Tax, Enforcement Agents are working on behalf of the local authority. It is the authority’s responsibility to ensure that agents work within the guidelines set by the authority and that they comply with the regulatory framework and the national standards.

It is crucial that, where authorities use Enforcement Agents, they do so effectively and considerately, recognising that the use of Enforcement Agents will add further cost to the resident’s bill. This includes taking prior steps before referring a case to agents.”

(Council Tax collection: best practice guidance for local authorities published 16 August 2021).

2.4 The Debt Recovery Policy

2.4.1 The Council has a comprehensive Debt Recovery Policy that is regularly refreshed. It sets out the steps that the Council will take to recover unpaid Council Tax. It was amended to reflect the challenges posed by the Covid 19 pandemic and is currently under review to incorporate changes required to recognise the challenges residents face due to the current cost of living crisis.

2.4.2 It details the minimum of four letters that a resident will receive following nonpayment of the instalment plan set out in the annual bill issued in March each year. It recognises the hardship residents may be experiencing and offers additional support to Care Leavers and former members of the armed forces in recognition of the additional challenges they may face.

2.4.3 Additional support for those worst affected by the cost-of-living crisis has been put in place during 2023:

- Writing off multiple summons costs (currently £79.50 for each summons issued) for those residents in receipt of maximum Council Tax Support (CTS)).
- Writing off the most recent summons costs where residents engage with the Council to make an arrangement.
- Making arrangements over a longer period to reduce the monthly burden and, where appropriate, offering payment holidays.
- Introducing an informal breathing space for residents referred by Advice Agencies or Councilors
- Making more generous use of the Discretionary Council Tax Payment scheme with £133k being paid up to the end of September 2023 compared with £40k for the whole of last year

2.5 EA code of conduct

2.5.1 As part of the EA contract, EA companies must comply with the EA code of practice as amended to ensure Government guidance is followed. This sets out the following key requirements (this list is not exhaustive):

- Only properly trained, certificated EAs can be used.
- A pre compliance letter must be issued that incurs no fees.
- Multiple letters must be sent, and multiple phone calls must be made prior to an EA visit.
- Body worn video cameras must be carried and turned on to record the entire visit unless the debtor asks for it to be switched off or the enforcement agent decides it is inappropriate to film (ie because of the debtor's attire).

2.5.2 When an EA visits and before an enforcement fee is added, they must, using their professional judgement, explicitly consider whether the debtor falls into the following vulnerability categories. Where the debtor:

1. Appears to have been severely impacted by Covid 19. This could include ongoing significant health conditions (long covid) or a significant drop in income that can be evidenced.
2. Appears to be severely mentally impaired or suffering severe mental confusion.
3. Has young children and severe social deprivation is evident.
4. Is disputing liability or claims to have paid, applied for a rebate, Council Tax Support (CTS), discount or any other relief not yet granted. Under these circumstances the enforcement agent should report this back to the Council.
5. Is heavily pregnant and there are no other adults available in the household.
6. Is in mourning due to recent bereavement (within one month).
7. Is having difficulty communicating due to profound deafness, blindness or language difficulties. In these cases, the Council would make arrangements for the appropriate support in terms of a signer or translation services etc.
8. Has severe long-term sickness or illness including being terminally ill.

2.5.3 This judgement must be based on telephone conversations, written responses, visits by company employees not acting as Enforcement Agents and visits by Enforcement Agents. A clear statement that the debtor's vulnerability has been considered must be recorded on the debtor's record before the enforcement fee is added. When an enforcement agent makes the first visit to the property and decides that the debtor is vulnerable, no enforcement fee should be added, and the account should be returned to the Council.

2.5.4 Since mid-October, the Council has been monitoring compliance with the above requirements by initially sample checking 20 cases from each of the three EA companies currently collecting debt.

2.5.5 This scheme is in its early stages, but after 25% of the cases have been checked, no breaches of the code of practice have been identified. The one case of note that has been identified is where an EA visited a resident, decided they were vulnerable, referred them to the company's in-house vulnerability team who subsequently returned the case to the Council without adding charges.

2.6 Reducing the use of EAs

2.6.1 The use of EAs is widespread amongst Councils and has been an integral part of Manchester City Council's approach to the recovery of outstanding Council Tax for many years. There has always been a clear understanding of the impact of the use of EAs on residents, both financial and emotional, and much work has been done to reduce the number of accounts passed to EAs for recovery. This has contributed to a reduction in the number of cases from a starting point of 56,000 in 2005/6 when the Council had 187,000 chargeable dwellings to 18,521 in the year before the pandemic (currently there are 247,000 chargeable dwellings):

- Rewarding EA companies who were more effective at making arrangements with residents before EAs actually visit.
- Improving the sift of cases where a Liability Order has been granted to identify vulnerability and chose a better recovery option.
- Trialing an innovative data the exchange with HMRC to receive employer and earnings details.
- Introducing an additional EA visit warning letter.
- Including additional information about the impact of ignoring reminder letters incorporating wording suggested by the Money Advice Trust.
- Residents in receipt of maximum Council Tax Support who get into arrears do not have their account passed to EAs.
- Residents in receipt of partial CTS owing less than £150 are never visited by EAs.

2.6.2 Table 1 below details the number of debts passed to EAs since 2018 (one resident may have multiple annual debts passed to EAs in any given year. It also gives the number of residents who were referred to EAs for recovery

Table 1 - Cases passed to EAs

	2018	2019	2020	2021	2022
Debts passed to EAs	19,263	18,521	0	22,933	11,890
Residents passed to EAs	8,558	8,485	0	8,459	6,526

2.7 Recovery of Council Tax by EAs

2.7.1 EAs recover a significant amount of Council Tax for the Council as shown in Table 2. The recovery of arrears (defined as Council Tax outstanding from previous years) plays a vital role in the Council's finances and the amount collected by EAs has remained fairly constant as referrals have reduced.

Table 2 – Arrears recovery and recovery by EAs (millions).

	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
Total arrears collection	£4.2	£5.9	£6.7	£6.2	£6.8	£6.2	£7.2	£6.4	£9.1	£9.6
Collection by EAs	£2.4	£2.1	£2.3	£2.2	£2.6	£2.2	£3.0	£0.8	£1.5	£2.6

* 2020 was the first year of Covid and all new referrals for action by EAs were suspended as were EA visits to existing cases.

2.8 Addition of costs by EAs

2.8.1 In the vast majority of cases, EAs add two sets of costs to fund their efforts to recover Council Tax:

- The Compliance Fee of £75 is added when a case is passed to them
- The Enforcement Fee of £235 is added when an actual visit is made by an EA.

2.8.2 A further fee of £110 can be added if an EA attends to remove goods, but this is very rare in Manchester. Since April 2022 over 12,000 cases have been passed to EAs and further fees have only been added on 39 occasions and paid on 23 occasions by two of the EA companies working for Manchester, the third never added the £110 removal fee. No goods have been removed. Table 3 details the number of fees added to residents' accounts since 2021.

Table 3 – Numbers of fees added to residents' accounts

	Cases passed to EAs	Compliance fee added	Enforcement fee added
2021/22	22,933	15,804	5,846
2022/23	11,890	7,112	4,376
2023/24*	2,941	3,582	724

*Denotes part of a year

2.8.3 Between 15% and 25% of cases passed to EAs never have fees added. This is because EAs send out a pre compliance letter for the Council and make no charge if the resident responds to that with payment.

2.8.4 Collection of fees owed to EAs is done alongside the recovery of Council Tax owed to the Council. Table 4 shows the value of fees added and collected from Manchester Residents since 2021.

Table 4 – Collection of fees

	Compliance fee		Enforcement fee		Total of fees	
	Added	Collected	Added	Collected	Added	Collected
2021/22	£1,115,172	£183,264	£1,828,133	£328,796	£2,944,107	£512,407
2022/23	£536,097	£117,676	£1,343,217	£281,171	£1,882,301	£402,607
2023/24*	£269,324	£29,678	£191,013	£26,234	£460,668	£57,180

*Part year

2.8.5 The table shows that between 16% and 21% of fees added are actually recovered by the EA companies.

2.9 The effectiveness of EAs in the collection of Council Tax

2.9.1 Due to high levels of deprivation and transience, EAs have always struggled in Manchester to match collection levels achieved in wealthier parts of the country. Between May 2021 and August 2022, £19.7m (gross) was issued to four enforcement agent companies, overall performance is documented below in table 5.

Table 5 – Collection by EAs

	Gross issue	Remittance	% collection
Company A	£4,821,369	£351,317	7.3%
Company B	£5,469,585	£595,433	10.9%
Company C	£4,805,884	£445,714	9.3%
Company D	£4,587,465	£569,038	12.4%
	£19,684,302	£1,961,501	10.0%

2.9.2 Table 2 above sets out how much has been collected in cash terms each year since 2013 - £2.6 million in 2022/23.

2.9.3 Referrals to EAs are significantly down this year compared to last year and there is a resulting dip in arrears collection from £7.66 million on 1 December 2022 to £6.55 million on 1 December 2023.

2.10 Collection without EAs visiting

2.10.1 According to figures provided by the EA companies, between 41% and 47% of the debt they recover is collected at the compliance stage without the need for EAs to visit and addition the enforcement fee. EA companies have adopted sophisticated recovery techniques to maximise collection at the compliance stage, similar to those adopted by private sector debt collection companies. However, they do have the added threat of visits by EAs and the additional costs that are added when trying to reach and negotiate an arrangement with residents referred by Council's. Without this it is arguable that collection rates would not be as high.

2.10.2 There is no easily available information on how effective recovery of Council Tax by other private sector companies as it is not an approach that is being taken by Councils.

3.0 The importance of Council Tax collection to the Council's finances

3.1 Council Tax is crucial to local councils as it serves as a primary source of revenue, facilitates local decision-making, supports the provision of essential services, and supports financial independence and responsibility. For Manchester the 2023/24 revenue budget assumes that almost 30% of net revenue income (£213m) will be achieved from Council Tax income.

3.2 Dependence on Council Tax revenue necessitates careful budgeting and financial planning by local councils. We must allocate resources efficiently, balancing the demands of providing essential services with the need to keep Council Tax rates reasonable to avoid putting excessive financial burdens on residents. Government funding settlements assume the Council will apply the maximum increase allowed without holding a referendum. In 2023/24 this reflects an increase of 2% specifically to support Adult Social Care and 2.99% to support general costs. This helps fund essential local services such as rubbish collection, street cleaning, local schools, social care, and other community services. The revenue generated from Council Tax is crucial for

maintaining and improving the quality of life for residents within a local authority.

- 3.3 The Council also collects Council Tax on behalf of the Greater Manchester Combined Authority (GMCA), the Mayoral General Precept, including the Fire and Rescue authority, and the Police and Crime Commissioner Precept. So it also plays a vital role in funding the services provided by these bodies
- 3.4 The budget recognises that 100% collection is unlikely to be achieved, and an ultimate collection rate of 96.5% is assumed. Collection relating to a specific year may continue for many years. A bad debt provision is provided for the element of debt which is not collected and will ultimately be written off. On average c£9m of arrears collection is achieved each year through a variety of recovery processes once a liability order has been secured. Of the £9.6m arrears collected in 2022/23, 27% is recovered by EAs each year.
- 3.5 Crucially, a 1% drop in the in-year collection rate of Council Tax represents a reduction of £2.73 million in the Council's revenue. The Council has had cumulative budget cuts of £443m from 2011/12 to 2023/24 and are looking at a gap of £30m in 2025/26 and £49m in 2026/27 so any reduction in CT collection will have a significant impact on the services we can provide.

4.0 Arguments for ending the use of EAs in the collection of Council Tax

- 4.1 ACORN and Debt Justice provided a detailed submission, arguing for the end of the use of EAs in the collection of Council Tax. The full submission is at appendix 2, with some responses, but the principal arguments are detailed below.
- Bailiff action is a distressing experience that exacerbates the debt and poverty affecting people struggling to keep up with Council Tax payments. Pushing residents into debt and poverty is also a false economy for local authorities. As a result of bailiff enforcement, residents can become unable to make Council Tax contributions as well as seeking discretionary and housing support for years into the future.
 - Bailiffs make Manchester poorer. The fees incurred by a Manchester resident that has gone through the whole of the enforcement process could be more than £644.50. Half of Citizens Advice clients currently seeking debt advice have a negative budget, meaning their necessary expenditure on essentials outweighs their income. The average person they help with debt advice used to have £19 left over each month after paying for their essentials. Now, they have an average shortfall of £28 per month.
 - In Manchester, people of working age with no 'excess income' are still required to pay 17.5% towards their Council Tax bill. This is simply impossible and creates a conveyor belt of people being pushed into arrears. Whilst residents in receipt of maximum Council Tax Support are exempt from bailiff action in Manchester, those on less than the maximum are not. Residents may also not be receiving the maximum support they are entitled to.

- Over-indebtedness incurs considerable social and economic costs, many of which fall on local authorities. These severe financial pressures contribute to relationship breakdown, poor health including mental health and loss of housing. They can also harm debtors' employability, reduce their productivity at work, and affect the welfare of their children. At its most severe, over-indebtedness can also be a contributory factor in suicide.
- Using National Audit figures, and applying them to the 22,933 cases that were sent to enforcement agencies in 2021/2022 in Manchester, we calculate the impact of Council Tax debt could have been £6.9 million in additional public service costs, this far outweighs the £3.7 million collected from residents who had not engaged with the Council between September 2018 and September 2019.
- From the council's own data however, we have seen that Enforcement Agents are only able to recoup 14% of debts passed on in 2021/22 and 16% 2022/23, showing that they are not an effective method of collecting debt in the first place.
- Bailiffs are financially incentivised to recover debts and are therefore badly placed to assess the vulnerability of residents. The code of practice does not give sufficient protection to residents because poor enforcement practice is widespread. An estimated one in three Bailiffs break the rules - Bailiffs enter people's homes (sometimes with children inside) before six am or after nine pm, seize possessions from the wrong people, use force to enter and intimidate, often causing trauma in the process.

4.2 An additional submission from Debt Justice (Appendix 4) includes:

4.3 The Bailiff Industry itself, represented principally by the trade association CIVEA, has been unable to regulate itself and raise standards sufficiently, which has prompted the creation of the Enforcement Conduct Board.

4.4 We are hopeful that the Enforcement Conduct Board, which has been set up to provide more independent oversight of the industry, can raise standards. At present though, the board lacks the statutory powers needed to compel all Enforcement Agents to adhere to high standards. As a result, we cannot predict if, or when, bad practice in the industry will be eliminated.

4.5 The submissions from ACORN and Debt Justice end with this challenge:

“Manchester has always been seen as a socially progressive city - one that has dared to be different, especially when its population has faced difficulties. The cost-of-living crisis is one of these moments and it is heavily impacting on the lives of communities across Manchester. We call on this committee to be on the right side of history and ban the Bailiffs in favour of more inclusive and fairer methods of collection.”

4.6 Citizens Advice Manchester (CAM) also provided a submission (appendix 5). In it they note the recommendations they have made to central government:

- Amend the regulations to stop people being asked to pay their entire annual bill if they miss 1 monthly payment.

- Create a statutory code of practice governing Council Tax debt collection. This would set out the steps that should be taken by local authorities before a liability order can be made - such as attempting to establish an affordable repayment plan.
- Give councils the power to initiate deductions from benefits without getting a liability order – subject to affordability assessment and appropriate safeguards.
- Remove the threat of imprisonment for Council Tax arrears in England.
- Provide additional funding for Council Tax Support, so that local authorities can reintroduce 100% reductions for low-income residents of working age.
- Take steps to improve awareness of Council Tax Support and increase take-up by eligible household. They state that many of their clients who come to them with Council Tax arrears also have other issues that compound the problem and identify the fact that the Council only accepts online claims for CTS which may be a barrier to claiming for those that are digitally excluded.

4.7 CAM make similar arguments to ACORN and Debt Justice as to the effects of EA fees when added to the original debt and how this increases the financial burden on those already struggling to pay.

4.8 CAM makes the following recommendations to the Council:

- Ensure summons costs are reasonable and reflect the actual costs incurred by the Council
- Publicise the vulnerability criteria more widely so that residents are more likely to self-identify as vulnerable and receive the additional support they need
- Where a debt is escalated to EAs, residents need to be informed that they can still seek independent advice
- The development of a network of organisations, supported by MCC, who can support people to make their online application.

5.0 Complaints

5.1 Body Worn Cameras

5.1.1 The introduction of compulsory body worn cameras makes investigating the vast majority of complaints about EA behaviour on visits straightforward. When a complaint is made, footage is requested from the EA company and reviewed by a manager, and it is clear whether the complaint is founded or not. However, the numbers of complaints remain extremely low.

5.2 Complaint numbers

5.2.1 The level of complaints can be an indicator of whether something is working correctly or not. Prior to 2014, the Council received significant numbers of complaints against EAs. Almost exclusively the complaints were against the

charges added to the outstanding debts. The previous charging regime was complex and open to abuse.

- 5.2.2 The introduction of the new three-tier approach to adding charges (Compliance/Enforcement/Removal) simplified the adding of charges and the number of complaints received by the Council dropped to almost nothing.
- 5.2.3 Since April 2022, five complaints have been made directly to EA companies and just one directly to the Council. Of these six complaints, only one was upheld. During 2021/2 and 2022/3, 15,000 residents were referred to EAs due to Council Tax arrears, meaning around 0.03% of residents complained about EA behaviour.
- 5.2.4 In contrast, ACORN argue that more than one in three (39%) Bailiffs break the rules based on an independent survey carried out by YouGov for the CAB over a two-year period.
- 5.2.5 Debt Justice explain the low level of complaints as follows:

“The Centre for Social Justice notes that low levels of complaints are not necessarily an accurate way of understanding how widespread incidents of rule breaking are. This is because people in problem debt are often experiencing additional vulnerabilities.

For reasons set out above, there is a high chance that incidents of rule breaking may never be reported to a creditor. That is why we say that whilst we do not doubt Manchester City Council’s ambition to follow up reports of rule breaking, we have no faith in the system of complaints as it is currently configured.”

- 5.2.6 This is supported by the Government response to a 2019 Justice Committee report:

“The Government’s view is that formal complaints are not a reliable indicator of the prevalence of problems in the industry due to the evidence of barriers in the complaints system, including the fact that it is fragmented and complex to navigate. We agree with the Committee’s conclusion that a more clearly defined and independent complaints process is important both in ensuring complaints are handled fairly and in improving transparency around problems in the sector.”

- 5.2.7 It is clear that some incidents of law breaking go unreported, but the discrepancy between 39% of EA visits involving rule breaking and the low level of formal complaints made is huge.

5.3 Case studies

- 5.3.1 As part of their submission ACORN provided five case studies of Manchester residents who have been ill-treated at the hands of EAs (details in appendix 2). Of these five cases:

- One took place twenty years ago.
- One said that they were visited by an EA because they were two days late making a Council Tax payment which simply would not happen.
- One said they were taken to court without being informed and only found out when they received the annual bill the following year. Again, this would not have happened.
- One was correctly treated as liable for the full Council Tax for a house share as the other residents could not be traced.
- One made no payments for five years and refused multiple offers to discuss her situation over the phone with a Council Tax Team Manager

5.3.2 All five made allegations of inappropriate behaviour by EAs involved in recovery, but the Council has not been provided with any details that would allow us properly to investigate the claims nor were formal complaints made, so we have not been able to hold the EA companies to account. ACORN have told us that it is not their role to support residents in making complaints.

5.3.3 In a recent meeting, ACORN raised two further incidents of unacceptable EA behaviour:

- One where an EA sent a resident a picture of his penis. ACORN were urged in the strongest possible terms to encourage the resident to report this to the Council and/or the Police, but it is unclear whether this has been done.
- The other detailed an aggressive approach by the EA who was not prepared to accept an arrangement. Again, ACORN have been urged to encourage the resident to report this to the Council as body worn camera footage would clearly identify any inappropriate behaviour.

5.3.4 A list of 21 incidences of inappropriate behaviour by EAs was provided by Christians Against Poverty (CAP). However, on checking with CAP, it was confirmed that none of them were in the Manchester area. CAP were asked how many of the residents involved made a complaint, but as yet there has been no response.

6.0 Use of EAs across England

6.1 Manchester is one of the five most deprived Council areas in England and not alone in using EAs in deprived areas (English Indices of Deprivation 2019). The other five are Liverpool, Hull, Middlesbrough and Knowsley. All of these Council's refer cases to EAs where residents do not engage.

6.2 All of the Greater Manchester Councils use EAs to recover Council Tax debt, although Oldham and Wigan Councils have in-house teams which gives them greater control over behaviour.

6.3 There have been two major reports on the use of EAs in the last 4 years

6.3.1 Justice Committee – Bailiffs – Enforcement of debt (11 April 2019)

[Bailiffs: Enforcement of debt - Report Summary - Justice Committee \(parliament.uk\)](#)

They recommended:

- Overhaul and clarification of the complaints process.
- The establishment of a regulator to stop unfit EAs and companies practicing and encourage good practice.
- That the regulator makes recommendations to the Government on the level of fees setting them as low as possible while maintaining the viability of the enforcement industry.
- Body worn cameras are mandatory when visiting homes or businesses.

6.3.2 **Bailiffs: Enforcement of debt: Government Response to the Committee's Seventeenth Report of Session 2017–2019**

[Bailiffs: Enforcement of debt: Government Response to the Committee's Seventeenth Report of Session 2017–2019 - Justice Committee \(parliament.uk\)](#)

It recognised the need for the proper treatment of residents by EAs and that the role they played was necessary and difficult:

“The Government remains committed to ensuring that all Enforcement Agents treat people in debt fairly and operate in a responsible and proportionate way. We also recognise that the enforcement of debt is necessary for both the economy and the justice system and that Enforcement Agents carry out a difficult role in often challenging circumstances”

It noted that body worn cameras had been made mandatory in 2019 (it was compulsory for EAs working in Manchester from 2016) and the establishment of the Enforcement Conduct Board (ECB) as an independent oversight body for the industry.

In relation to complaints, it noted:

“However, from the available evidence it is very difficult to assess whether the low number of formal complaints is due to a lack of widespread problems with enforcement agent behaviour, or because people are reluctant to make a formal complaint”

6.4 The Government supported the idea of an independent complaints function and greater regulation and is looking to the ECB to provide this. The key objectives of the ECB will be to:

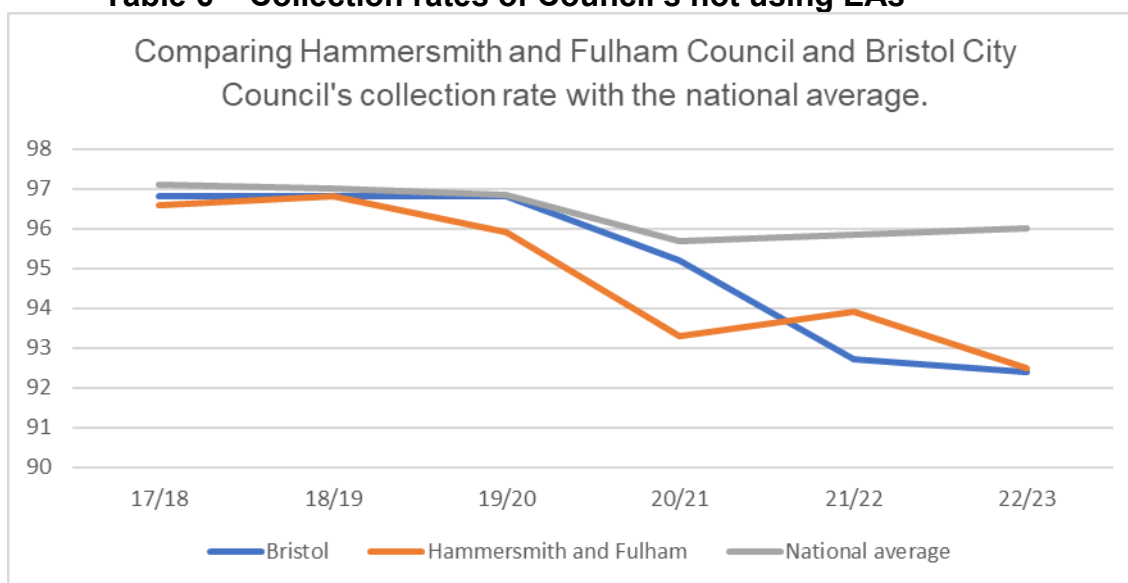
- Establish clear standards of behaviour for the enforcement industry;
- Improve accountability, including introducing effective sanctions for non-compliance;
- Ensure public confidence in an accessible and independent complaint-handling system; and
- To protect vulnerable people.

6.5 These were agreed by representatives of the Enforcement and Debt Advice sectors. The Centre for Social Justice's report also set out that the ECB will be funded by firms on a pro rata basis.

6.6 The experience of Bristol City Council and Hammersmith and Fulham Council

6.6.1 Bristol City Council and Hammersmith and Fulham Council are two large, municipal authorities that said they had ended the use of EAs in Council Tax collection from 2018. The graph below shows how their in-year collection rate (the amount of Council Tax raised in a year that is collected in that year) has changed since 2018 and compares them to the national average.

Table 6 – Collection rates of Council's not using EAs



6.6.2 Covid 19 had an impact on collection nationally, but Hammersmith and Fulham and Bristol's collection rate were significantly more affected than the national average. Both authorities ceased any recovery action during the pandemic as did most other Council's.

6.6.3 Bristol City Council

6.6.4 The Council Tax Operations Manager for Bristol attributes the reduction in the collection rate and arrears recovery to the suspension of all recovery activity during the pandemic and the changes required to the IT systems to facilitate the implementation of a new Corporate Debt Policy. He confirmed that cases are still passed to EAs for collection where appropriate. In the absence of any contact from the customer or any other relevant information cases will invariably be passed to EAs for collection.

6.6.5 Bristol City Council has set up an Outreach Team which aims to support those with multiple council debts and / or are financially vulnerable.

6.6.6 Hammersmith and Fulham Council

6.6.7 Hammersmith and Fulham Council set up a joint venture with a private sector partner called Intrum who undertook to pursue residents who did not pay their Council Tax. The Assistant Director for Revenues has confirmed that no cases were passed to EA. Their in-year collection rate increased in the first year after ending EA use but in 2019/20 it fell back by 0.8% and was 0.7% lower than for the last year when EAs were used. In addition, the Assistant Director said:

“Ending the use of EA’s had an instant impact on collection of arrears. As we all know, EAs would continue to collect on arrears cases to reduce arrears.”

6.6.8 The joint venture with Intrum was ended because it did not generate the anticipated success and no data was available to identify whether there were any other tangible benefits to ending the use of EAs.

6.7 Manchester and Intrum

6.7.1 Following the well publicised decision by Hammersmith and Fulham to end the use of EAs, Manchester officers met with Intrum to explore their business model. Briefly, they take all accounts where a second reminder is about to be issued and use a variety of advanced methods to make contact and try to encourage payment. For Manchester, they would make a charge for all the work they carried out (letters, texts, emails, time spent on the phone) and keep 7.5% of anything they collected. They would then return cases to the Council where they failed to collect, or the resident was classed as vulnerable, but still charge for the work carried out on these cases.

6.7.2 As many residents make payments following a reminder, it was felt that this approach just collected the easy money, charged significantly for it and returned all the complex cases to the Council. This approach was not pursued.

7.0 Current initiatives to reduce the use of EAs visiting residents

7.1 Manchester City Council continues to investigate ways to improve engagement with residents struggling to pay their Council Tax and sees this as the best way to reduce the number of cases passed to EAs.

7.2 Review of letters

7.2.1 Engaging with residents at an early stage in the recovery process is widely seen as the best way to tackle problems around payment and avoid more draconian recovery options later in the process. Following a visit to Salford Council to explore how they have responded to the cost-of-living crisis, a fundamental review of the automated Council Tax letters was initiated. ACORN have fed into this review, expressing their view that the letters currently in use are intimidating and may put vulnerable residents off contacting the Council for help.

7.2.2 In the light of this, all the principal letters have been reviewed with this in mind and, at the time of writing, the revised drafts have been circulated to ACORN, the CAB and other colleagues within the Council. The emphasis has changed from the previous, more robust approach, to one where the help available is highlighted.

7.3 **Telsolutions**

7.3.1 The Council has partnered with a company called Telsolutions to improve the number of residents that respond to contact about nonpayment. Residents will receive a combination of automated phone calls, rich SMS messaging and emails giving them immediate access to back-office staff to help explore the options available. This process is active in many other Council's and has resulted in a significant number of residents responding to contact, far more than respond to letters and standard texts.

7.3.2 This system should be operational in January 2024.

7.4 **Govtech**

7.4.1 The Govtech initiative will automate significant numbers of back-office processes, releasing staff for other activities. This project must be self-funding after two years, meaning a reduction in around seven grade 4 posts (through natural wastage). However, there is significant potential for the initiative to release significantly more than seven posts, allowing these staff to be refocused on supporting vulnerable residents.

7.4.2 Govtech will significantly improve customer service as the automated processes will be done within 24 hours and appropriate communications issued. The prompt billing and amending of accounts is another key driver in improving collection as residents are not waiting lengthy periods to know what they have to pay. Other Councils using Govtech have also reported a significant reduction in the number of calls to their contact centres, meaning shorter waiting times and quicker access to support for callers.

7.5 **Propensity to pay**

7.5.1 The Council has recently trialled the use propensity to pay information to streamline consideration of cases that are potentially about to be passed to EAs. Information is available that shows where residents are meeting all their other financial responsibilities except their Council Tax. These cases are passed to EAs without further investigation. It also shows residents who are struggling to meet their responsibilities and further efforts are made to contact these residents.

7.5.2 A tender exercise is currently under way which will, amongst other things, provide this type of information on a regular basis.

7.6 **Information exchange with HMRC**

7.6.1 The Council has been at the forefront of two trials where HMRC provides earnings and employer information relating to residents where the Council has been awarded a Liability Order. Following attempts to contact by phone, email and letter, a significant number of residents got in touch with the Council to make a sustainable arrangement. Similar numbers did not and had their earnings attached. All of these residents' accounts were previously passed to EAs who had failed to collect the outstanding Council Tax.

7.6.2 It is expected that this facility will become business as usual and it is clear that the threat of having attachments of earnings put in place is a significant incentive for residents to make contact. It is worth noting that the information provided by HMRC included 122 residents earning between £30k and £40k and another 90 earning more than £40k with the highest earner earning over £200k.

7.6.3 The Council has been informed by the Cabinet Office that Manchester should be going live in March 2024 as one of two authorities piloting this initiative as business as usual.

7.7 Proposed changes to the Council's Council Tax Support Scheme in 2024/25

7.7.1 The Council has recently consulted on proposals to make the following changes to the Council's Council Tax Support Scheme (CTSS) from April 2024:

- Increase the maximum CTS Award from 82.5% to 85% for working-age households.
- Adjust the UC excess income bands upwards by 2.5% to maintain parity with the 85% maximum award.
- Extend the maximum backdating period from six months to 12 months.

7.7.2 The proposals will be taken to the Resources and Governance Scrutiny Committee and Executive in January 2024.

7.7.3 The main change proposed would make the Council's CTS Scheme more generous for working-age households. The current CTS Scheme pays up to 82.5% of the Council Tax bill, leaving 17.5% to pay. The proposed CTS Scheme would pay up to 85% of the Council Tax bill leaving 15% to pay.

7.7.4 Extending the maximum CTS backdating period up to 12-months allows greater flexibility to support vulnerable residents and reduces avoidable requests for reconsiderations and appeals.

7.7.5 Based on 2023/24 rates, a resident with a partner receiving the maximum amount of CTS living in a Band A Council Tax will currently have to pay £229.78. If the maximum amount was increased to 85% they would pay £196.95.

7.7.6 The estimated cost to the Council of applying the proposed changes in 2024/25 is c£720k - £770k.

7.7.7 It should be noted that while the government requires local authorities to design and administer their own local CTS Scheme for working age people with no maximum support requirements, councils are required by law to pay up to 100% Council Tax Support (CTS) for pension age people.

8.0 Recovery from Residents in receipt of Council Tax Support

8.1 Residents on full/maximum CTS

8.1.1 For many years, residents in receipt of full CTS (for those over working age) or maximum CTS (82.5% for those of working age) have not had their accounts passed to EAs for collection in recognition of the impact that additional fees would have on a relatively small debt. Historically, these debts would have built up due to non-payment when the resident was in work or because of the reduction in the maximum amount of CTS payable and subsequently been recovered by an attachment of benefits.

8.1.2 Since Covid, recovery from residents with arrears in receipt of maximum CTS has not progressed beyond the first reminder stage with no additional attachments being put in place. In 2019/20 9,081 summons were obtained against residents on maximum CTS for non-payment. In 2022/23 the figure was zero.

8.1.3 On 30 March 2020 there were 9,206 attachments in place recovering around £1.38 million a year. On 30 March 2023 there were 6,640 attachments in place recovering around £758k a year, a reduction of income from this recovery method of £622k pa.

8.2 Residents in receipt of partial CTS

8.2.1 Residents in receipt of partial CTS have had any arrears recovered in the same way as residents receiving no CTS. Where the Council Tax debt is less than £150, we have instructed EA companies not to progress recovery beyond the compliance stage, meaning £75 is added to their debt but no EA visits were carried out and no one in this group had the £235 enforcement fee added.

9.0 Summary

- The collection and recovery of Council Tax plays a crucial role in funding vital services for residents and visitors to the city. EAs have played an important role in recovering unpaid Council Tax from those who fail to engage.
- EAs collect significant amounts of Council Tax for the city, nearly half of which is done without visiting meaning lower costs to residents, but overall the collection rate is low, reflecting the high levels of deprivation in the city.

- Vulnerable residents, including those who are financially vulnerable, can suffer significant distress when visited by EAs, This can adversely affect their mental health and lead to significant cost pressures elsewhere in the public sector.
- This has long been recognised by the Council and significant and successful efforts have been made to reduce the number of cases being passed to EAs. Those on the lowest incomes never have their cases passed to EAs for visits.
- Bailiffs are financially incentivised to recover debts and are therefore badly placed to assess the vulnerability of residents. The code of practice does not give sufficient protection to residents because poor enforcement practice is widespread. An estimated one in three Bailiffs break the rules.
- Complaints to the Council about EA behaviour are extremely rare given the number of accounts that are issued to them. However, it is widely recognised that a low level of complaints is not an indicator that all is well. Anecdotes provided by ACORN could not be investigated as the identities of the complainants were never provided
- Two high profile Local Authorities who lead the way in implementing ethical collection processes and ending the use of EAs have seen a significant drop in their in-year collection rate when compared with the national average. One of these still uses EAs despite the headlines
- Additional initiatives are underway to further reduce EA visits in the future by driving better engagement and offering more support to residents who are struggling.
- No formal recovery action is currently taken against residents in receipt of maximum CTS. Residents in receipt of some CTS are referred to EA companies, but if their debt is less than £150, they are never visited.

10.0 Recommendations

10.1 That the Committee

1. Notes the contents of the report and thanks ACORN, Debt Justice and the CABx for their challenge and contributions.
2. Notes that 1% drop in the in-year collection rate of Council Tax represents a reduction of £2.73 million in the Council's revenue. The Council has had cumulative budget cuts of £443m from 2011/12 to 2023/24 and are looking at a gap of £5m for 2024/25 which will need to be resolved before the budget is set, rising to over £36.2m in 2025/26 and £55.4m in 2026/27
3. Noting all the information provided, recommends that the City Council continues to use EAs in the collection of Council Tax against individual residents.
4. Recommends that it is not appropriate for any case in receipt of any level CTS to be referred to EAs and agrees that recovery via an attachment of benefits is more appropriate, including for those in receipt of maximum CTS.
5. Recommends that further consideration is given to implementing the recommendations made by CAM

11.0 Appendices

- Appendix 1 - Stop the Knock Report 2019, Money Advice Trust
- Appendix 2 - Acorn submission with Council comments *in italics*
- Appendix 3 - CIVEA response to ACORN submission
- Appendix 4 - Additional submission from Debt Justice
- Appendix 5 - Council Tax and Enforcement Agents – Citizens Advice Manchester
- Appendix 6 - Examples of revised reminder and recovery letters

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Stop The Knock



An update on local authority debt collection practices in England and Wales

About the Money Advice Trust

The Money Advice Trust is a national charity helping people across the UK to tackle their debts and manage their money with confidence.

We run National Debtline, offering free, independent and confidential advice on personal debt over the phone and online, and Business Debtline, the UK's only free dedicated debt advice service for the self-employed and small business owners. We are also the leading training body for UK debt advisers through our Wiseradviser service and provide training and consultancy to companies who engage with people in financial difficulty.

Beyond our frontline activity, we work closely with government, creditors and partners to improve the UK's money and debt environment.



Foreword

Since the publication of our last *Stop The Knock* report in 2017, concerns over the use of enforcement agents, more commonly known as bailiffs, have risen higher up the agenda in Westminster, Whitehall and Town Halls across the country. This is entirely appropriate, given the human cost of bailiff action to the people we help day in, day out.

Along with our partner charities in the rest of the debt advice sector, the Money Advice Trust continues to campaign for fundamental bailiff reform. The Ministry of Justice's review of the case for independent regulation – a cause now endorsed by the Justice Select Committee – gives us some hope that we are on the cusp of at last making progress on this vital issue.

Reforming bailiff action is vital if we are to protect people from harm. Of equal importance, however, is reducing the number of debts that are passed to bailiffs in the first place – by improving debt collection practices and helping to resolve debt problems at an earlier stage.

In this, our third *Stop The Knock* report, we present our latest findings on the debt collection practices of councils in England and Wales. They show that more than **2.6 million debts** were passed to bailiffs in 2018/19 by the 367 local authorities that responded to our research – with a **7% like-for-like overall increase** over a two-year period. Beneath these overall figures, however, lies a much more nuanced picture across debt types.

For the first time in our research, **the use of bailiffs to collect council tax remained stable** between 2016/17 and 2018/19 (compared to a 10% surge in the preceding two-year period). At more than 1.4 million referrals a year, council tax bailiff use remains far too high – and many individual authorities continue to increase their use of bailiffs to collect council tax arrears. Nevertheless, we are encouraged by this levelling off – particularly in the context of growing arrears – as potentially an early sign that the tide is finally beginning to turn.

Similarly, more local authorities are now engaging with this agenda. Our findings show modest net improvement in debt collection practices over the last two years. These changes relate mainly to council tax – and improvements are slow, but meaningful.

Set against this limited progress on council tax, however, is a 21% increase in bailiff use for parking debts – with **nearly 1.1 million parking debts passed to bailiffs** in 2018/19.

We will continue to work constructively with councils to help them reduce their bailiff use – and to impress on central government the urgent need for independent bailiff regulation and other national policy changes required to protect people in debt from harm.

Joanna Elson

Joanna Elson OBE
Chief Executive, Money Advice Trust

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1. Introduction

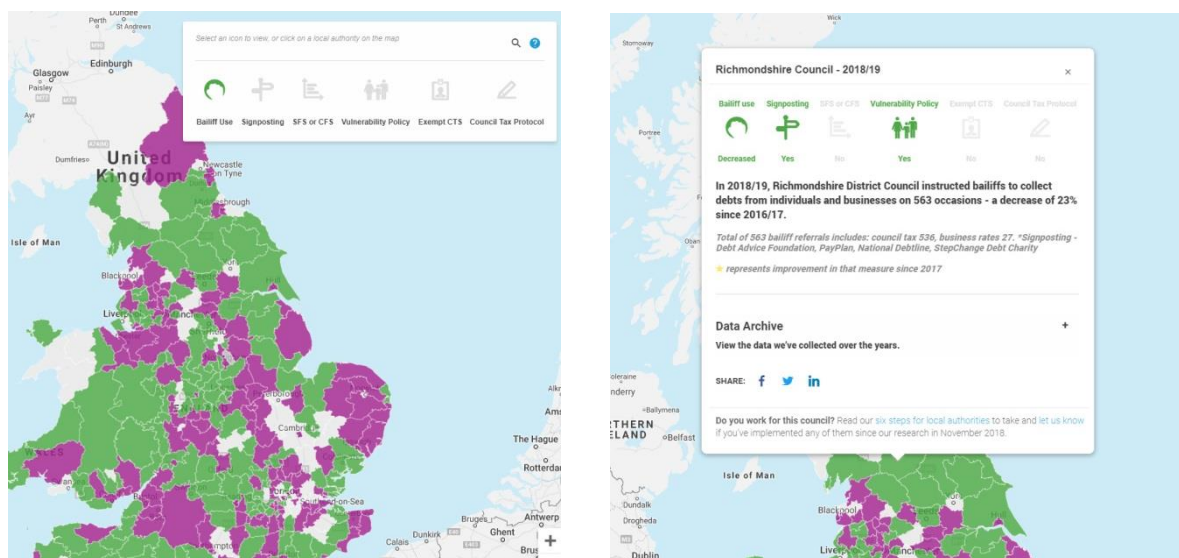
This is the third *Stop The Knock* report we have published, at two-year intervals since 2015, and the research it presents forms part of the Money Advice Trust's ongoing efforts to improve local government debt collection practices.

In this latest report, we present a review of developments in this area since our previous report published in 2017, together with our latest research on the use of bailiffs¹ (now known officially as enforcement agents) by local Tax authorities in England and Wales during 2018/19.

Our findings show that more than 2.6 million debts were passed to bailiffs by local authorities in England and Wales in the 2018/19 financial year – a like-for-like overall increase of 7% since 2016/17, with this overall increase driven by a significant rise in the use of bailiffs to recover parking debts. For the first time in our research series, the use of bailiffs to collect council tax arrears remained stable – and yet at 1.4 million, the number of council tax debts being passed to bailiffs remains far too high.

The report also presents our updated mapping of local authority debt collection practices, which shows a modest net improvement in debt collection practices over the last two years. The full online map is available at www.stoptheknock.org

We conclude with six steps that we recommend local authorities take in order to improve their debt collection practices – and a summary of our latest set of recommendations for central government.



The full results presented in this report are available to explore at www.stoptheknock.org

¹ For a summary of how local authorities in England and Wales use bailiffs to collect different types of debt, see Appendix A.

² Taking Control group of charities, March 2017, Taking Control: The need for fundamental bailiff reform, [link](#)

2. Developments since 2017

Since the publication of our 2017 report, issues around the use of bailiffs to collect debts owed to local government have continued to rise steadily higher on the political agenda.

Government reviewing the case for bailiff reform

Since 2017, the Money Advice Trust, Citizens Advice, StepChange Debt Charity and eight other organisations have been working together as the Taking Control group of charities campaigning for fundamental bailiff reform. The launch of the original Taking Control report² in March 2017 has been followed by subsequent reports³ from Citizens Advice and significant public debate in response to the BAFTA-winning BBC Three docudrama *Killed By My Debt*,⁴ which powerfully demonstrated the tragic impact that bailiff action can have.

In November 2018, the Ministry of Justice launched⁵ a call for evidence on the impact of bailiff action, the responses to which are currently being considered. In January 2019, the Justice Select Committee held a one-day evidence session on the case for bailiff reform, going on to endorse⁶ calls for independent regulation and a single complaints mechanism.

A renewed fairness agenda in government debt collection

Just as the issue of bailiff reform has become more pertinent in Westminster and Whitehall, the last two years has seen increased attention on fairness in government debt collection – an agenda brought into sharp relief by strong criticism from the National Audit Office in its Tackling Problem Debt report⁷ in September 2018. Following this report, the cross-government Fairness Group, which brings together government departments and the debt advice sector, issued a new joint public statement⁸ and renewed its efforts to improve fairness in government debt collection – with new representation from local government.

In April 2019, the Ministry of Housing, Communities and Local Government announced a review of Council Tax Collection⁹, while in June 2019, HM Treasury confirmed¹⁰ that local authorities would be included in its forthcoming Breathing Space scheme offering 60 days statutory protection from creditor action, which comes into effect in early 2021.

² Taking Control group of charities, March 2017, Taking Control: The need for fundamental bailiff reform, [link](#)

³ Citizens Advice, November 2018, A law unto themselves: How bailiffs are breaking the rules, [link](#) and Citizens Advice, 2019, The rules of enforcement, [link](#)

⁴ BBC News, April 2019, How debt kills, [link](#)

⁵ Ministry of Justice, November 2018, Crackdown to stop rogue bailiffs making lives a misery, [link](#)

⁶ Commons Justice Committee, April 2019, Bailiffs: Enforcement of debt, [link](#)

⁷ National Audit Office, September 2018, Tackling Problem Debt, [link](#)

⁸ Cabinet Office, May 2019, Fairness Group Joint Public Statement, [link](#)

⁹ Ministry of Housing, Communities and Local Government, April 2019, Government pledges to improve the way Council Tax is recovered, [link](#)

¹⁰ HM Treasury, June 2019, Consultation outcome – Breathing Space: Consultation on a policy proposal, [link](#)

Increased engagement from local government

Many local authorities have also continued to engage constructively with the advice sector on improving their debt collection practices. In November 2018, the Money Advice Service, now the Money and Pensions Service, published its Supportive Council Tax Recovery Toolkit¹¹ – developed in conjunction with debt advice charities and several individual local authorities – as a means of sharing, more widely, the good practice that exists.

In January 2019, the Welsh Government and Welsh Local Government Association published the Council Tax Protocol for Wales: Good Practice in Collection of Council Tax.¹² The Welsh Government has amended regulations¹³ to remove the option of imprisonment for non-payment of council tax as part of a wider package of reforms following campaigning from the Institute of Money Advisers, PayPlan, Money Saving Expert and others. The Welsh Government has also endorsed¹⁴ the ‘six steps for local authorities’ published by the Money Advice Trust in our 2017 *Stop The Knock* report.

An unchanged context of rising arrears and debt problems

Despite these promising developments, at both a local and national level, the context of rising arrears and debt problems relating to local government debt remains largely unchanged.

Council tax arrears accounted for 30% of callers to National Debtline in 2018 – compared to just 15% a decade ago and up from 26% when we published our last *Stop The Knock* report in 2017. Callers to National Debtline with benefit and tax credit overpayments, which include overpayments of Housing Benefit, have risen from just 3% of callers in 2010 to 16% in 2018.

Council tax arrears have continued to climb, with the total outstanding (from all years) in England now standing¹⁵ at £3.2 billion at 31st March 2019 – up from £2.8 billion at 31st March 2017. The effects of the replacement of Council Tax Benefit with local Council Tax Support schemes continue, with New Policy Institute research¹⁶ showing that the number of local authorities retaining 100% support declined further to just 62 in 2018/19 – meaning that even more low-income residents are now paying council tax for the first time.

It is in this challenging context that we present, in the next section, the results of our latest *Stop The Knock* research, as part of the advice sector’s continued efforts to secure positive policy change, and in support of local authorities’ own efforts to improve their practices.

¹¹ Money Advice Service, Supportive Council Tax Recovery, December 2018, [link](#)

¹² Welsh Government and Welsh LGA, January 2019, Council Tax Protocol for Wales, [link](#)

¹³ Rebecca Evans AM, May 2019, Making council tax fairer in Wales, Thoughts at the Trust blog, [link](#)

¹⁴ Welsh Government, 2018, Removal of sanction of imprisonment for non-payment of council tax, [link](#)

¹⁵ Ministry of Housing, Communities & Local Government, 2019, *Collection rates and receipts 2018-19*, [link](#)

¹⁶ New Policy Institute, 2019, Council Tax Support update 2018/2019, [link](#)

3. Research aims and methodology

3.1. Research aims

The aims of our *Stop The Knock 2019* research were to:

- establish the **extent of bailiff use** by councils in England and Wales in the 2018/19 financial year, again examining debts relating to council tax, parking, Housing Benefit overpayments, business rates, commercial rents and other debt types.
- establish **trends in bailiff use** by lower-tier local authorities over time.
- map current **debt collection practices** employed by lower-tier local authorities in the areas of signposting, affordability and vulnerability, and (for authorities in England only), approaches to Council Tax Support recipients and the Council Tax Protocol.
- establish **how collection practices have changed** between 2016/17 and 2018/19.

3.2. Methodology

As in our previous *Stop The Knock* research,¹⁷ a Freedom of Information request was issued to all local authorities¹⁸ in England and Wales, in April 2019. 367 authorities (98%) responded to the request (up from 94% in 2017), with seven authorities not responding within the research period, which in all cases was longer than the statutory timeframe of 20 working days. 17 authorities responded only partially, in that they did not provide bailiff use figures for all of the debt types requested. One authority¹⁹ declined to respond.

340 of the councils that responded to the request were lower-tier authorities (District, Borough and Unitary councils which are responsible for council tax collection), while 27 were upper-tier (County Councils in England) that primarily collect parking-related debts.

291 individual like-for-like comparisons were possible between lower-tier authorities who fully responded to our (identical) requests for information on bailiff use in both 2016/17 and 2018/19. Similarly, 270 individual like-for-like comparisons were possible between lower-tier authorities who responded in full to our requests relating to each of the 2014/15, 2016/17 and 2018/19 years. Any trends presented on bailiff use over time have been based solely on those authorities for which the relevant set of like-for-like comparisons are available.

All data used in this research has been provided by local authorities themselves via our Freedom of Information request, and so the accuracy of our results is dependent on the accuracy of information provided to us.

The data is presented via an interactive map of local authorities at www.stoptheknock.org, where the full data-set is also available for download.

¹⁷ Money Advice Trust, 2015, *Stop The Knock: Local authorities and enforcement action* and Money Advice Trust, 2017, *Stop The Knock: Mapping local authorities debt collection practices in England and Wales*

¹⁸ Several combinations of authorities in England merged with each other on 1st April 2019. This research relates to the 2018/19 financial year and therefore relates to the practices of authorities that existed during 2018/19.

¹⁹ Newcastle City Council declined on the basis of commercial sensitivity due to an ongoing tender process.

4. Research findings

In this section we present our findings on the extent of bailiff use in 2018/19, bailiff use for different types of debt,²⁰ trends in bailiff use over time, and the results of our updated mapping of the debt collection practices of lower-tier local authorities.

4.1. The extent of bailiff use in 2018/19



The total number of bailiff referrals in 2018/19 from the 367 local authorities that responded to our Freedom of Information request stood at more than 2.6 million.

Council tax arrears were passed to bailiffs on 1.4 million occasions, with close to 1.1 million referrals for parking fines and 39,470 for Housing Benefit overpayments. There were 79,899 referrals to bailiffs for unpaid business rates, 3,665 for commercial rents and 26,521 for other/sundry debts owed by individuals and businesses.

Debt type	Total bailiff referrals	% of total
Council tax	1,417,736	54%
Parking	1,079,119	41%
Housing Benefit overpayments	39,470	1%
Business rates	79,899	3%
Commercial rents	3,665	0%
Other/sundry debts	26,521	1%
All debt types	2,646,410	

Figure 1: Bailiff use in 2018/19

Total bailiff use by debt type

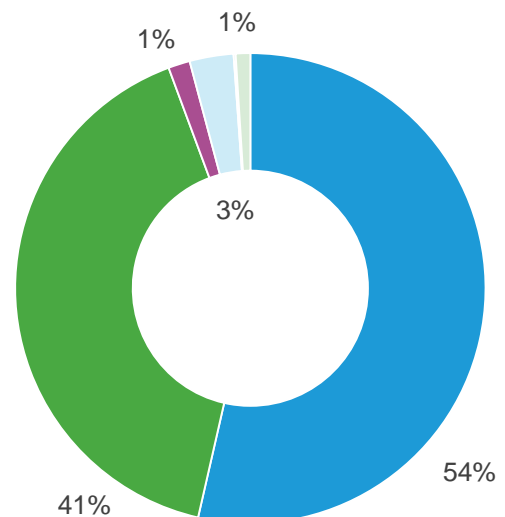


Figure 2: Total bailiff use in 2018/19 by debt type

Bailiff use by region

Local authorities in London, the North West and South East again referred the highest number of debts – unsurprisingly given their populations – in the regional breakdown of bailiff use in 2018/19, with councils in the North East and Wales again referring the least.

Approaching one third of the total number of debts passed to bailiffs related to London Borough councils (31%), with the 29 (out of 32 London Boroughs) that responded to our request, and the City of London Corporation, passing 792,416 debts to bailiffs in 2018/19 between them. As with our previous findings, it should be noted that the volume of penalty charge notices for parking issued in the capital is a key driver of this high figure (parking

²⁰ For a breakdown of how local authorities use bailiffs for different debt types, see *Appendix A*

accounts for 541,970 or 67% of the 807,855 bailiff referrals reported to us by local authorities in London). This effect is also evident, to a much lesser extent, in other large cities.

Region	Response rate to FOI	Bailiff referrals	% of total
Greater London	94%	807,855	31%
North West	95%	356,084	13%
South East	100%	346,778	13%
West Midlands	97%	265,940	10%
East	96%	214,068	8%
Yorkshire and the Humber	100%	199,266	8%
East Midlands	100%	192,979	7%
South West	100%	126,129	5%
Wales	100%	83,523	3%
North East	90%	53,788	2%

Figure 3: Bailiff use in 2018/19 by region

* For a separate analysis of local authority bailiff use in Wales, where the policy context is considerably different to England, see *Section 4.3*.

Use of bailiffs for different debt types

All but four lower-tier local authorities²¹ that responded used bailiffs to collect some kind of debt in 2018/19 – and all but six local authorities²² used bailiffs to collect council tax debts. 95% of authorities used bailiffs to collect business rates, with smaller proportions using bailiffs to collect parking debts (72%), Housing Benefit overpayments (45%), commercial rents (24%) and sundry debts (28%).

Proportion of authorities that use bailiffs for each debt type

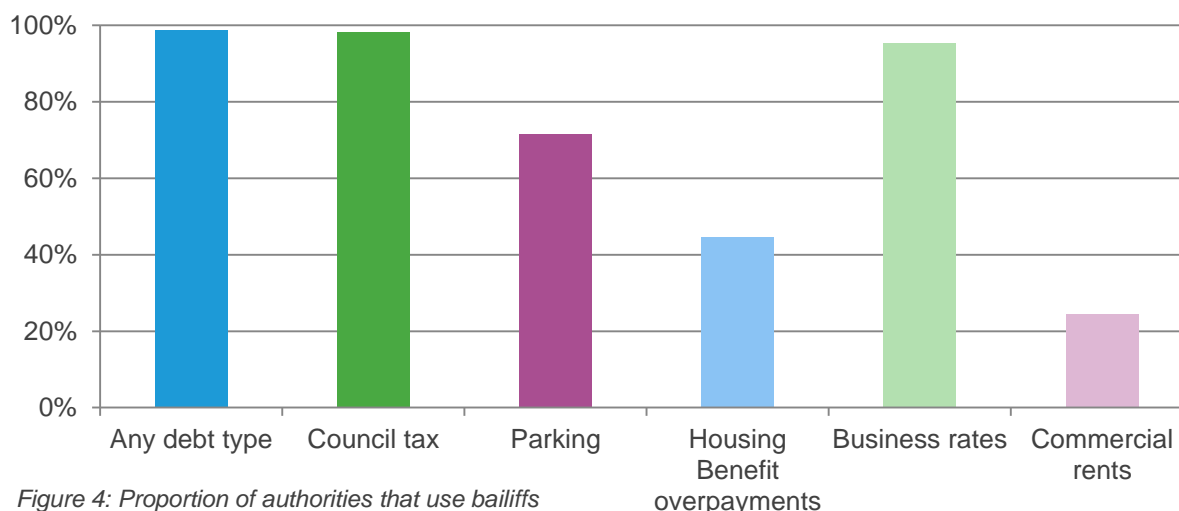


Figure 4: Proportion of authorities that use bailiffs for each debt type

²¹ Since our 2017 research, Isles of Scilly Council has been joined by Lewes District Council, Maldon District Council and Wealden District Council in reporting no bailiff use for any debt type (in 2018/19).

²² In addition to the four listed authorities above, Harrogate Borough Council and the London Borough of Hammersmith and Fulham reported that they had used no bailiffs for council tax debts in 2018/19.

4.2. Change in bailiff use over time



Our findings show a like-for-like increase of 7% in the total use of bailiffs across all debt types by comparable lower-tier authorities in the two years between 2016/17 and 2018/19.²³ This overall increase, however, is driven by a surge in bailiff use for recovering parking debts – with parking debt referrals up 21% over the two year period.

For the first time in our *Stop The Knock* research series, the use of bailiffs to collect council tax arrears remained stable over the research period, with no change between 2016/17 and 2018/19 (in comparison with a 10% increase between 2014/15 and 2016/17). Bailiff use for Housing Benefit overpayments and business rates decreased, by 21% and 6% respectively.

Debt type	2016/17*	2018/19*	Change
Council tax	1,198,973	1,202,259	0%
Parking	672,631	812,698	+21%
Housing Benefit overpayments	44,165	34,826	-21%
Business rates	71,751	67,411	-6%
Commercial rents	1,636	3,645	+123%
Other/sundry debts	20,300	21,321	+5%
All debt types	2,009,456	2,142,160	+7%

Figure 5: Change in bailiff use by debt type between 2016/17 & 2018/19 for councils where comparison available*

Going back further in time, a like-for-like comparison of lower-tier local authorities across each of the 2014/15, 2016/17 and 2018/19 years²⁴ shows a 22% overall increase in the use of bailiffs across all debt types over this six year period – with a 10% increase in bailiff use for council tax arrears and a 55% increase in bailiff use for parking.

Debt type	2014/15*	2016/17*	2018/19*	Change
Council tax	1,036,402	1,139,139	1,139,900	+10%
Parking	505,066	650,937	781,461	+55%
Housing Benefit overpayments	34,228	42,393	33,352	-3%
Business rates	65,677	68,953	64,806	-1%
Commercial rents	2,494	1,585	2,847	+14%
Other/sundry debts	29,083	19,642	21,117	-27%
All debt types	1,672,950	1,922,649	2,043,483	+22%

Figure 6: Change in bailiff use by debt type between 2014/15 & 2018/19 for councils where comparison available*

²³ Trends presented between 2016/17 and 2018/19 are based on the 291 lower-tier local authorities for which like-for-like comparisons are available between these two years. See *Methodology*.

²⁴ Trends presented between 2014/15, 2016/17 and 2018/19 are based on the 270 lower-tier local authorities for which like-for-like comparisons are available between all three of these years. See *Methodology*.

* Note that bailiff use figures are presented in figures 5 and 6 only for those authorities for which like-for-like comparisons are available over time. These figures therefore will not match the 2018/19 totals in figure 1.

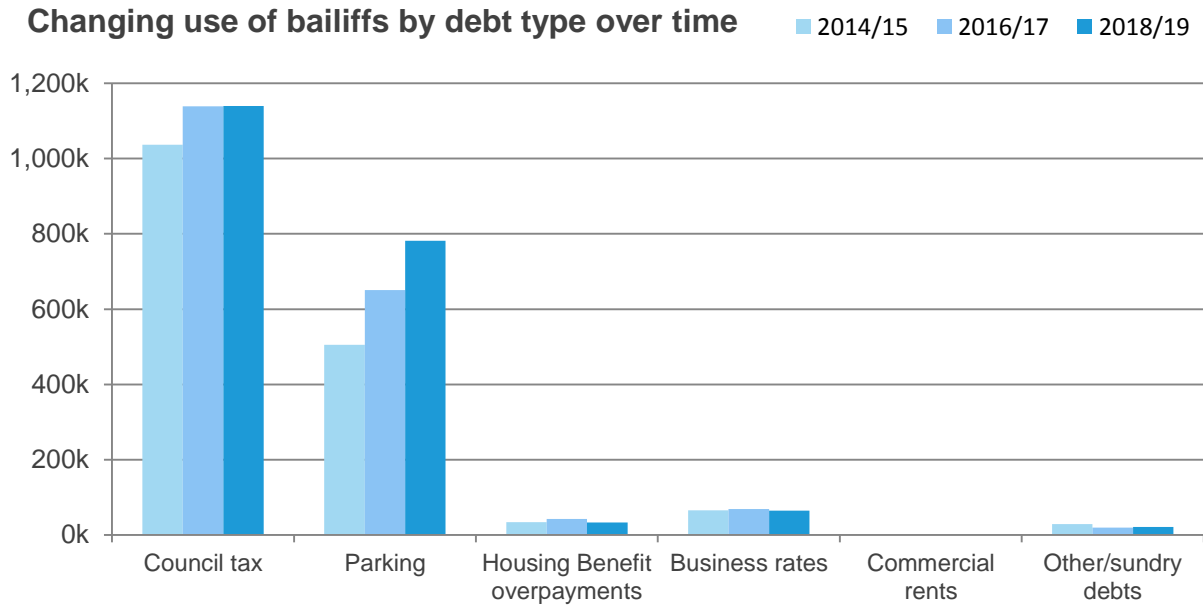


Figure 7: Change in bailiff referrals by debt type over time for authorities where comparison available

As in previous years, our findings show a continued divergence in volume of bailiff referrals. Of the 291 lower-tier authorities where comparisons can be made, 49% of authorities increased their use of bailiffs between 2016/17 and 2018/19 – down from 62% two years ago. 51% decreased their bailiff use in that time – up from 38% two years ago. This same 49/51 split is seen in bailiff use for council tax arrears specifically.

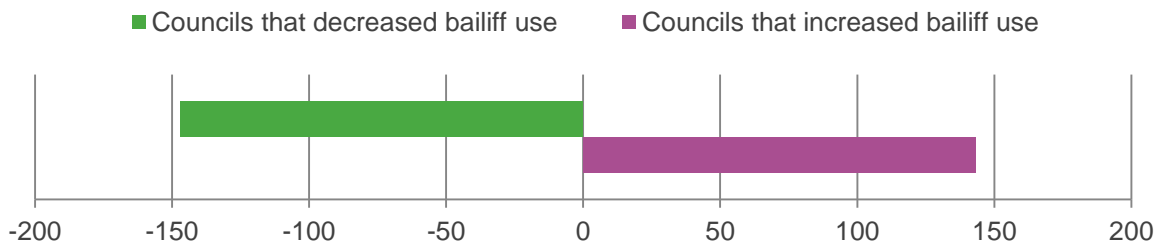


Figure 8: Councils that increased/decreased bailiff use between 2016/17 and 2018/19

For those councils that increased their bailiff use, the total increase in the number referrals was 41%. For those that used fewer bailiffs, the total decrease in referrals was 24%.

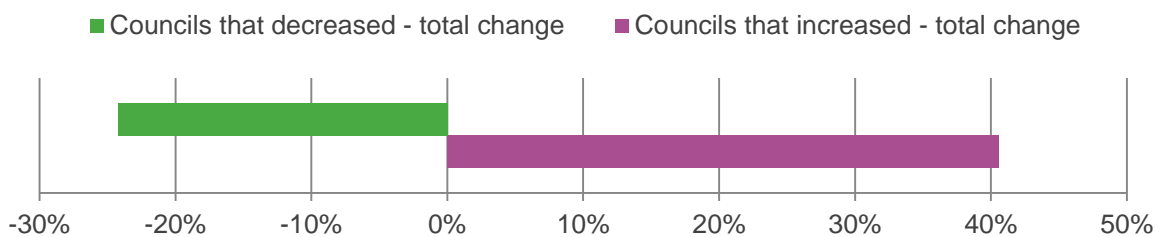


Figure 9: Total change in number of bailiff referrals by councils between 2016/17 and 2018/19

4.3. Bailiff use by local authorities in Wales

Local authorities in Wales account for only a small fraction (3%) of bailiff use in England and Wales, and the policy context also differs in Wales in one key aspect in particular – the Welsh Government’s continued funding of a 100% Council Tax Support scheme.²⁵ The Welsh Government has also implemented a wider package of work to improve council tax collection practices, including removing the sanction of imprisonment for non-payment and endorsing²⁶ the Money Advice Trust’s ‘six steps’ for local authorities. Given this very different policy context, the results for authorities in Wales are considered separately in this section.

Extent of bailiff use in Wales

Local authorities in Wales²⁷ passed 83,523 debts to bailiffs in 2018/19. This total comprised 53,671 council tax debts (64% of the total), 22,515 parking debts (27%), 1,396 Housing Benefit overpayments (2%), 2,594 business rate debts (3%), 205 commercial rents and 3,142 other/sundry debts (4%).

Changes in bailiff use in Wales over time

Overall bailiff use by local authorities in Wales increased 16% between 2016/17 and 2018/19 – but as in England, this was driven by a significant increase in bailiff referrals for parking debts (and more specifically, in Cardiff). The use of bailiffs to collect council tax debts in Wales has continued its decline, falling 2% over the two year period.

Of the 18 councils in Wales where comparisons can be made²⁸ between 2016/17 and 2018/19, only seven councils (39%) increased their use of bailiffs – down from 72% two years ago. 11 councils (61%) decreased their bailiff use in that time – up from 26% two years ago. Taking a longer-term view,²⁹ bailiff use for council tax has decreased 7% in Wales between 2014/15 and 2018/19, while bailiff use for parking debts has increased 36%.

Debt type	2014/15	2016/17	2018/19	Change
Council tax	45,627	43,042	42,523	-7%
Parking	15,976	7,135	21,777	+36%
Housing Benefit overpayments	874	1,572	832	-5%
Business rates	2,737	3,470	1,971	-28%
Commercial rents	34	209	202	
Other/sundry debts	644	2,922	2,277	
All debt types	65,892	58,350	69,582	+6%

Figure 10: Change in bailiff use Welsh councils between 2014/15 & 2018/19, where comparison available

²⁵ Welsh Government, 2016, Council Tax Reduction Scheme Regulations, [link](#)

²⁶ Welsh Government, 2018, Removal of sanction of imprisonment for non-payment of council tax, [link](#)

²⁷ All 22 local authorities in Wales responded to our Freedom of Information request. However, three councils provided only partial responses, with some (non-council tax) debt types not provided at time of publication.

²⁸ Of the 22 local authorities in Wales, 18 like-for-like comparisons were possible between 2016/17 and 2018/19.

²⁹ 16 like-for-like comparisons were possible between 2014/15, 2016/17 and 2018/19.

4.4. Mapping of debt collection practices

As in our previous *Stop The Knock* report, our research has again mapped local authority debt collection practices – beyond the single metric of bailiff use – addressing the key areas of signposting, affordability and vulnerability, and (for local authorities in England only) councils’ approaches to Council Tax Support recipients, and the Council Tax Protocol. The findings in this section relate to lower-tier authorities only.

Our findings show that all but three councils³⁰ (99%) now signpost to free debt advice, 77 have adopted the Standard Financial Statement (SFS) (23%) and 202 have a formal vulnerability policy in place (59%). Amongst authorities in England, 30 exempt Council Tax Support recipients from bailiff action (9%) and 64 councils have adopted the Citizens Advice/Local Government Association Council Tax Protocol (20%).

A further 14 councils are currently considering adopting the SFS, while an additional nine councils are currently considering putting in place a vulnerability policy. A further 23 councils in England are currently considering adopting the Council Tax Protocol.

Summary of local authority debt collection practices

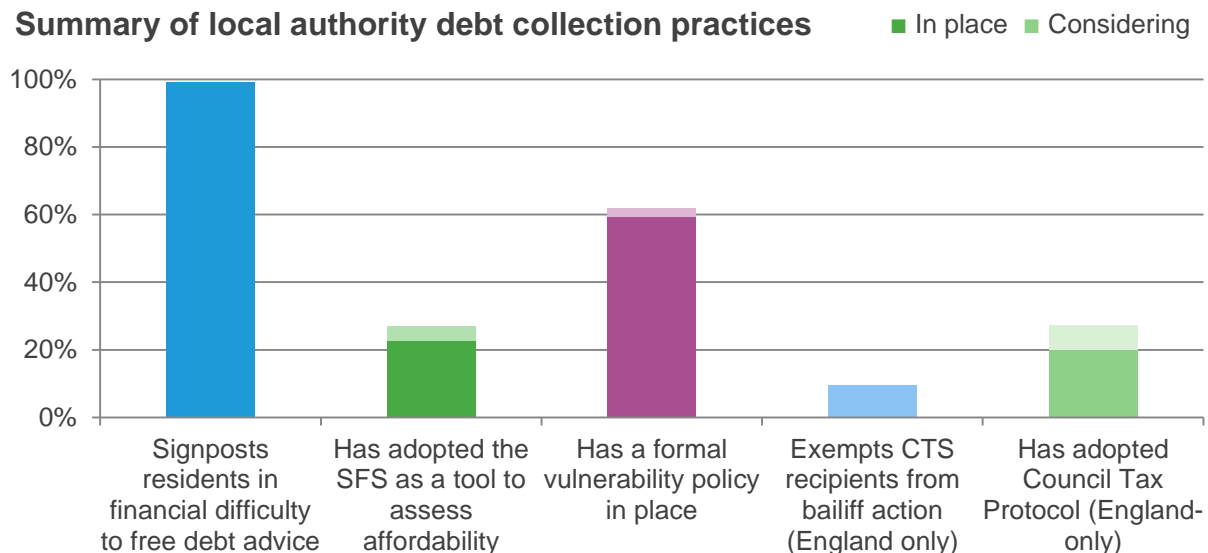


Figure 11: Summary of local authority debt collection practices

In comparison to our mapping of debt collection practices in 2016/17, these findings represent a modest net improvement in debt collection practices over the past two years.

Debt collection practice in 2018/19	Councils	%	Change
Signposts residents in difficulty to free debt advice	337	99%	+2%
Has adopted the SFS as a tool to assess affordability	77	23%	+4%
Has a formal vulnerability policy in place	202	59%	+3%
Exempts CTS recipients from bailiff action (England)	30	9%	+1%
Has adopted the Council Tax Protocol (England)	64	20%	+4%

Figure 12: Summary of local authority debt collection practices in 2018/19 and changes since 2016/17

³⁰ South Hams District Council, West Devon Borough Council, and Wirral Council.

Signposting



The vast majority of local authorities (99%) **signpost** residents in financial difficulty to free debt advice – with only three councils³⁰ reporting that they do not take this basic step, down from 10 authorities two years ago. The vast majority (88%) signpost to Citizens Advice while approaching half signpost to national telephone and online advice providers StepChange Debt Charity (48%) and National Debtline (46%). There has been a small increase in signposting to telephone/online advice compared to two years ago.

Signposting destination	Councils	%	Change
Citizens Advice	299	88%	0%
StepChange Debt Charity	164	48%	+6%
National Debtline	156	46%	+6%
Money Advice Service	122	36%	+9%
Christians Against Poverty	64	19%	+5%
AdviceUK	43	13%	+2%
PayPlan	32	9%	+3%
Business Debtline	13	4%	-2%

Figure 12: Signposting destinations in 2018/19, with changes since 2016/17

Affordability



77 councils told us that they had adopted the Standard Financial Statement (SFS) as an objective tool for assessing **affordability** as part of their debt collection process, representing 23% of authorities surveyed (up from 61 councils or 19% two years ago). A further 14 councils told us they are considering adopting the SFS, while a small number reported they had started to use the SFS but have since stopped doing so.

As we found two years ago, several other councils volunteered that they do use a formal income and expenditure tool, but based on their own figures, and a small number stated that they believed their own tool was similar to the Standard Financial Statement.

Vulnerability



Around six in 10 authorities (59%) have a formal policy in place for dealing with residents in **vulnerable circumstances**, up from 56% two years ago. Formal policies were in place both in the form of separate documents, and as specific vulnerability sections in wider debt collection policies. A further 3% said they are currently considering putting a vulnerability policy in place.

Of those councils who do not have a policy in place, several volunteered that they instead 'treat every resident individually', or instead cited their bailiff firms' vulnerability policies.

Council Tax Support recipients



30 local authorities in England told us that they had a policy of exempting recipients of **Council Tax Support** from bailiff action – representing 9% of authorities and an increase from 23 councils (8%) two years ago. Some local authorities volunteered that they had implemented measures that fell short of a full exemption, but that did have the effect of making the use of bailiffs in these cases less likely.

It should be noted that some authorities in England have retained a 100% Council Tax Support scheme, and the Welsh Government funds a Wales-wide 100% Council Tax Support scheme, and so the need for such an exemption policy does not arise in these circumstances, as no council tax is charged in the first place.

Council Tax Protocol



64 authorities in England (20% of councils that responded) reported that they had signed the Citizens Advice/Local Government Association **Council Tax Protocol**. A further 23 councils told us they are currently considering taking this step (7% of councils). A small number of other councils reported that while they have not formally adopted the Protocol, they believed most of its elements were already in place.

Since our last *Stop The Knock* report, all 22 local authorities in Wales have signed up to the separate Welsh Government/Welsh Local Government Association Council Tax Protocol.

Our findings for authorities in England provide further evidence of a correlation between adoption of the Council Tax Protocol and better debt collection practices. In 2018/19 councils which had adopted the Protocol were significantly more likely to have adopted the Standard Financial Statement (44% for Protocol councils, compared to 17% for non-Protocol councils), more likely to have a vulnerability policy (68% compared to 60%) and twice as likely to exempt Council Tax Support recipients from bailiff action (14% compared to 7%).

Collection practices in Wales

All 22 local authorities in Wales reported that they signposted residents in financial difficulty to free debt advice. Only four authorities told us they had adopted the Standard Financial Statement – up from two councils two years ago – with one more considering doing this. 12 authorities have a formal vulnerability policy in place – up from eight two years ago – with three more councils currently considering taking this step.

Further details

Further details of these findings, including an online map of debt collection practices and how these have changed over time, are available at www.stoptheknock.org

5. Recommendations

In this section we present steps for local authorities to consider in reducing their bailiff use and improving debt collection practices, and our recommendations for central government.

5.1. Six steps for local authorities

In our previous *Stop The Knock* report in 2017 we published ‘six steps’ for local authorities to consider in improving their debt collection practices and reducing the use of bailiffs. These steps, updated and summarised below, have since been endorsed by the Welsh Government and used by several councils in considering changes to policy and practice.

- 1 Make a clear public commitment to reduce the use of bailiffs over time**

We recommend that council leaders make a clear public commitment to reduce the use of bailiffs over time by improving their debt collection practices, in order to provide clarity to officers at an operational level. This commitment could take the form of a public statement, a formal decision or statement of administration policy, or a motion of Full Council. This commitment should include all debt types, not just council tax arrears.
- 2 Review signposting to free debt advice, including phone/online channels**

We recommend that all councils regularly review their signposting and referrals processes to ensure that all opportunities to help people access free debt advice are maximised. This should be implemented for all debt types, not just council tax. For councils who currently signpost only to face-to-face agencies, we recommend providing residents with a choice of channel by additionally signposting to telephone/online advice agencies.
- 3 Adopt the Standard Financial Statement to objectively assess affordability**

We recommend that councils adopt the Standard Financial Statement (SFS), which provides a consistent, fair and industry-recognised method of working out affordable repayments, for residents in financial difficulty. For all types of debt, councils should proactively establish ability to pay before sending accounts for enforcement – and accept any provided SFS-compliant financial statement as a true reflection of income and expenditure.
- 4 Put in place a formal policy covering residents in vulnerable circumstances**

We recommend that all local authorities should introduce, for all debt types, a formal vulnerability policy – either as a standalone document or in the form of specific and detailed provisions in a broader debt collection or corporate debt recovery policy. This should include identifying vulnerable residents and amending collections processes accordingly. Policies should be published and reviewed regularly, and should be accompanied by staff training.

5 Exempt Council Tax Support recipients from bailiff action (England only)

For authorities in England, we recommend exempting recipients of Council Tax Support, who have already been identified as requiring additional support through locally-determined criteria, from bailiff action altogether. This recommendation would see local authorities follow the lead of the small number of councils who have adopted this approach, which has been shown to deliver significant results for both residents and the taxpayer.³¹

6 Sign the Council Tax Protocol and review current practice against the Money and Pensions Service ‘Supportive Council Tax Recovery’ Toolkit

Finally, we recommend that all local authorities in England should sign up to the revised Citizens Advice/Local Government Association Council Tax Protocol,³² agreed in June 2017. Many of the principles in the Protocol – and its Wales equivalent – can be operationalised using the Money and Pensions Service’s Supportive Council Tax Recovery Toolkit,³³ against which we would recommend all local authorities review their current practices.

For full details of the ‘six steps’ see our briefing for local authorities at www.stoptheknock.org

5.2. Recommendations for central government

While the debt advice sector will continue to work with local authorities to improve policies and practices at a local level, the pace of this improvement is too slow. As part of the Ministry of Justice’s review of bailiff reform and the Ministry of Housing, Communities and Local Government’s ongoing review of council tax collection, the government should:

- Introduce **independent bailiff regulation** and a single complaints mechanism, as recommended by the Taking Control group of charities and Justice Select Committee.
- Review and amend the **Council Tax (Administration and Enforcement) Regulations 1992**, including putting an end to residents becoming liable for their entire annual bill upon one missed payment, and removing the sanction of imprisonment.³⁴
- Place the **Good Practice Guidance for Council Tax collection** on a statutory footing and introduce statutory reporting of **debt collection methods and outcomes**, across all debt types, to incentivise good practice and quicken the pace of improvement.
- Introduce (and fully fund) a mandatory requirement for local authorities in England to re-introduce **100% Council Tax Support schemes**, to ensure that those residents identified as most in need of support using locally-set criteria are not required to pay.
- Review the **enforcement of parking penalty charge notices** to bring this into line with the enforcement of County Court Judgments, including measures to allow the court to suspend warrants and people to apply to pay through affordable instalments.

³¹ For more information on this see CPAG and Z2K, 2016, Still too poor to pay, [link](#)

³² Citizens Advice and LGA, 2017, Revised Collection of Council Tax Arrears Good Practice Protocol, [link](#). A separate Wales-wide Council Tax Protocol has been developed by the Welsh Government and Welsh LGA

³³ Money Advice Service, Supportive Council Tax Recovery, December 2018, [link](#)

³⁴ For further information on amendments that could be made to the Council Tax (Administration and Enforcement) Regulations 1992 see recommendations in Citizens Advice, 2019, The Costs of Collection, [link](#)

Appendix A: Bailiff use by debt type

The following table³⁵ shows when and how local authorities use bailiffs to recover different types of debt.

Council tax arrears	Parking penalties
<p>If someone falls behind with council tax payments, the local authority may apply to the magistrates' court to make a '<i>liability order</i>'. This is a court order that states that they owe council tax but have not paid it. The local authority will also add on any court costs they have had to pay.</p> <p>If the person owing the debt does not pay the amount stated on the order, the local authority can take enforcement action, which could include:</p> <ul style="list-style-type: none"> • using bailiffs to try and take goods; • making deductions from earnings; • making deductions from benefits; • charging orders (where the debt is secured on a property owned by the person in debt); • bankruptcy; and • imprisonment (in England only). <p>The council can decide which type of enforcement action to use. However, they can only use one type of enforcement action at a time. Most local authorities prefer to use bailiffs or deductions from earnings to try and recover unpaid council tax. The person owing the debt can make an offer of payment to the council at any time before they use enforcement action. This could stop the action from happening.</p> <p>In England only, if the local authority uses bailiffs and the person owing the debt still hasn't paid their council tax in full, the local authority may apply to the magistrates' court for an order for them to be sent to prison.</p> <p>The sanction of imprisonment for non-payment of Council Tax in Wales has now been removed by the Welsh Government.</p>	<p>Local authorities typically have their own traffic wardens (called civil enforcement officers) who issue penalty charge notices, for example, for parking on double yellow lines, in a permit only zone, on zigzag lines or in parking meter zones.</p> <p>Most local authorities have the power to enforce these parking penalties under the Traffic Management Act 2004. These parking penalties are not treated as criminal offences. They are often known as a 'parking penalty charge' or a 'penalty charge notice' (PCN). A PCN is enforced through the county court and private bailiffs.</p> <p>The local authority applies for a court order through the Traffic Enforcement Centre at Northampton County Court. This order authorises the local authority to instruct private bailiffs to collect the charge. 21 days after the court order is issued, the local authority can issue a warrant to the bailiffs, which allows the bailiffs to act.</p> <p>Unlike the usual county court process it is not possible to ask the court to suspend the warrant or to make an order to allow the charge to be paid in affordable installments. It is not easy to negotiate directly with the local authority to avoid bailiffs being instructed.</p> <p>The enforcement of PCNs relies heavily on the use of private bailiffs. There is no power to send anyone to prison for not paying a parking penalty.</p>

³⁵ Reproduced and updated from Money Advice Trust, 2015, *Stop The Knock: Local authorities and enforcement action*, September 2015, [link](#)

Housing Benefit overpayments	Business rates
<p>Housing Benefit overpayments are recoverable by a variety of methods such as deductions from future payments of Housing Benefit, deductions from other benefits, via an adjustment to the tenant's rent account or by way of a direct earnings attachment.</p> <p>Where none of these recovery methods are practical it is possible for a local authority to obtain a court order in the County Court which allows them to take enforcement action. This can include applying for a warrant of control to authorize private bailiffs to act. If the debt is more than £600, the debt may be transferred to the High Court for enforcement by High Court Enforcement Officers, although this rarely happens in practice.</p>	<p>If a business falls behind with business rate payments, the local authority may apply to the magistrates' court to make a <i>'liability order'</i>. This is a court order which confirms that the business owes business rates and has not paid them. The liability order will be for the total amount owed plus any court costs the local authority has to pay.</p> <p>Once the magistrates' court grants a liability order, the council may use bailiffs to try and recover the debt. They can attend a business premises or a home. Bailiffs can only call between the hours of 6am and 9pm except where the businesses normal trading hours are outside this period (e.g. pubs and restaurants), and must provide the business with full written details of the liability.</p>

Appendix B: Further reading

This report builds on the Money Advice Trust's two previous reports, *Stop The Knock: Local authorities and enforcement action* (2015) and *Stop The Knock: Mapping local authority debt collection practices in England and Wales* (2017) along with a range of other relevant research, reports and guidance published in the last two years.

A selection of the most relevant reports and other documents published by other organisations since 2017 are included below.³⁶

Local government debt collection

Money Advice Trust, 2015, *Stop The Knock: Local authorities and enforcement action*, September 2015, <http://www.moneyadvicetrust.org/SiteCollectionDocuments/Research%20and%20reports/Council%20tax%20arrears%20and%20enforcement%20V7.pdf>

Money Advice Trust, 2017, *Stop The Knock: Mapping local authority debt collection practices in England and Wales*, November 2017, <http://www.moneyadvicetrust.org/researchpolicy/research/Documents/Money%20Advice%20Trust%20-%20Stop%20The%20Knock%202017%20report.pdf>

Institute of Money Advisers and PayPlan, 2017, *The case for ending imprisonment for council tax debt in England and Wales*, November 2017, <https://www.i-m-a.org.uk/other-services/social-policy/ima-payplan-council-tax-imprisonment-campaign/>

National Audit Office, 2018, *Tackling Problem Debt*, September 2018, <https://www.nao.org.uk/report/tackling-problem-debt/>

Money Advice Trust, 2018, *Council tax arrears* in Money Advice Trust, 2018, *A decade in debt*, November 2018, <http://www.moneyadvicetrust.org/researchpolicy/research/Documents/Money%20Advice%20Trust,%20A%20decade%20in%20debt,%20September%202018.pdf>

Money Advice Service, 2018, *Supportive Council Tax Recovery Toolkit*, December 2018, https://masassets.blob.core.windows.net/cms/files/000/001/115/original/Supportive_Council_Tax_Recovery.pdf

Local Government Association, 2019, *Reshaping financial support: how local authorities can help to support low income households in financial difficulty*, February 2019, <https://www.local.gov.uk/reshaping-financial-support-how-local-authorities-can-help-support-low-income-households-financial>

³⁶ For a list of relevant reports published before 2015 and in the period 2015 to 2017 see our previous two *Stop The Knock* reports listed above.

Citizens Advice, 2019, The Costs of Collection, April 2019, https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/FINAL_%20Costs%20of%20Collection%20.pdf

Bailiff reform

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Money Advice Trust

The Money Advice Trust is a charity formed in 1991 to help people across the UK tackle their debts and manage their money with confidence.

For more information about this report:

Email: policy@moneyadvicetrust.org

Website: www.moneyadvicetrust.org

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Appendix 2 - Acorn submission with Council comments *in italics*

Why Manchester City Council Should End Bailiff Use

Please see testimonies at the end of this document from people living in Manchester who have experienced the harsh realities of bailiffs being sent to their homes. This report acknowledges the new guidelines for Council Tax recovery as part of its Anti-Poverty work adopted by the Executive on 28th June, following the report from the Head of Corporate Revenues, Charles Metcalfe. We welcome these positive measures and hope that they dramatically reduce the number of bailiff referrals made by the council and show a department willing to put the welfare of the city's residents at the core of policy making. We particularly welcome the acknowledgement that pushing residents into debt and poverty is a false economy for local authorities. ACORN are also working together with the council to review the wording/layout of letters.

1. Background

£5.5 billion of Council Tax arrears have built up in England alone. The latest cost of living crisis hitting households at the same time as rising Council Tax (4.99% in Manchester) now risks a dramatic increase in the use of bailiffs to collect growing arrears. We understand that Manchester City Council are under severe financial pressure after more than a decade of central government cuts and rising demand for services. We also recognise that local authorities have limited options when it comes to Council Tax collection. **However, there is no evidence that stricter enforcement measures, including bailiff use, lead to increased collection rates.**

The basis for this is a report by Paul Howarth published in Policy Practice, however, the only mention of Bailiffs in this article just notes that enforcement action after a Liability Order is obtained can include action by Bailiffs. The key findings are that collection rates are affected by relative deprivation and the generosity of a Council's CTS scheme.

Bailiff action is a distressing experience that exacerbates the debt and poverty affecting people struggling to keep up with Council Tax payments. Pushing residents into debt and poverty is also a false economy for local authorities. As a result of bailiff enforcement, residents can become unable to make Council Tax contributions as well as seeking discretionary and housing support for years into the future.

Council Tax income makes up a smaller proportion of Manchester City Council's overall revenue compared to other local authorities. On average, local authorities receive half of their funding through Council Tax collection, for Manchester City Council that figure is around 30%. This means that the local authority is less exposed to fluctuations in Council Tax collection rates.

In year collection rates for Manchester City Council were around 90% in 21-22, down from the pre-pandemic level of around 93% in 17-18 and 18-19. Collection rates

were higher in 20-21 than in 21-22, despite a pause in cases being referred to enforcement agencies.

This is correct, but arrears collection, where most EA activity is concentrated, was £6.4 million in 2020/21 and increased to £9.1 million in 2021/22.

Bailiffs make Manchester poorer.

The fees incurred by a Manchester resident that has gone through the whole of the enforcement process could be more than £644.50. Half of Citizens Advice clients currently seeking debt advice have a negative budget, meaning their necessary expenditure on essentials outweighs their income. The average person they help with debt advice used to have £19 left over each month after paying for their essentials. Now, they have an average shortfall of £28 per month. It is therefore impossible for the average highly indebted person to pay back any Council Tax arrears safely, with court action just pushing them further into destitution and despair.

Fees of £644.50 are only added if a resident goes through all the recovery stages and has goods removed, which is very rare. Around 50% of debt recovered is done so at the compliance or pre-compliance stage incurring £75 or zero fees. Residents who are struggling to pay their Council Tax and contact the Council are offered a range of solutions that can prevent cases escalating to EAs, including writing off the most recent set of summons costs.

In Manchester, people of working age with no 'excess income' are still required to pay 17.5% towards their Council Tax bill. This is simply impossible and creates a conveyor belt of people being pushed into arrears. Whilst residents in receipt of maximum Council Tax Support are exempt from bailiff action in Manchester, those on less than the maximum are not. Residents may also not be receiving the maximum support they are entitled to. Paying back Council Tax arrears debts often leads to agonising choices for people in debt about whether to prioritise repayments over heating or food, or whether to borrow from high-cost lenders or illegal loan sharks to survive. The Trussell Trust recently reported that Council Tax debt pushes many people into destitution, leading them to food banks.

The Trussell Trust report quoted concentrates on Central Government debt and Council Tax debt is only mentioned in passing. Their recommendations all relate the Social Security system other than saying that the principles of clarity, flexibility and respect should be at the core of debt collection policies.

2. A false economy

Over-indebtedness incurs considerable social and economic costs, many of which fall on local authorities. These severe financial pressures contribute to relationship breakdown, poor health, including mental health¹ and loss of housing². They can also harm debtors' employability³, reduce their productivity at work⁴, and affect the welfare of their children⁵. At its most severe, over-indebtedness can also be a contributory factor in suicide⁶. In 2018 the National Audit Office estimated that 7:

- Roughly one in every twelve over-indebted individuals will experience mental health problems such as anxiety or depression, with each of these creating a direct additional cost for health services of around £300 per year.
- When factoring in additional costs arising from mental health problems caused by over-indebtedness, such as costs for social care services and knock-on impacts on employment, the amount rose to £11,100 per person per year.
- A further three percent of over-indebted individuals will also be more likely to move into, or remain in, state-subsidised housing, creating additional costs of £9,739 per year.

Using these costings and applying them to the 22,933 cases that were sent to enforcement agencies in 2021/2022 in Manchester we calculate the impact of Council Tax debt could have been £6.9 million in additional public service costs, this far outweighs the £3.7 million collected from residents who had not engaged with the Council between September 2018 and September 2019 (below).

	% of residents impacted	Number of residents impacted	Cost	Total costs
Additional Mental Health Crisis Support	0.08%	19	£300	£5,710
Additional Social Care/Employment Support	0.08%	19	£11,100	£211,282
Additional Housing Support	3%	688	£9,739	£6,700,335
Totals				£6,917,327
Enforcement Case Referrals 2021/2022	22,933			

The figure of 22,933 used by ACORN refers to the number of annual debts referred to EAs. However, these related to 8,459 actual households, meaning the figure of £6,917,327 is nearly three times higher than if the correct figure is used. There is no doubt that over-indebtedness can have a major impact on a resident's mental health. However, the report identifies around £18 billion owed to Central and Local Government and utility providers of which around £3 billion is Council Tax arrears, much of which is not passed to EAs. To argue that passing cases to EAs is the only factor that impacts a resident's mental health and results in up to £6.9 million in additional public service costs is tenuous.

3. On the “issue” of non-payment when people can afford to pay.

During this campaign, we have heard members sitting on the council executive as well as members of the governance and scrutiny committee make the claim that

bailiffs make sure that people pay the debts. We have also heard arguments amounting to “if we do not have the threat of bailiffs in our back pockets, people will stop paying their Council Tax entirely”. We do not know where these claims come from as we have never seen any evidence to this effect. In fact, from speaking to members of the public as a part of our campaign, we found that over 50% of people did not know that the council passes on accounts to Enforcement Agents. If the above claim were true, the council would expect most people to not pay their Council Tax. The general public understands, as we at Debt Justice and ACORN do, the importance of Council Tax to provide local services.

Most Manchester residents pay their Council Tax without question and never have to think about what happens when they do not pay. By the time a resident has their account passed to EAs they will have ignored a reminder, a summons and two letters warning of a visit by an EA. Once the case is with an EA company and they start to make contact warning of the real possibility of an EA visit they recover between 41% and 47% of the total that they collect.

We have also spoken to debt advisors, who echo this.

Tim Nelson, a member of Greater Manchester Money Advice Group said:

“I have been a debt adviser for about 22 years and I cannot recall any client who had the ability to pay but refused to do so. They do not pay because they are not given the opportunity to, a payment arrangement that means you cannot afford to eat is not an opportunity to pay.”

With due respect to Mr Nelson, people who are able to pay their Council Tax but actively try to avoid their responsibility do not seek debt advice. Work with HMRC data recently identified 90 clients earning over £40,000 and up to £200,000 pa who owed £490,000, none of which EAs had been able to collect.

From the council's own data however, we have seen that Enforcement Agents are only able to recuperate 14% of debts passed on in 2021/22 and 16% 2022/23, showing that they are not an effective method of collecting debt in the first place.

4. New guidelines for Council Tax recovery

The council set out new guidelines for Council Tax recovery in June 2023 to mitigate the impact of the cost-of-living crisis. This includes:

- Increasing support through the Discretionary Council Tax Payment scheme until at least March 2024.
- Giving residents in Council Tax arrears the ability to spread re-payments over two years, rather than one.
- Implementing a less formal local ‘breathing space’ scheme to give residents in arrears the ability to pause collection activity whilst they seek debt advice and local authority support to stabilise their finances.
- Reviewing the Council Tax Support scheme before 2024/5, which will consult on increasing the maximum amount of support available to residents from

82.5% of the bill. Best practice in preventing poverty and arrears is for local authorities to offer up to a 100% reduction.

We welcome these positive measures and hope that they dramatically reduce the number of bailiff referrals made by the council. We particularly welcome the acknowledgement that pushing residents into debt and poverty is a false economy for local authorities. The council's analysis of new guidelines states "in some cases the payment plans may actually support a higher ultimate collection rate as well as providing support to residents."

Despite this acknowledgment, the council continues to use bailiffs to collect Council Tax. Every referral to bailiffs is a social policy failure and we would encourage Manchester City Council to be bolder.

Bailiffs are financially incentivised to recover debts and are therefore badly placed to assess the vulnerability of residents. The code of practice does not give sufficient protection to residents because poor enforcement practice is widespread. An estimated one in three bailiffs break the rules - bailiffs enter people's homes (sometimes with children inside) before six am or after nine pm, seize possessions from the wrong people, use force to enter and intimidate, often causing trauma in the process.

The council has an opportunity to show ethical leadership and set an example to local authorities around the country by working with residents to find alternatives to using bailiffs to collect Council Tax arrears.

Recommendations

We encourage members of the committee to support the following recommendations at the meeting on 7th September:

- This committee acknowledges the difficulties faced by people with lived experience of debt across Manchester
- This committee acknowledges the work of Debt Justice and ACORN in supporting people from across Greater Manchester with lived experience of debt
- This committee recommends that the Council's Executive initiates a review into the best way to ethically support people experiencing Council Tax debt with methods that are financially inclusive and no longer include bailiffs as a way to recover debt to be presented within 6 months

For more information contact Richard Dunbar, richard@debtjustice.org.uk or 07712476128. About Debt Justice (Formerly Jubilee Debt Campaign):

1 Richardson, T, Elliott, P. Roberts, R. (2013). 'The Relationship Between Personal Unsecured Debt and Mental and Physical Health: A Systematic Review and Meta-analysis'; Gathergood, J. (2012). 'Debt and Depression: Causal Links and Social Norm Effects'.

2 Providing help to people debt problems is a common element of homelessness prevention strategies in many countries. See, for example, Gaetz, S. & DeJ, E. (2017), 'A New Direction: A Framework for Homelessness Prevention'. Canadian Observatory on Homelessness, Toronto..

3 Gibbons, D. (2010). 'Out of Work and Out of Money: A study of financial inclusion and worklessness in Manchester: how to improve support for people with money problems to obtain and sustain employment'. Manchester City Council.

4 Joo, S. & Garman, E.T. (1998), 'The potential effects of workplace financial education based on the relationship between personal financial wellness and worker job productivity'.

5 The Children's Society & StepChange (2014), 'The Debt Trap: exposing the impact of problem debt on children'.

6 See Financial Times: Problem Debt and Suicide - Money and Mental Health

1. See above

Testimonies from residents

Resident 1

"When I was in my early 20s I had a car, now I'm going to sound like my wife, I can't remember what make it was, just that it was red, and I needed to top up the radiator every time I used it just to get from A to B. I was living on my own after dropping out of uni, I didn't have a job and was trying to figure out what and who I wanted to be. I found myself getting into some debt with a few bills, and I was unable to pay my Council Tax. I felt I didn't have anyone to turn to, I didn't know who could help me. I couldn't speak to my parents. I'm from a small town in South Yorkshire, and they weren't in a position to help me, and if I'm honest...I was embarrassed. I wanted them to be proud and see that I could go it alone, so instead I did what any other 20 something in my position would do, I ignored it! I grew up in Thatcher's Britain, I was 7 when she came to power and 18 when she left, what followed was more of the same. I remember the miners strike, privatisation, poll tax and cuts to public services across the board. Things were hard, I'm sure those who are old enough out there will remember, jobs were hard to find; I was no different. So, when I came home to find a handwritten note on my car saying bailiffs were coming to take the car, and things from my house unless I called them... I had no idea what my rights were. When 2 blokes came round and started sizing up my furniture, I had no idea that I could refuse to let them in, that I had rights, and people I could go to for help. They asked me to prove I lived alone, as they went upstairs and started opening draws and wardrobes in my bedroom. This encounter that happened 30 years ago with bailiffs impacted the way I handled... handle money now, I have severe anxiety when dealing with bills, and for a long time found it impossible to face."

Resident 2

"A few years ago I was visited by a bailiff. I asked "why are you here". He said that I needed to pay £600. I asked what for and he said it was because I was late on my Council Tax payment by two days. He said the £600 was the payment for the rest of the year. At the time I was operating a childminding business. I was not happy because the visit happened when other people's children were on my premises. He had his camera on and I asked for it to be turned off because of the children. I then said this is not fair because I usually never miss a payment. I asked what will happen if I refuse to pay? The options were: they collect items from my house to sell or I would be arrested. I said neither of those make sense. I said if you take things like my laptop and TV I will not be able to look after the children because these are resources to teach the children. Secondly if you arrest me I will get a criminal record and will be unable to work with children or get certain jobs so I wouldn't be able to pay my Council Tax then. He then rang the office to set up installment payments but they refused. I didn't know what to do. I then rang my brother and he loaned me the

money. I paid and he left. At the end of the month I had to pay my brother back therefore I had to live on £600 less.”

Resident 3

“Two years ago, I found myself being unable to pay my Council Tax bill on time and missed a payment. I got a letter and paid for it when I could. The reality was, I just didn't have the money for it. I'm not eligible for any benefits, don't qualify for any support but the reality is that I am living month to month. On this specific month, I had got an electricity bill that was surprisingly high and the kids were going back to school. I needed to make the hard decision on what to prioritise and decided that the kids needed their uniforms. I contacted the council and restructured my payments and had them go from paying over 10 months to a 12 month payment option. A few months later, I was unable to pay my Council Tax on time again. I didn't plan to not pay it, I just didn't have the money available. I thought I would be able to catch it up later when I did have the money. The council took my case to court and I wasn't informed. I only found out when the next yearly bill came in informing me that my account had been passed on. This is when the bailiffs came out. It was really frightening. They put chains around the car and added on charges on top of what I owed. It's made things more difficult. They told me I couldn't set up a payment plan and had to pay straight away. I didn't have the money so had to put it on my credit card. I had to pay off my debt by taking on more debt. When I was dealing with it and reaching out it felt like what I was told over the phone wasn't what was actually happening. I only got one letter reminder the first time. It was very shocking, I needed a bit of space, some better support and more understanding. I'd like to see the council treating people with more kindness. I would have paid it the next month. If my electric company were able to support me, why can't the council?”

Resident 4

“6 years ago, I was in a houseshare with two other people. I set up a direct debit and paid my part of the bill, I was also getting Council Tax Support to pay the bill because I was claiming PIP. I didn't know this but the other two were not paying their share. The council had been trying to find them for years but couldn't so now I've been made liable for the whole bill. Because I'm the only one they can get in contact with, I'm having to pay. Whilst I was trying to speak to the council and argue against being charged this bill as I had paid my portion, my case was sent over to the bailiffs. The bill went from £273 initially and I'm now being charged over £600. My account has been passed on to debt collectors to make it bigger and now it's being taken out of my earnings. I'm in temporary accommodation at the moment, with someone else's bill being taken out of my Universal Credit. I've been using food banks. I really tried my best to deal with this, a bill that I had tried to keep on top of. I just feel that the council should be taking into consideration people who are trying. The bailiffs were absolutely useless and I can't believe how much they added on. At the end they had to pass my case back to the council because I was in temporary accommodation with other people who are vulnerable, but the extra charges haven't been taken off and I'm still paying them.”

Resident 5

“I fell into arrears with my Council Tax at my previous address years ago when I was diagnosed with cancer and we had a family crisis. I got in contact with the council after I moved, a few years later, trying to make a repayment plan and get back on top of my finances. Instead of agreeing to a payment plan that I can afford, the money is being taken out of my salary every month. I’ve been using foodbanks because the payments are so high, they also aren’t consistent month to month and I’m never able to budget for the month. I don’t know what I’ll be left with once the Council Tax payments are taken from my wage. I’ve never been given a breakdown of the full amount I owe and every time I’ve tried to get a payment plan that I can afford, I’ve been told that isn’t possible. It’s all got so much that I find it hard to open letters about bills, find it hard to talk to someone over the phone about this because it causes me so much stress and anxiety but have been told that I can’t resolve this over email. I’ve tried to explain how hard I find it to speak to someone over the phone but keep getting told this means I’m not engaging with the council. The stress from this has got so much that I have considered ending it all before. I’ve had to take leave from work and the payments are still coming out of my statutory sick pay. It’s been really difficult to live with and I’ve been having to rely on the “Bread and Butter Thing” to get food and it’s meant that I’ve had to set up a payment plan to pay back my supported accommodation, because I’m now in arrears with my housing.”

Appendix 3 – CIVEA Response to ACORN Manchester/Debt Justice

Thank you for the opportunity to respond to the ACORN paper calling for an end to civil enforcement of Council Tax debt in Manchester.

CIVEA represents approximately 40 companies that make up more than 95% of the entire enforcement industry. As local government finances come under continued pressure, the work that our members undertake is becoming increasingly important as a major source of revenue. Uncollected tax debts and fines means less money for services and higher bills for residents who do pay on time.

Civil enforcement prevents losses to the public purse of an estimated £12 billion from unpaid Council Tax, criminal fines, and unpaid penalty charge notices.

The ACORN briefing paper makes numerous generic statements from a range of sources that evidence a national economic crisis. We do not dispute this, but it cannot be attributed to Council Tax collection. Therefore, it is a matter for central government if it chooses to reform the Council Tax system.

The background notes that the section titled A False Economy seeks to link costs of over-indebtedness to costs to the public purse. Again, we do not dispute this. We would also argue that there are many other socio-economic factors that create pressure on local government finance, such as climate change and efforts to improve the environment. We do not dispute that health and well being is directly linked to financial deprivation. However, civil enforcement is not the architect of problem debt. In fact, with 60% of local authority expenditure on supporting vital services, such as housing, adult and child social care and health services, we would argue that Council Tax recovery is essential for supporting vulnerable households.

Contrary to ACORN's view, support for Enforcement Agents remains high. A survey conducted by YouGov in 2020 found that 65 per cent of people said non-payment of Council Tax puts services, like social care, at risk. More than half of those polled (56 per cent), said councils should use bailiffs [sic] to collect money from people who can pay but won't. This was more than twice the numbers who said councils should not use bailiffs [sic], at 26 per cent. Almost half of those surveyed (42 per cent), said they were worried that failure to use bailiffs [sic] would lead to fewer people paying their Council Tax. Only 5% said it would lead to improved compliance.

The government and others want regulations to address the treatment of the vulnerable, but the cost of living crisis means that payment for essential services is required from an increasing number of people in vulnerable circumstances. This is not a consequence of Council Tax collection policy.

Therefore, the attempts by ACORN to contrast the costs of supporting vulnerable residents with the costs of enforcement are spurious at best.

This leads to the only relevant section in the briefing paper, which refers to non-payment.

There is no question that priority debts are becoming unmanageable for a significant minority of people, especially where these form multiple debts i.e. recurring debt not collected in previous years. Creditors and charities are aware that a new cohort is emerging of first time debtors struggling with energy, water, rent and Council Tax bills.

Consequently, enforcement firms are required to invest more in identifying, analysing and communicating with people who fall into the “hard to collect” category. The civil enforcement process has evolved significantly, especially since the pandemic, and the Taking Control of Goods National Standards no longer reflect common practice.

Evolution of the Compliance Stage

Since 2014, the Compliance stage has been transformed by firms seeking to engage debtors, identify vulnerability, assess income and expenditure, maximise income and benefits, profile for propensity to pay, run benefits checks and ensure repayments are sustained.

The Compliance Stage at which around 40% of debt is successfully recovered involves data cleansing, case matching and linking, DVLA checks and financial profiling. Using debtor’s live financial information such as: Open Banking, (status of credit accounts), pending patterns & behaviour, payday dates & frequencies, firms can build up a financial profile of an individual and assess propensity to pay. At this stage, the objective is to engage with people. It may involve a call or even a visit from an enforcement agent to ascertain a debtor’s circumstances without any taking control of goods action. There may be letters and an outbound communication campaign leading to interventions for vulnerability, such as welfare support offered by council services, debt advice and suspension of debt recovery.

Our own data shows that around 32% of Council Tax cases and 5% of cases passed for enforcement are not pursued. This may be after intervention by the council client, where an enforcement agent traces a new address and/or new occupier saving the council both time and money; and cases where vulnerability had been identified and it is deemed not appropriate to pursue enforcement action. Cases in which an individual has no means to pay and no goods of any value account for approximately 39% of cases for Council Tax.

Almost half of debts are recovered in full or through payment arrangements at the pre-visit stage.

In around 24% of unexecuted cases for Council Tax Enforcement Agents are unable to locate the debtor after trace enquiries.

As a comparison commercial debt collection agencies (DCAs) receive comprehensive personal details, such as date of birth; bank details; CRA information; financial and payment history before they are able to undertake debt recovery for commercial creditors.

Supporting vulnerable households

Enforcement agencies have an increasingly challenging role as intermediaries in debt resolution, acting on behalf of creditors and seeking satisfactory resolution via debtors. They aim to respond to individual needs whilst appropriately seeking to successfully resolve debt through effective engagement and flexible solutions. Our members invest significant time and resources in getting this right for all stakeholders – clients and customers as well as the broader community.

All CIVEA members have fully trained welfare teams dedicated to identifying and supporting people who are vulnerable or in genuine financial hardship. These teams receive additional training and support to ensure they are prepared to manage the most challenging conversations and guide individuals to a positive outcome. They use the same technology-based tools as DCA's – such as credit reference checks and affordability assessments - to highlight behaviour that may suggest vulnerability and the need for additional care.

This work includes partnering with debt charities, providing vulnerability training and using technology-enhanced repayment processes to ensure that vulnerable people are protected, and positive outcomes for both local authorities and taxpayers. Industry standard affordability calculations are used to ensure consistent repayment policies, and individual agents cannot use their discretion. Budgeting tools identify any benefits an individual could apply for and whether the individual is overpaying for other services, such as gas and electricity.

Individuals who are identified as potentially vulnerable are supported and receive communications with enhanced and tailored signposting that links to internal welfare teams and external debt advice. Self-serve apps and web portals encourage people to manage their debts remotely and more autonomously. Providing a choice of communications channel based on preference ensures services are fully accessible 24/7. Benefits and budget calculators often identify unclaimed benefits, resulting in a repayment plan being agreed.

More serious instances include liaising with Social Services where we discover safeguarding issues concerning children. Discovering squalid living conditions and liaising with the Councils tenancy officer to arrange a visit to the premises. Assisting those who are contemplating ending their life, not necessarily solely due to a debt but our team provide a listening ear and offer solutions and signpost where they can get support.

Mental health first aiders are embedded in welfare teams to assist with the increasing amount of vulnerability surrounding mental health. The examples below show how people identified as vulnerable are supported by Enforcement Agents. These are not exceptional and are daily occurrences for welfare teams.

Croydon Parking advised they suspected vulnerability. An enforcement agent visited the following day and discovered that the customer recovering from a stroke. The firms' vulnerability team researched support for stroke victims in Croydon and passed details to the customer. The enforcement agency recommended to the council that the debt be written-off and this was agreed. Parking Services reported

their concerns to Social Services who took over the customer's case. The following is an extract from a press release issued by Croydon Parking Services.

"This is exactly the kind of partnership working we are trying to achieve and shows how good communications can improve the customer experience."

A firm's welfare team was contacted by a customer who was suicidal. The customer was dealt with by the team manager. The following email was subsequently received from the customer the content of which speaks for itself.

"I just want to say a big thank you to [the team manager] who has literally changed my life who has been exceptionally helpful. I am actually tearing up as I write this. I currently suffer with depression and suicidal thoughts due to the huge amount of debt I currently am in, I was about to take my life but XXXX ensured that my debt was being dealt 4 with and she would help me the best way she can – and she did just that! I have been finding it hard to be a single mother and also having dealt with domestic violence and coming out of that I already had depression caused from that which the debt my ex partner got me in contributed to it in a very big way! I make £645 a month and have been out in to debt of over £10,000. XXXX is amazing and I don't think an email explaining how great she dealt with my case is enough I feel like she needs something more than that because she saved a life without knowing. Please give her the well deserved reward deserves on my behalf and thank you again for hiring such a supportive and understanding person who did more than just exceptional customer service but she helped a young woman who is struggling financially to see another day and see that things can get better. Honestly not enough words to express how grateful I am, and I will never forget her."

The following is an extract from an email from a Domestic Abuse Outreach Worker:

"Further to your email. Thank you so much for your email. May I take this opportunity to say thank you. It is really humbling to see another organisation, being so understanding and allowing a victim of abuse some respite from her situation. Many thanks, Minaz"

The following is an extract from an email from a debt adviser in a national charity:

"I want to thank you on behalf of my client for assessing and understanding his circumstances and vulnerability. I and my client are extremely grateful that you have agreed to send the debt back to Council."

Affordable Repayment

It is in the interest of all parties to agree on affordable payment arrangements at an early stage. The enforcement fee structure is designed for this purpose and to avoid additional enforcement costs being added to the outstanding debt.

Increasingly, local authorities are following the examples of enforcement agencies and issuing SMS 'nudge' texts to their customers to remind them of their forthcoming instalment or to provide them with a digital receipt. Similarly, local authorities are emulating enforcement agencies and providing their customers with a 'MY

ACCOUNT' function enabling them to check their account status, make a payment or make contact.

However, there are challenges with affordability assessment for debt owed to public bodies. Local authorities means-test their residents at the liability stage. Although they can offer tax reduction schemes, they cannot choose who can and cannot make use of their service and make risk assessments to reduce the chances of people missing payments.

The terms of payment plans are agreed between enforcement firms and their local authority clients, but are often criticised by debt advisers. However, the income and expenditure model is misconceived in the way it is used by debt advisers. Often a debt adviser will record an individual's income details against the outgoings of an entire household, despite there being other working adults in the house. 5 We also encounter inflated expenditure statements to show less disposable incomes. This undermines the integrity of the process and requires each statement to be scrutinised and verified by enforcement staff. It must also be recognised that a simple statement of income and expenditure does not take into account other assets. It is not uncommon for Enforcement Agents to encounter people in debt that have no disposable income but a wealth of assets. This is part of the specialist work that distinguishes enforcement from standard debt collection.

Alternative debt recovery

The ACORN briefing paper opposes the use of Enforcement Agents to collect Council Tax, but offers no alternative other than “an ethical and financially exclusive alternative”.

The only possible alternative would be to consider using private debt collection agencies (DCAs), which are used by commercial businesses, financial institutions and utility companies.

Debt collection practice in the commercial sector is often held up as an exemplar for its engagement with the money advice sector, communication with customers, support for vulnerable people and affordability assessments for repayment plans. All of these practices can be seen in the enforcement industry and, as in private debt collection, have become integral to daily operations.

Unlike traditional debt collection, enforcement firms receive very little information about the individuals who owe debt. In most cases, the courts provide the name and address, the type of debt and the amount owed. The rest of the information is extracted from data sources and is a cost borne by enforcement firms, not the public purse.

In terms of value for money to local authorities and central government, our records show that overall collection rates have declined as a consequence of the pandemic. Average Council Tax collections by Enforcement Agents were at almost 30% in 2018 but have dropped to 21% in 2022.

However, collection rates at the Compliance Stage (pre-visit) have held strong as a result of enforcement firms' investment in technology and focus on early engagement. Around 40% of public debt is recovered without an enforcement visit. Such high returns for hard to collect debt would be considered exceptional by DCAs, which average nearer 10% recovery rates.

In response to pressure to reduce the use of Enforcement Agents some councils have trialled alternative collection methods. For example, Hammersmith & Fulham trialled the use of DCAs and discovered that the charges it incurred for recovery are not justified by the small sums of debt that the DCAs recovered.

The DCA charges included the direct costs of recovery plus 7.5% of the amount recovered, as opposed to civil enforcement that has no public cost. There were charges for the entire collection process, so the pricing structure was based on agreement and not regulation as with standard civil enforcement contracts. In August 2019, Hammersmith & Fulham Borough Council responded to a Freedom of Information request on collections for the period March 2017 to April 2018 and March 2018 to April 2019. The response showed that the council only passed 1,684 cases for collection and 40 percent of debt was recovered. Given that this was the low-hanging fruit and not hard to collect cases that would require 6 enforcement action, the results were poor. There was a cost to taxpayers, but the result was no better and made a strong for the use of Enforcement Agents.

In common with DCAs, enforcement agencies are providing software and apps with functions to help people self-manage their accounts, check their account status, make a payment or make contact to discuss debt resolutions before the enforcement stage. Latest developments involve the use of AI through chatbots to meet demands from people who prefer to self-manage their debt without speaking to a contact centre.

Enforcement agent visits break the rules

We strongly refute the allegations by Citizens Advice that Enforcement Agents are acting in contravention of regulations and the Ministry of Justice National Standards.

Taking the facts alone, there is no shred of evidence in the research provided by Citizens Advice to prove that enforcement action was not conducted according to The Taking Control of Goods Regulations 2013. The only evidence was that those conducting the research have a poor knowledge of the legal powers afforded to Enforcement Agents. Anyone who does not pay their Council Tax and does not respond to numerous letters, calls and texts from the council and enforcement firm, should expect an enforcement visit to their home.

Given that the case study inaccurately states that an enforcement action is confirmed to have broken Ministry of Justice rules, we would need to review all the evidence to ensure that Citizens Advice has correctly interpreted its anecdotal surveys. We appreciate that enforcement action can be distressing, but it is the ultimate sanction available to councils to recover £5 billion unpaid debt that funds essential services, such as adult care, fire and police services and even pothole repairs and street lighting.

Our own evidence based on the experiences of frontline agents shows that the regulations introduced in 2014 are meeting their original objectives with: fewer customers receiving doorstep visits, and therefore incurring smaller debts; low complaint levels due to the simplified process and fixed fees; improved awareness and training in all aspects of vulnerability and the development of specialist staff; and significant investment in technology to maintain professional standards within the enforcement sector.

I wrote to Dame Clare Moriarty, chief executive of Citizens Advice in March (see letter attached). Despite numerous reminders, I am still waiting for a reply. The lack of response suggests that the research would not stand detailed scrutiny and is statistically invalid. I suspect that this applies to much of the research sources cited by ACORN, which are subjective.

Accountability

As stated previously our recent survey with YouGov found that 65% of the public are concerned that vital public services like social care will be put at risk if people who are able to, do not pay their Council Tax. Two-thirds believe the costs of collection of unpaid CT should be added to their debt. Over 80% think non-payment would get worse or continue if councils could not use bailiffs [sic].

The highly competitive market is the most effective way of ensuring agents and enforcement agencies uphold standards. With firms competing fiercely for local authority contracts, there is a strong emphasis on conduct and compliance. However, the industry has led ongoing reform. For example, the establishment of the Enforcement Conduct Board is an industry funded independent oversight body for the enforcement industry. It originated from CIVEA and is the next step on a path of reform, which began with the implementation of new regulations in 2014. CIVEA members also adhere to an independently monitored code of practice, which was revised in 2019. The code builds on the existing industry standards, goes beyond the statutory regulations and complements the government's National Standards. It promotes responsible and fair engagement and is reviewed regularly to ensure accountability is maintained and standards upheld.

The Enforcement Conduct Board (ECB) was born out of plans we were developing for independent supervision and monitoring of Enforcement Agents. It was launched one year ago, with a mission to ensure enforcement action remains accountable and fair. The ECB was devised through a collaboration between the enforcement industry (including CIVEA) and debt advice charities. This ensured that its objectives were shared by both sectors and its targets were realistic.

Finally, the annex includes testimonials from Manchester residents which are entirely subjective. We are not given the source, but we must assume that they are verified by ACORN. However, there are no recent cases (i.e. Post-pandemic) and no context for us to be able to judge whether the enforcement action in each case was justified.

For example, how old was the debt being enforced? How many times has the resident broken payment arrangements? We can assume that more recently

Manchester residents have had less cause for complaint. There is much more that can be evidenced in support of civil enforcement as the most responsible, fair and efficient way to recover unpaid Council Tax, but I hope that this response is helpful. If you require answers to specific questions, please come back to me.

Russell Hamblin-Boone - Chief Executive Officer, CIVEA

Appendix 4 - Additional submission from Debt Justice

Why Manchester City Council Should End Bailiff Use (Addendum)

This supplementary note contains additional supporting evidence to our original submission to the Manchester City Council feasibility study into ending the use of Enforcement Agents in the collection of Council Tax.

National Regulatory Failure

Due to failures of national regulation and the poor practice that is widespread throughout the bailiff industry, Manchester City Council cannot guarantee that their residents are treated fairly by bailiffs when contracting them to collect Council Tax arrears on their behalf.

There is no independent regulatory body for Enforcement Agents in the UK ⁱ and research from Citizens Advice shows bailiffs are breaking the rules on a 'massive scale' ⁱⁱ.

The bailiff industry itself, represented principally by the trade association CIVEA ⁱⁱⁱ, has been unable to regulate itself and raise standards sufficiently, which has prompted the creation of the Enforcement Conduct Board.

We are hopeful that the Enforcement Conduct Board ^{iv}, which has been set up to provide more independent oversight of the industry, can raise standards. At present though, the board lacks the statutory powers needed to compel all Enforcement Agents to adhere to high standards. As a result, we cannot predict if, or when, bad practice in the industry will be eliminated.

Lack of Accountability

We take Manchester City Council at their word when they tell us that bad practice from the bailiffs they use is investigated. However, the complaints and accountability system for people that face bailiff malpractice is confused and broken at a national level.

Manchester City Council have told us that incidents of bad practice should be reported to them, and if law breaking has occurred, it should also be referred to the police.

Guidance from the UK Parliament ^v suggests people in debt should complain to the bailiff firm that the agent works for in the first instance. It is advised that if the debtor is unhappy with the outcome, they should then refer their case to CIVEA.

There are many types of bailiffs that people in unmanageable debt may encounter. If the bailiff they encounter is a High Court Enforcement Officer, then the complaint system is administered by a separate body, the HCEOA. If the bailiff they encounter is a county court bailiff, or civilian enforcement officer, people in debt are advised to write to the court concerned.^{vi}

In an acknowledgement of the broken system of accountability, the Enforcement Conduct Board say on their website that “One of our goals will be to simplify the multiple existing routes for escalating complaints”.^{vii}

People in debt have no choice about the enforcement firm appointed to collect their debts from them. People in debt are often vulnerable and under severe emotional and financial pressure, making the complaints system impossible for many to navigate at a time of crisis.

The Centre for Social Justice note that low levels of complaints are not necessarily an accurate way of understanding how widespread incidents of rule breaking are.^{viii} This is because people in problem debt are often experiencing additional vulnerabilities.

For reasons set out above, there is a high chance that incidents of rule breaking may never be reported to a creditor. That is why we say that whilst we do not doubt Manchester City Council’s ambition to follow up reports of rule breaking, we have no faith in the system of complaints as it is currently configured.

Anecdotally, ACORN Manchester has been approached by people affected by poor bailiff practice. We have encouraged them to make complaints directly to the council, however they do not have trust that anything useful will result from the process.

Bailiff Fees and Profits

Despite recent reports of bailiff companies making large profits^{ix}, the Ministry of Justice has proposed increasing fees by 5%.^x These fees will further increase the cost of bailiff action for people in debt across Manchester and beyond. According to the consultation this is to ensure “...enough revenue for EAs and HCEOs to run a profitable business, whilst seeking to protect people in debt from disproportionate costs”.^{xi}

The Dehayen Review^{xii} found that the bailiff fee structure was likely to deliver profit margins of 10%. However, commercial sensitivity and opaque evidence gathering processes mean that it is difficult to say how much profit bailiff companies are currently making and from which collection activities.

In short, we know bailiff companies have a commercial incentive to continue to collect Council Tax debt. The council cannot say with a high degree of accuracy how large the profit margin being extracted from their residents is.

Conclusion

All the evidence points to the fact that bailiffs make a place poorer, have a detrimental impact on peoples’ mental health and do not drastically improve collection rates.

Manchester has always been seen as a socially progressive city - one that has dared to be different, especially when its population has faced difficulties.

The cost-of-living crisis is one of these moments and it is heavily impacting on the lives of communities across Manchester. We call on this committee be on the right side of history and ban the bailiffs in favour of more inclusive and fairer methods of collection.

Footnotes i House of Commons Library, "Enforcement officers (formerly known as bailiffs)," House of Commons Research Library, Feb. 09, 2023. <https://commonslibrary.parliament.uk/research-briefings/sn04103/> (accessed Nov. 29, 2023). ii W. Eichler, "LocalGov.co.uk - Your authority on UK local government - Bailiffs breaking rules on 'massive scale', says charity," www.localgov.co.uk, Mar. 22, 2023. <https://www.localgov.co.uk/Bailiffs-breaking-rules-on-massive-scale-says-charity/55864> (accessed Nov. 29, 2023). Please see submissions by the Money Advice Trust and Christian's Against Poverty for further evidence. iii Trade associations, by their very nature, are not well placed to investigate rule breaking in an objective manner. iv <https://enforcementconductboard.org/about-us/> v House of Commons Library, "Enforcement officers (formerly known as bailiffs)," House of Commons Research Library, Feb. 09, 2023. <https://commonslibrary.parliament.uk/research-briefings/sn04103/> (accessed Nov. 29, 2023). vi House of Commons Library, "Enforcement officers (formerly known as bailiffs)," House of Commons Research Library, Feb. 09, 2023. <https://commonslibrary.parliament.uk/research-briefings/sn04103/> (accessed Nov. 29, 2023). vii <https://enforcementconductboard.org/complaints/> viii The Centre for Social Justice, "TAKING CONTROL FOR GOOD Introducing the Enforcement Conduct Authority," 2021. Page 26. Accessed: Nov. 29, 2023. [Online]. Available: <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2021/07/CSJJ9052-Taking-Control-For-Good-INT-210720-WEB.pdf> ix S. Das, "Bailiffs making record profits collecting debt for councils in cost of living crisis," The Observer, Aug. 12, 2023. Accessed: Nov. 29, 2023. [Online]. Available: <https://www.theguardian.com/business/2023/aug/12/bailiffs-making-record-profits-collecting-debt-for-councils-in-cost-of-living-crisis> x Ministry of Justice, "Review of the Taking Control of Goods (Fees) Regulations 2014," 2023. Accessed: Nov. 29, 2023. [Online]. Available: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1170373/fee-review-response.pdf xi Ministry of Justice, "Review of the Taking Control of Goods (Fees) Regulations 2014," 2023. Accessed: Nov. 29, 2023. [Online]. Available: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1170373/fee-review-response.pdf xiiA. Dehayen, "Enforcement Agents Fee Structure Review Enforcement Fee Structure Review Proposal for a new Enforcement Fee Structure and analysis of the issues and options A report by Alexander Dehayen for the Ministry of Justice," 2009. Accessed: Nov. 29, 2023. [Online]. Available: https://consult.justice.gov.uk/digital-communications/transforming-bailiff-action/supporting_documents/enforcementfee%20structurereview.pdf

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Appendix 5 - Council Tax and Enforcement Agents – Citizens Advice Manchester

Introduction:

At Citizens Advice Manchester (CAM) we deliver free, independent, and confidential advice and information to anyone who needs it. We are the commissioned advice provider for the city and deliver advice to over 50,000 Manchester residents each year.

Between 2013 and 2020 Council Tax debt was the most common debt we helped people with. In 2022/23 we provided specialist debt advice to almost 3,000 Manchester residents with Council Tax arrears, second only to fuel debt and considerably ahead of unsecured borrowing such as credit cards and overdrafts.

We welcome the opportunity to contribute to Manchester City Council's feasibility report into ending the use of Enforcement Agents in the collection of Council Tax debt in Manchester.

CAM understands that a number of factors push local authorities towards more aggressive collection policies. The outdated regulations governing Council Tax mean that arrears escalate quickly once a single payment is missed, and local authorities have limited flexibility to respond to households in difficulty. In-year collection targets encourage councils to focus on short-term recovery methods rather than sustainable long-term debt repayment. There are no binding standards or clear safeguards in place to ensure that local authorities treat customers fairly and follow good debt collection practices – in contrast to regulated sectors such as financial services, energy and water.

CAM works closely with colleagues from across the Citizens Advice network to urge Government to make the following changes:

- Amend the regulations to stop people being asked to pay their entire annual bill if they miss 1 monthly payment.
- Create a statutory code of practice governing Council Tax debt collection. This would set out the steps that should be taken by local authorities before a liability order can be made - such as attempting to establish an affordable repayment plan.
- Give councils the power to initiate deductions from benefits without getting a liability order – subject to affordability assessment and appropriate safeguards.
- Remove the threat of imprisonment for Council Tax arrears in England.
- Provide additional funding for Council Tax Support, so that local authorities can reintroduce 100% reductions for low-income residents of working age.
- Take steps to improve awareness of Council Tax Support and increase take-up by eligible households

Council Tax debt, affordability and vulnerability

As already noted Council Tax debt is consistently one of the most common debts reported by Manchester residents to CAM. In 2022/23, 30% of clients with Council

Tax arrears also had fuel debts and 30% had water arrears. Almost half had a long term health condition. Illustrating the degree of hardship, 15% were advised about food banks and 13% were advised about charitable support.

In 2022/23, 28% of Citizens Advice Manchester clients with Council Tax debt needed advice about court action, debt collection practices or enforcement, compared to just 14% of clients with credit card debt. This difference is likely to be underpinned by the fact that Manchester City Council, due to reasons outlined previously, act much more quickly than private sector creditors.

In 2022/23 CAM supported 628 people who were paying full Council Tax despite being eligible for support and at risk of falling into Council Tax arrears. Manchester City Council now only accepts applications online; this can be a barrier for applying for Council Tax Support for people without internet access or digital capability.

The use of Enforcement Agents

National research conducted by Citizens Advice provided little evidence that bailiffs are effective or efficient as a recovery method. Over the five year period covered by the national FOI request noted above, bailiffs collected on average just 30% of the debt sent to them. In total, bailiffs failed to collect over £790 million in debt, an average of £2.5m per council. For every £1 referred to bailiffs for collection, councils received back just 27p in return.

Enforcement Agents derive their income from fees added to the debts they recover. However these fees, along with court costs added earlier in the process, significantly increase the financial burden on people who are already struggling and swallow up money that could otherwise be used to repay council arrears. Bailiff fees of £75 for compliance and £235 for enforcement, on top of average court costs of £84, increase an average annual bill of £1,898 by just over 20%.¹ Since the bailiff fees quoted are fixed, not proportional, the same costs can be added to much smaller debts, and in some cases may be greater than the actual debt owed.

Recommendations:

CAM has a long record of working closely with Manchester City Council officers to support residents who are experiencing Council Tax arrears. We are committed to maintaining and developing that relationship as Manchester residents receive a better level of service when the Local Authority and advice agencies work closely together. Citizens Advice Manchester (CAM) advocates Manchester City Council adopt the Citizens Advice Council Tax Protocol as a public commitment to the principles of fairness, partnership working and transparency in local authority debt collection in Manchester.

Reminder letters & Final Notice letters inform residents that they may incur fines and additional costs associated with summons being issued. CAM would recommend Manchester City Council ensure that these charges are reasonable and reflect the actual costs incurred by the Local Authority.

CAM understands that Manchester City Council has an agreed definition of vulnerability and has processes in place for dealing with vulnerable residents. CAM

would recommend providing residents with guidance on this vulnerability statement to increase the likelihood that residents self-identify as vulnerable and receive the appropriate support at the earliest opportunity.

Where a debt is escalated to an enforcement agency CAM would recommend residents are provided with clear information that they can still seek independent advice. Council Tax Support offered by the Local Authority can prevent residents from falling into debt, however residents who lack digital skills / confidence can struggle to access the support. CAM recommends the development of a network of organisations, supported by MCC, who can support people to make their online application.

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Missed council tax payment

We can help. Call 0161 234 5002



Paid in the last few days? Thank you, please ignore this.

www.manchester.gov.uk/counciltax

Phone: 0161 234 5002

PO BOX 3, Manchester, M15 5BA

Date: 8 July 2023

Account reference 5xxxxxxx

Bill number 23/2

Property Band A

It looks like you missed a council tax payment. You need to pay £181.62 by 15 July if possible.

Please pay online now if you can – details on the back. If you can't pay, there are lots of ways we can help.

Date payment due	Amount	Payments made	Now due
28.04.2023	£61.62	£0.00	£61.62
28.05.2023	£60.00	£0.00	£60.00
28.06.2023	£60.00	£0.00	£60.00
Total amount now due:			£181.62

Think you'll miss more payments?

Here's your current payment arrangement. If it looks like you'll miss more payments, please contact us now.

28.07.2023	£60.00
28.08.2023	£60.00
28.09.2023	£60.00
28.10.2023	£60.00
28.11.2023	£60.00

We could make this arrangement work for you with:

- payments spread over more months; or
- Council Tax Support claims if your income's low; or
- money off your bill if you qualify; or
- extra help for severe, unusual hardship; or
- vulnerable people's support – just let us know that's you.

Why not pay by Direct Debit? It means you won't forget in future and you can pick a payment date that suits you – choose the 7th, 15th, 21st or 28th of the month.

If you think your bill is wrong, or things have changed, please tell us and we'll update your bill.

Contact us now. Our number's above – details on the back.

You need to act now so you don't have to pay the whole year's bill and summons costs.

[back of 1st reminder – a) how to pay]

How to pay

Please pay by direct debit if you can at www.manchester.gov.uk/directdebit

Credit or debit card

–online at www.manchester.gov.uk/counciltax

– by phone 24/7 on 0161 234 5006

Post Office or PayPoint – take this with you and use the barcode to pay.

Help yourself

It's easy to sort out your council tax online:

- Apply for money off your bill
- Check your account
- Tell us about any changes
- Change your payment amounts
- Claim Council Tax Support
- Get your bill by e-mail.

www.manchester.gov.uk/counciltax

[back of 1st reminder – b) help offer]

Need help with council tax?

We can find a solution together.

- **Call 0161 234 5002, 9am—6pm, Monday—Friday.**
- **See your options online, scan here:**



- **Help yourself online:**
 - **Spread your payments** over more months – fill in the form at www.manchester.gov.uk/xxxxx

- **Claim Council Tax support** for low incomes. See if you qualify and claim: www.manchester.gov

If you think your bill is wrong, or things have changed, please tell us and we'll update your bill.

Get help now so you're not liable for extra costs.

Struggling with the cost of living?

We recommend free, independent money advice, as well as talking to us.

Citizen's Advice Manchester will help with debt advice benefit claims:

0808 278 7800 and 0808 164 4406 www.citizensadvice.org.uk

Money Adviser Network gives free, independent government-funded debt advice:

0800 138 7777 www.moneyhelper.org.uk

StepChange Debt Charity helps you deal with debt and get back on track:

0800 138 1111 www.stepchange.org

National Debtline 0808 808 4000:

www.nationaldebtline.org

Missed Council Tax Payment
Second reminder
We can help. Call 0161 234 5002



Paid in the last few days? Thank you, please ignore this.

www.manchester.gov.uk/counciltax

Phone: 0161 234 5002

PO BOX 3, Manchester, M15 5BA

Date: 8 July 2023

Account reference 5xxxxxxx

Bill number 23/2

Property Band A

It looks like you've missed another council tax payment, and we want to help.

You should pay if you can – details on the back.

If you can't, call us on the number above to chat about ways to sort out what you owe, which is:

Date payment due	Amount	Payments made	Now due
21.05.2023	£84.74	£84.74	£0.00
21.06.2023	£90.00	£0.00	£90.00
Total amount now due:			£90.00

Here's your current payment arrangement. If it looks like you'll miss more payments, contact us now. There's lots of ways we can help.

21.07.2023	£90.00	21.12.2023	£90.00
21.08.2023	£90.00	21.01.2024	£90.00
21.09.2023	£90.00	21.02.2024	£90.00
21.10.2023	£90.00	21.03.2024	£90.00
21.11.2023	£90.00		

We could make this arrangement work for you with:

- payments spread over more months; or
- Council Tax Support claims if your income's low; or
- money off your bill if you qualify; or
- extra help for severe, unusual hardship; or
- vulnerable people's support – just let us know that's you.

Why not pay by Direct Debit – you can pick a payment date that suits you – choose the 7th, 15th, 21st or 28th of the month.

Contact us now. Our number's above – details on the back.

You need to act now so you don't have to pay the whole year's bill and summons costs.

[back of 2nd reminder – a) help offer]

Struggling to pay?

Tell us now – We can find a solution together

Call 0161 234 5002, 9am—6pm, Monday—Friday.

We could:

- Change your payment plan.
- Check if you're due benefits.
- Get money off if you qualify – and extra help even if you don't.
- Take a 'breathing space' from paying off any previous years' arrears.
- Give extra help for severe, unusual hardship.
- Offer special support if you're vulnerable.

Get help now so you won't owe the whole year's bill and summons costs.

See your options online: scan here:



Help yourself online:

- **Spread your payments** over more months – fill in the form at www.manchester.gov.uk/xxxxx
- **Claim Council Tax support** for low incomes. See if you qualify and claim: www.manchester.gov

If you think your bill is wrong, or things have changed, please tell us and we'll update your bill.

Get help now so you're not liable for extra costs.

Struggling with the cost of living?

We recommend free, independent money advice, as well as talking to us.

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0800 138 7777 www.moneyhelper.org.uk

StepChange Debt Charity helps you deal with debt and get back on track:
0800 138 1111 www.stepchange.org

National Debtline 0808 808 4000:
www.nationaldebtline.org

[back of 2nd reminder – b) how to pay]

How to pay

Please pay by **direct debit** if you can at www.manchester.gov.uk/directdebit

Credit or debit card

–online at www.manchester.gov.uk/counciltax
– by phone 24/7 on 0161 234 5006

Post Office or PayPoint – take this with you and use the barcode to pay.

Help yourself

It's easy to sort out your council tax online at www.manchester.gov.uk/counciltax

- Apply for money off your bill
- Check your account
- Tell us about any changes
- Change your payment amounts
- Claim Council Tax Support
- Get your bill by e-mail.