

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 OBE
Chief Executive, Money Advice Trust

Contents

	Foreword	1
1.	Introduction	3
2.	Developments since 2017	4
3.	Research aims and methodology	6
4.	Research findings	7
	4.1. Use of bailiffs in 2018/19	7
	4.2. Change in bailiff use over time	9
	4.3. Bailiff use in Wales	11
	4.4. Mapping of collection practices	12
5.	Recommendations	15
	5.1. Six steps for local authorities	15
	5.2. Recommendations for government	16
	Appendix A: Bailiff use by debt type	17
	Appendix B: Further reading	19

1. Introduction

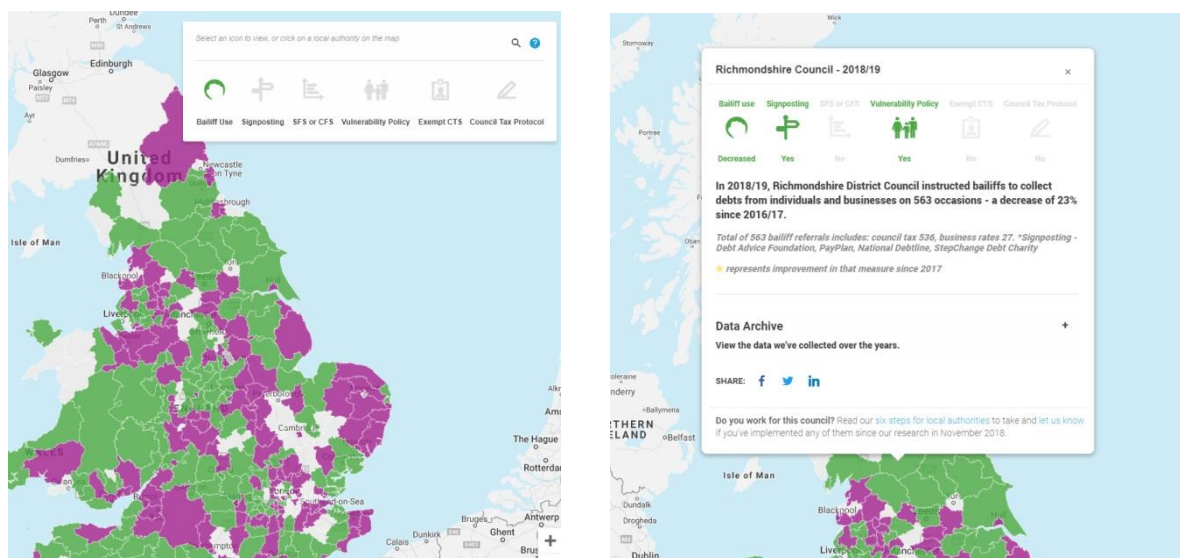
This is the third *Stop The Knock* report we have published, at two-year intervals since 2015, and the research it presents forms part of the Money Advice Trust's ongoing efforts to improve local government debt collection practices.

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

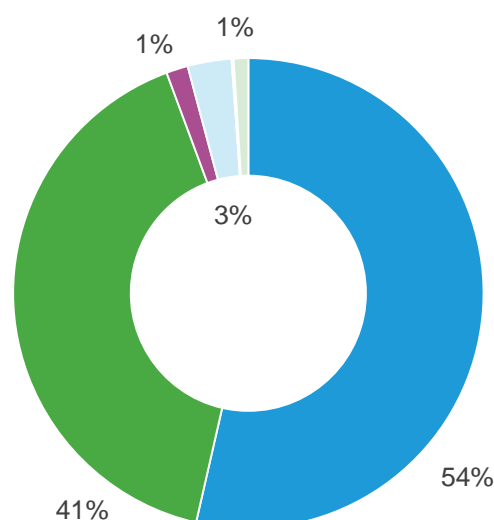


Figure 2: Total bailiff use in 2018/19 by debt type

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

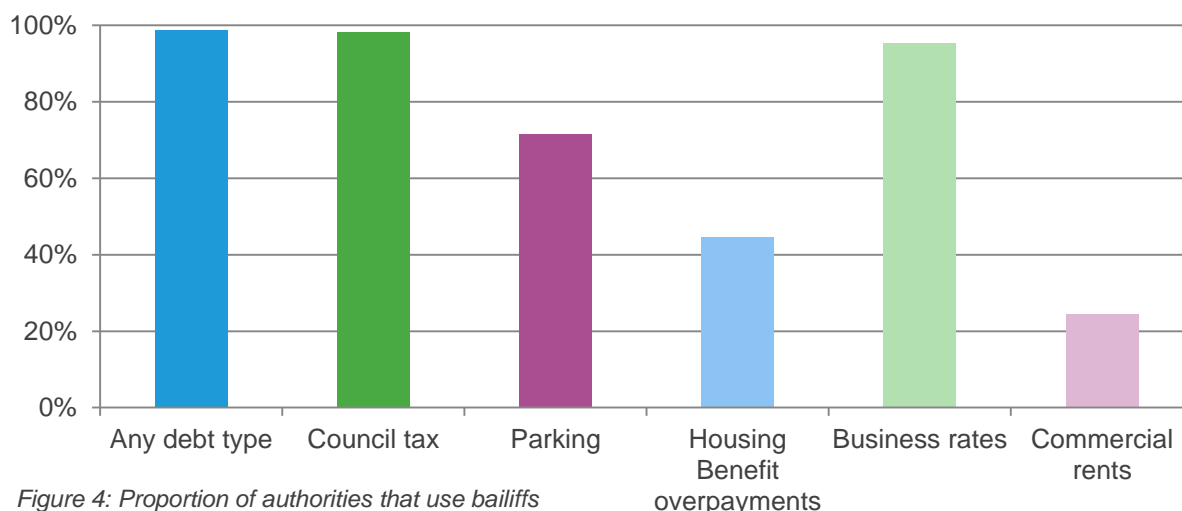


Figure 4: Proportion of authorities that use bailiffs for each debt type

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.

Changing use of bailiffs by debt type over time

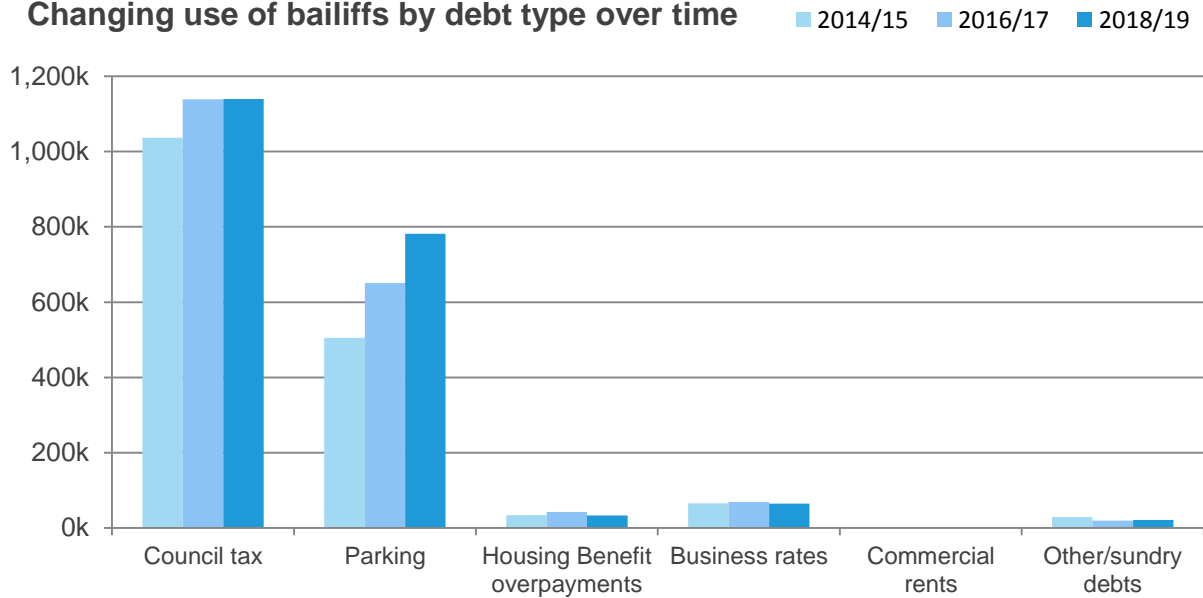


Figure 7: Change in bailiff referrals by debt type over time for authorities where comparison available

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.

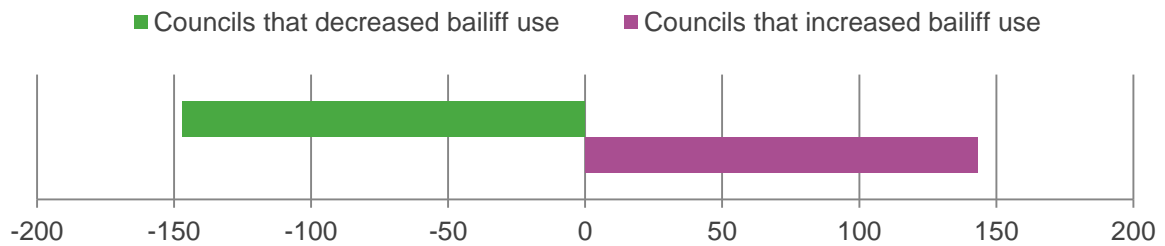


Figure 8: Councils that increased/decreased bailiff use between 2016/17 and 2018/19

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%.

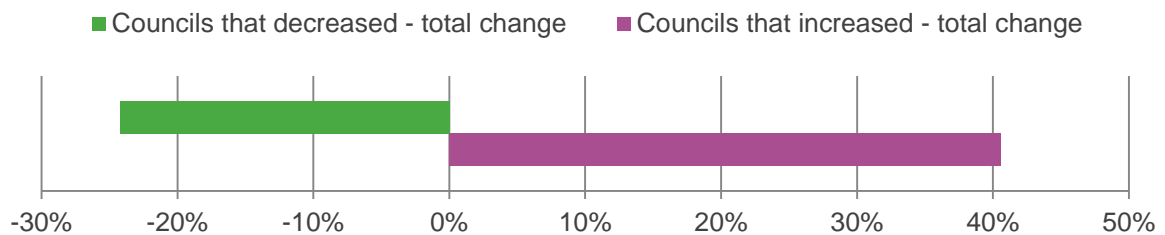


Figure 9: Total change in number of bailiff referrals by councils between 2016/17 and 2018/19

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

■ In place ■ Considering

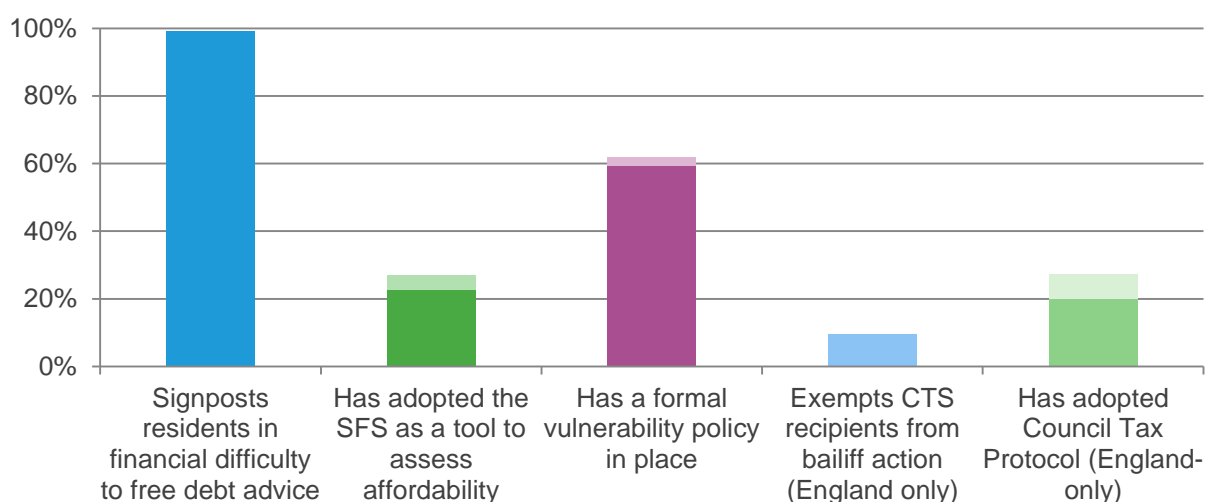


Figure 11: Summary of local authority debt collection practices

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

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.

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.

Business rates

If a business falls behind with business rate payments, the local authority may apply to the magistrates' court to make a '*liability order*'. 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.

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.

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

AdviceUK, Christians Against Poverty, Citizens Advice, Money Advice Trust, StepChange Debt Charity, The Children's Society, Z2K, 2017, *Taking Control: The need for fundamental bailiff reform*, March 2017, <https://www.bailiffreform.org/storage/app/media/Taking%20Control%20report%20March%202017.pdf>

Citizens Advice, 2018, *A law unto themselves: How bailiffs are breaking the rules*, November 2018, <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/a-law-unto-themselves-how-bailiffs-are-breaking-the-rules/>

Citizens Advice, 2019, *The rules of enforcement*, January 2019, <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/the-rules-of-enforcement-complaining-about-bailiffs-in-a-self-regulated-system/>

AdviceUK, Christians Against Poverty, Citizens Advice, Community Money Advice, Institute of Money Advisers, Money Advice Trust, Money and Mental Health Policy Institute, PayPlan, StepChange Debt Charity, The Children's Society, Z2K, 2019, *Taking Control response to Ministry of Justice call for evidence on the review of enforcement agent reforms*, January 2019, <https://s3-eu-west-2.amazonaws.com/bailiffreform/media/taking-control-response-to-moj-call-for-evidence-feb-2019.pdf>

Commons Justice Committee, 2019, *Bailiffs: Enforcement of debt*, April 2019, <https://publications.parliament.uk/pa/cm201719/cmselect/cmjust/1836/full-report.html>

Stop The Knock |

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

The Money Advice Trust is a registered charity, number 1099506.
A company limited by guarantee. Registered in England and Wales, number 4741583.
Registered office: Money Advice Trust, 21 Garlick Hill, London EC4V 2AU.