

READING BOROUGH COUNCIL
REPORT OF EXECUTIVE DIRECTOR OF RESOURCES

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| TO: | POLICY COMMITTEE | | |
| DATE: | 9 MARCH 2020 | | |
| TITLE: | COUNCIL TAX PROTOCOL | | |
| LEAD COUNCILLOR: | COUNCILLOR EMBERSON | PORTFOLIO: | CORPORATE AND CUSTOMER SERVICES |
| SERVICE: | FINANCE | WARDS: | BOROUGHWIDE |
| LEAD OFFICER: | SAMANTHA WILLS | TEL: | 0118 937 2711 |
| JOB TITLE: | INCOME & ASSESSMENT MANAGER | E-MAIL: | Samantha.wills@reading.gov.uk |

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Citizens Advice and the Local Government Association have produced a good practice protocol for the collection of Council Tax arrears. This report proposes that the Council adopt this protocol.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee agree the adoption of the Citizens Advice Council Tax Protocol as set out at Appendix 1.

Appendix 1 Citizens Advice Council Tax Protocol

3. POLICY CONTEXT

- 3.1 One of the core objectives of the Council Tax Recovery Team is to maximise the collection of Council Tax while ensuring the processes in place are fair and ethical. To deliver on this objective the Council Tax Recovery Team has been reviewing the enforcement processes in place to ensure they are fit for the future.

- 3.2 This is at a time when: -

- The level of Council Tax outstanding in England is increasing. As at the 31st March 2019 the figure was £3.2 billion. This is an increase of £213 million over the figure for 2017/18 (Local Government Finance statistical release 26th June 2019).
- Charities are warning that these arrears now rival credit card debts as their biggest concern.
- There are stories in the press about charities warning that ‘heavy-handed’ collection tactics are putting severe pressure on those already in financial difficulty.

- 3.3 At a national level the Government has responded by pledging to improve the way Council Tax debt is recovered. This includes:

- Making the Council Tax collection systems fairer and more efficient

- Issuing new guidance to improve how Councils recover unpaid Council Tax and end aggressive enforcement tactics
- Working with charities, debt advice organisations and Councils on new guidance.

It stated reforms could include:

- Ensuring affordability assessments are central to Council Tax collection processes, individual circumstances are considered, and people are given appropriate time to pay off arrears
- Improving the links between Councils and the debt advice sector
- Developing and supporting fairer debt intervention methods

- 3.4 Citizens Advice and the Local Government Association are also encouraging Councils in England to adopt the Citizens Advice Council Tax Protocol to improve Council Tax collection.
- 3.5 The Citizens Advice Council Tax Protocol makes several suggestions on how local partnerships could be strengthened and residents better supported. It has been developed through partnership work between national bodies representing advice agencies, local government and enforcement agencies throughout England and Wales.
- 3.6 Citizens Advice reported that growing numbers of people are turning to them for help with Council Tax issues. Figures from the national charity show that Council Tax debt has risen by a third in the last 3 years.
- 3.7 The Citizens Advice Protocol aims to help Councils in England improve the experience for residents in arrears whilst collecting what is owed.
- 3.8 In September 2019, the Money Advice Trust contacted the Council to provide an update on their 'Stop the Knock' research. It advised that their research found that although the use of bailiffs by Local Authorities in 2018/19 had risen by 7% over a 2-year period nationally, for the first time in their 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). An online mapping tool showing the results can be seen at <https://www.stoptheknock.org/>
- 3.9 The term 'bailiff' used by the Money Advice Trust is old terminology. There were legislative reforms in 2013, including the introduction of the Taking Control of Goods Act 2013. The Council has a contract with 3 enforcement companies, who employ enforcement agents to collect Council Tax. Generally, through engagement, arrangements are made with the customer to pay their Council Tax debt. Possessions have not been removed to clear a Council Tax debt owed to the Council within the past 6 years.
- 3.10 The Money Advice Trust also published several steps that local authorities can take to improve their debt collection practices, these included 'Sign the Council Tax Protocol and review the authority's current practice against the Supportive Council Tax Recovery toolkit'.
- 3.11 In light of this, The Council's Council Tax Recovery Team has been engaging with Citizens Advice Reading to review the processes in place for collection and benchmarking these against the standards set out in the Protocol. Regular review meetings are underway, and several actions have already been taken, including:
 - Reviewing Council Tax documentation to ensure residents are signposted appropriately, should they be experiencing financial difficulty

- Providing a Council Tax Recovery overview to the Reading Advice Network so they can advise residents appropriately
- Providing Citizens Advice Reading advisors with direct access to Council Tax Recovery Officers in order to better support customers
- Flexible payment options, including different payment dates and spreading payments over 12 months
- Suspending recovery action where a benefit claim is pending
- Prioritising direct deductions from benefits or attachment of earnings in preference to using enforcement agents

3.12 By working closely together, the Council, its enforcement agents and Citizens Advice Reading can improve collection processes, with more early intervention to assist residents struggling with their Council Tax payments, help prevent further charges, alleviate stress and reduce collection costs.

4. THE PROPOSAL

4.1 It is recommended that the Council formally adopt the Citizens Advice Council Tax Protocol.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The Citizens Advice good practice protocol aims to help councils in England improve the experience of residents in arrears whilst collecting what is owed.

5.2 The outcome from the benchmarking has highlighted some areas to be addressed and we recognise that applying all principles of the Protocol will require an ongoing commitment from both the Council Tax Recovery Team and Citizens Advice Reading.

5.3 By signing up to the Protocol the Council are giving that commitment to deliver a service based upon best practice which is recognised by Citizens Advice and the Local Government Association

5.4 The Protocol reflects best practice at a local level and is intended to facilitate regular liaison with the Council, its Enforcement Agents and Citizens Advice on practices and policy concerning Council Tax collection.

5.5 In setting down clear procedures and keeping these regularly under review, all parties to the Protocol can ensure that arrears are dealt with appropriately whilst complaints are handled efficiently.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 Engagement has taken place with Citizens Advice Reading.

7. EQUALITY IMPACT ASSESSMENT

7.1 The Protocol applies equally to all residents; therefore, no equalities issues arise from its adoption.

8. LEGAL IMPLICATIONS

8.1 There is no statutory requirement for the Council to adopt the Protocol for the collection of Council Tax arrears. However, it is recognised as best practice by the Local Government Association.

9. FINANCIAL IMPLICATIONS

- 9.1 The Protocol seeks to better support residents to manage their arrears and prevent them falling further into debt, which should have a positive impact on collection rates.

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 None arising.

11. BACKGROUND PAPERS

11.1 <https://www.gov.uk/government/statistics/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2018-to-2019>

11.2 <https://www.citizensadvice.org.uk/about-us/our-campaigns/all-our-current-campaigns/council-tax-protocol/>

11.3 <https://www.fincap.org.uk/en/news/money-advice-service-launches-guidance-progressive-approach-council-tax-recovery>