



# Collaborative Council Tax Collection





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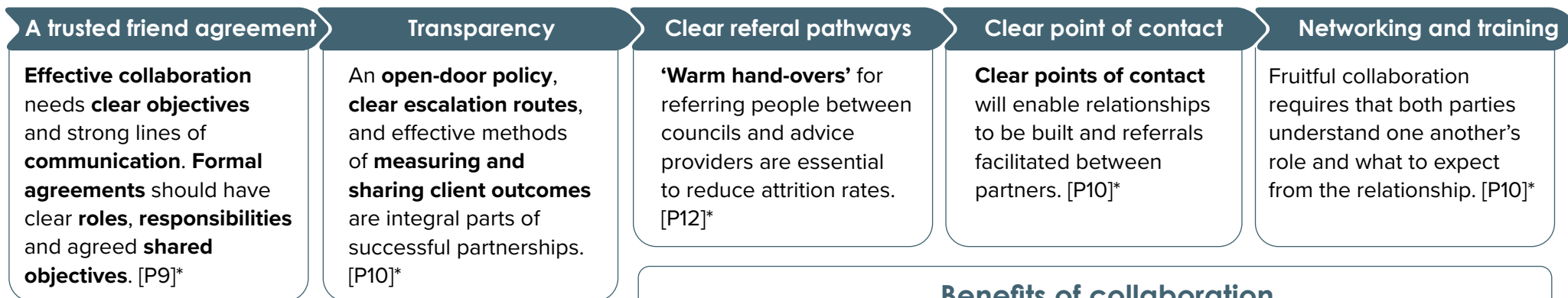
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# At a glance – Collaborative Council Tax Collection Guide

Council Tax is one of Scotland’s **most challenging debt problems**. The pandemic and cost of living pressures have left many households on a **financial knife-edge** and many more **vulnerable households** have fallen deeper into difficulty. Successful collaboration between advice organisations and local authorities can help address the financial impacts of non-payment on clients and on local authorities.

This at-a-glance document is a summary of the key, good practice ambitions of the fuller Collaborative Council Tax Collection Guide.

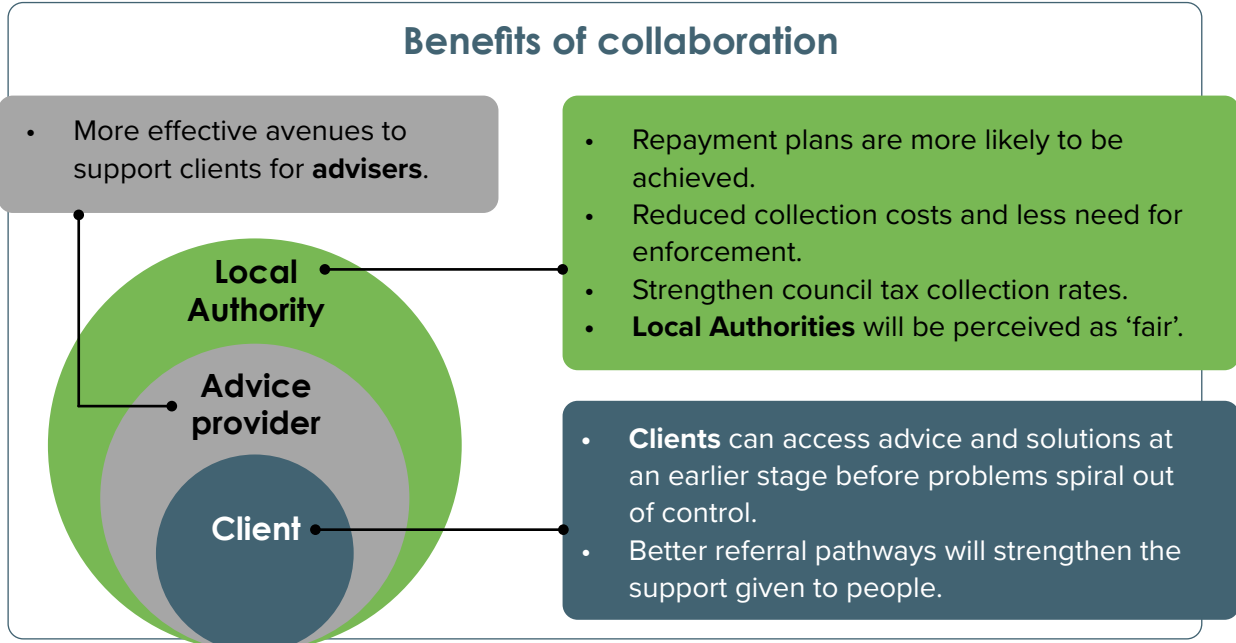
By working in partnership, local authorities and advice agencies can **secure ongoing** client liabilities, **address arrears**, **reduce the need** for costly and time consuming enforcement action, **improve** council tax collection rates and **support the welfare** of the client.



**Case Study: Citizens Advice & Rights Fife (CARF) Money Advice team and Fife Council Revenues**

CARF and Fife Council have put in place the following collaborative working practices:

- Frequent meetings between lead staff in each organisation.
- Designated points of contact and a defined referral process to ensure those in financial hardship can engage with advice services.
- A clear protocol for raising any concerns/issues/ ideas for improvement.
- Coffee morning meetings to allow all staff to meet each other face-to-face, speak about their own roles and ask any questions. [P11]\*



\*See pages 9-12 of the Collaborative Council Tax Collection Guide





# Executive Summary

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This guide seeks to offer a set of principles to support a collaborative approach between those in Scottish Councils who are responsible for administering council tax and those offering debt and money advice on either an internal or external basis. It has been developed by StepChange (Scotland), the Improvement Service, IRRV Scotland, Citizens' Advice Rights Fife, Citizens Advice Scotland, Money and Pensions Service, and Money Advice Scotland working together to agree a shared approach to council tax collection.

It contains principles in relation to communication, policy development, best practice and cross sector collaboration which it is recommended that councils adopt to support people who may be experiencing difficulty in paying their council tax. These take the form of a set of standards that could be adopted in each council area.

Key to the success of the approach is collaborative working and examples of how this may be achieved are included. Hopefully this guide can be the start of conversations at a local level across Scotland.

It is accepted that many local authorities may already be adopting the suggested standards to varying degrees and it is hoped that examples of good practice can be shared and replicated.

Arrears of council tax continue to be the most common debt issue that people bring to advice agencies. With the economic impact of the pandemic adversely affecting many individual's incomes, combined with a sharp rise in living costs, council tax debt looks set to continue to be a significant challenge for people, for advice agencies and for councils.

This guidance is the starting point of what is intended to be an iterative process which will ultimately improve outcomes for councils and individuals experiencing hardship.



# 1. Introduction

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## Purpose of this guide

This guide seeks to offer a set of principles to support a collaborative approach between those in Scottish councils who are responsible for administering council tax and those offering debt and money advice on either an internal or external basis. It is acknowledged, from the outset, that there are many councils in which collaborative working takes place and this guide will share examples of existing good practice and seek to use these to encourage the development of a fairer, supportive and more consistent approach to council tax recovery on a national basis. Whilst in this case, the processes in relation to council tax have been considered, the principles on which this guide is based can be applied to other types of debt such as, for example, rent arrears.

## Councils' responsibilities

This guide recognises that councils have to secure their revenue streams and protect public service provision by maximising the collection of council tax. Evidence exists of their success in achieving this.<sup>1</sup> However, at the same time councils have an obligation to address poverty and inequality.<sup>2</sup> The importance of access to advice services is acknowledged in many of the anti-poverty strategies and 'Fairness Commissions' that councils have established to seek to address income inequality.

## The importance of access to advice

The wider benefits of citizens accessing effective advice<sup>3</sup> are well documented and wide-ranging. Providing money and welfare advice can do much to reduce the effects of poverty both for people<sup>4</sup> and the communities<sup>5</sup> in which they live.<sup>6</sup>

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1 [www.improvementservice.org.uk/benchmarking/](http://www.improvementservice.org.uk/benchmarking/)

2 Fairer Scotland Duty under Part 1 of the Equality Act 2010

3 Whilst reference is made to advice it is recognised that is most likely to be money and debt advice.

4 [www.lowcommission.org.uk](http://www.lowcommission.org.uk)

5 Fraser of Allander Institute- Economic Benefits of Advice. Available at: [www.cas.org.uk/system/files/Fraser%20of%20Allander%20report%20to%20CAS%20The%20continuing%20financial%20benefits%20of%20advice%20provision%20to%20the%20common%20good%20November%202014%20PDF.pdf](http://www.cas.org.uk/system/files/Fraser%20of%20Allander%20report%20to%20CAS%20The%20continuing%20financial%20benefits%20of%20advice%20provision%20to%20the%20common%20good%20November%202014%20PDF.pdf)

6 There are many instances of this approach being taken in local authorities across Scotland. One example is Dundee City Council Report of the Dundee Fairness Commission. Available at: [www.dundeeecity.gov.uk/dundee-partnership/](http://www.dundeeecity.gov.uk/dundee-partnership/)

The money and debt advice sector is “staggeringly cost-effective” according to the Money Advice Service and Europe Economics,<sup>7</sup> generating the equivalent of £80 million of financial benefits in Scotland, notably in terms of improving debtors’ health and economic productivity, increasing recovery by creditors and preventing losses through debt recycling.<sup>8</sup>

## Current context

The total value of council tax indebtedness is rising, and council tax arrears are a key factor in driving many people to seek advice.<sup>9</sup> This provides an opportunity for councils to work collaboratively with advice providers to ensure that people have the opportunity to improve their financial capability, maximise their incomes and ultimately, in many cases, be better placed to arrive at sustainable arrangements to pay their council tax debts.

Since 2010, the proportion of StepChange Debt Charity Scotland clients with council tax arrears has doubled, from 18% to 36%.<sup>10</sup> More than two-thirds (70%) of StepChange Debt Charity Scotland clients with council tax arrears reported an increase in stress and anxiety. Yet, only 7% of clients reported that councils recommended seeking debt advice to help tackle their council tax arrears. This represents a missed opportunity that could ultimately benefit both councils and their constituents, particularly those with vulnerabilities.

Recent data returned by councils in relation to the advice services they supported on an in-house or external basis in 2018/19, suggests that c.12% of the total amount of debt owed by those seeking advice is related to council tax arrears. The most common type of debts for which people sought advice were rent arrears (13%) and council tax arrears (12%) respectively.<sup>11</sup> Being in arrears of council tax is a significant factor in motivating individuals to seek advice. Improving referrals to advice by revenues sections is likely to increase this number, and ensure more people get the support they need manage their debts.

In 2009 almost a third of Citizens Advice Bureau debt clients had an outstanding council tax or community charge debt, currently (2020/21 statistics) it is closer to a half.

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7 The Economic Impact of Debt Advice, Europe Economics for the Money Advice Service (2018). See [www.moneyadvice.org.uk/en/corporate/economicimpactdebtadvice](http://www.moneyadvice.org.uk/en/corporate/economicimpactdebtadvice).

8 Money Advice Service, Supportive Council Tax Recovery (pg.20-23) [https://masassets.blob.core.windows.net/cms/files/000/001/115/original/Supportive\\_Council\\_Tax\\_Recovery.pdf](https://masassets.blob.core.windows.net/cms/files/000/001/115/original/Supportive_Council_Tax_Recovery.pdf)

9 [www.improvementservice.org.uk/documents/money\\_advice/MAPMF/capmf-annual-report-201718.pdf](http://www.improvementservice.org.uk/documents/money_advice/MAPMF/capmf-annual-report-201718.pdf)

10 [www.stepchange.org/policy-and-research/council-tax-debt-a-growing-problem.aspx](http://www.stepchange.org/policy-and-research/council-tax-debt-a-growing-problem.aspx)

11 This data is included in returns made by councils for the Common Advice Performance Management Reporting Framework. An overview report will be published on the Improvement Service website later this year (2019).

## Next Steps

It is suggested that councils agree the principles this guide outlines and adopt the 'Standards' and 'Engagement Strategy' it contains. Whilst it is recognised that many councils may already be putting many of the approaches it suggests into practice, the guide is premised on adopting a collaborative approach.



### It is recommended that:

A locally agreed approach be established to discuss, agree and set up a mechanism to review progress made in relation to implementation of the principles contained in this guide that involves both revenues and money and debt advice staff (in all sectors).

A responsible manager with accountability for ensuring the agreed approach is delivered is identified.

Whilst this guide focuses on taking a collaborative approach to council tax debt, consideration be given to applying the principles to other forms of debt, such as rent arrears

This guide draws on some of the principles set out in [Supportive Council Tax Recovery](#)<sup>12</sup> published by the Money Advice Service – now the Money and Pensions Service.

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12 [www.moneyadvice.service.org.uk/en/corporate/economicimpactdebtadvice](http://www.moneyadvice.service.org.uk/en/corporate/economicimpactdebtadvice)





## 2. Why access to advice supports council tax collection

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There is evidence that actively encouraging people in arrears to seek advice offers benefits, not just to the affected individual but also to the council.<sup>13</sup>

Accessing advice and support enables people to maximise their incomes and to recognise which debts are a priority, and those for which non-payment will have the most profound consequences. They will also be able to get help to adopt a realistic approach to managing their finances which may result in them being in a better position to sustain payments.

As council tax is considered to be a priority debt, advice will usually be offered that it should be paid before other non- priority debts such as catalogues or unsecured loans.

Having a shared understanding of affordability is key to ensuring that the level of repayments sought is both realistic and sustainable. Any process used must rely on objective and clear guidelines such as, for example, those in the Common Financial Tool.<sup>14</sup> What must be avoided are subjective judgements by individual employees as to what constitutes reasonable household expenditure. In making arrangements, account should be taken of other household debt repayments.

Other benefits to councils of ensuring that people are supported to access and choose free advice – either from in-house services or external agencies – are:

- Reduced collection costs
- Less need for enforcement action
- Enabling people to agree reasonable and sustainable payments
- Perceived as being a ‘fair’ council
- Supporting and engaging people who are vulnerable

Having outlined why collaboration between the free advice sector and those responsible for collecting council tax is so important, the rest of this guide will focus on offering a set of practical principles which can be applied to support such an approach.

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<sup>13</sup> [www.moneyadvice.service.org.uk/en/corporate/press-release--supportive-council-tax-recovery](http://www.moneyadvice.service.org.uk/en/corporate/press-release--supportive-council-tax-recovery)

<sup>14</sup> The Common Financial Tool is used in Scotland to decide how much someone pays towards their debts when in a protected trust deed or sequestration. More information available at: [www.aib.gov.uk/news/releases/18181818/0505/revised-aib-common-financial-tool-cft-guidance](http://www.aib.gov.uk/news/releases/18181818/0505/revised-aib-common-financial-tool-cft-guidance)



## 3. Engagement and partnerships

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### Introduction

Councils and advice providers need to work together to build a collaborative partnership to effectively deliver person-centric, holistic council tax recovery processes. This section aims to highlight the principles that support positive relationships between councils and organisations offering advice<sup>15</sup> which, when applied, will support best practice.

There are already councils which are more pro-active, take a targeted approach and work in partnership with advice agencies to develop innovations to support groups of people with specific advice needs.

Through closer collaboration, people can be supported to access advice during periods of financial hardship or vulnerability at an earlier stage – before problems spiral out of control. Establishing better relationships and improved referral pathways will strengthen the support given to people and help prevent further debt problems.

Key components of any engagement are:

#### 1. A 'Trusted Friends' Agreement

It is important that, for relationships to be strong between councils and organisations offering advice, there is a shared understanding. This can be achieved if:

- There is a recognition within the council that organisations offering advice have knowledge and experience that can assist councils to meet their objectives and help tackle the challenges faced by people in debt.
- Clear partnership objectives have been identified by both sides with transparency about which actions are likely to support, or limit, establishing mutual trust.
- Strong lines of communication exist at both strategic and operational levels.
- Ongoing reviews happen regularly to discuss issues affecting people, to track progress and to celebrate joint successes.

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<sup>15</sup> This catch all term will be used to describe both in-house services and external agencies which offer debt advice.

- Formal arrangements, such as a partnership agreement, or memorandum of understanding, setting out roles, responsibilities and objectives for both parties are put in place.
- The council places reasonable trust in the organisations offering debt advice to assess whether collections or enforcement activity should be suspended on the grounds of vulnerability and/or the need to provide advice.

## 2. Networking and training

Networking and training are critical for collaborative working to be effective as it allows both parties to understand one another's role and what each expects from the relationship. This is important when services have a large turnover of staff as it allows new members of staff to gain the knowledge and understanding that is needed to sustain and protect the agreed approach. This is essential if councils and organisations offering debt advice are to build an effective co-produced service for the people they support.

A starting point might be for councils to identify networking and shared training opportunities either within their own area or nationally, as a way of supporting positive engagement with organisations offering debt advice.

Options for future development might be the establishment of national or local working groups around collaborative partnerships in council tax recovery. Such working groups could be an effective way for all partners to gather and review progress.

## 3. Clear point of contact

It is essential for collaborative working that both councils and organisations offering advice have a clear point of contact so that relationships can be established, and referrals facilitated.

## 4. Transparency

Transparency should operate in two ways. Firstly, there should be an open-door policy between the council and the organisations offering advice – this might involve mutual visits. Secondly, councils should be open to feedback from organisations offering advice and use this to inform fair and ethical debt collection strategies.



## **CASE STUDY**

### **Collaboration between Citizens Advice & Rights Fife (CARF) Money Advice team and Fife Council Revenues**

Both organisations have frequent meetings between lead/management staff.

Staff in each organisation know who the designated points of contact are and the protocol for raising any concerns/issues/ideas.

Practitioner staff members had a coffee morning meeting to allow all staff to meet each other face-to-face, speak about their own roles and ask any questions.

Further meetings and training sessions followed on an ad hoc basis as required, for example, The Accountant in Bankruptcy provided training on a new system and also regulatory updates in CARF's head office, and staff from Fife Council were invited to attend the training.

The designated points of contact in each organisation share updates in personnel and team changes ensuring contact and role/area information is kept up to date.

Both organisations work together to demonstrate to others the benefits of the joint approach they have adopted. For example:

The Debt Advice Coordinator from CARF and Revenues Lead Officer at Fife Council provided a joint presentation at a Sheriff Officer's Forum which will be repeated at the MAS/IRRV Conference held in November 2019.

CARF's Money Advice Manager and Fife Council's Collections Team Manager provided a joint presentation at Convention of Scottish Local Authorities on the subject of Water Direct.

There is a defined referral process ensuring that those in financial hardship, including risk of imminent eviction, can engage with advice services. This process allows time for CARF to engage, keeps Fife Council updated in its capacity as a creditor and can reduce unnecessary collection activities and costs.



## THE ADVICE ENGAGEMENT STRATEGY – TEN STEPS TO GOOD PRACTICE

1. Identify a responsible manager who should have a senior sponsor (ideally a senior council leader or politician) who can influence any changes needed to support people in financial difficulty, which may involve instigating partnerships with organisations offering free advice.
2. Develop a defined external engagement strategy with the advice sector. Build a reputation as a council that wants to engage with organisations offering advice to support people in financial difficulty. Do this by meeting regularly with advice referral partners and by attending and participating in advice sector events and training.
3. Have an internal engagement strategy – place importance on updating front-line revenues colleagues on the causes of over-indebtedness, indicators of financial difficulty and sources of external support. Monitor referral volumes and report them to key decision makers and revenues colleagues to ensure people are given access to free, impartial advice.
4. Seek to develop a close relationship and co-productive approach between advice and revenues/benefits teams. Advisers can be a valuable resource in ensuring that communications with people being supported are clear, messages are consistent, and that opportunities to promote and recommend free and independent advice are always taken.
5. Establish a protocol for referring people to trusted advice partners from the free sector. A “warm handover” is preferable to signposting, as there are high attrition rates; this is especially so where the person being supported has multiple debts or suggests that they are in financial difficulty or appears to be vulnerable. A telephone transfer is preferable to online; face-to-face advice should be an option where the person asks for this or is considered vulnerable.
6. Establish a clear escalation process for organisations offering advice to raise information about the issues and trends affecting the people they are supporting.

7. Provide a conduit between the council's revenues collection operation and the advice sector. This can offer many improvement opportunities by utilising the experience of service providers, for example by facilitating affordable offers of repayment.
8. Offer an open-door policy to the organisations offering advice – encourage them to visit and understand the challenges involved in council revenues collection. Welcome feedback and use this to influence debt recovery strategy and policy.
9. Ensure that the council has a process to check that referred people receive appropriate outcomes from advice appointments. Visit advice agencies to understand the support people receive post referral and understand the challenges involved in helping people with money problems and deficit budgets.
10. Evaluate opportunities for wider collaboration in relation to free advice services, both internally and with external organisations. Identify ways for a targeted approach to be adopted with customers that may need specialist advice which could both improve the lives of people and create efficiencies for the council.



## 4. Supporting people

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Once councils have implemented good practice strategies for advice referrals and engagement strategies, they should consider how best to support people and whether a more tailored approach is appropriate for those people that are difficult to access or who may require a specialised service.

### Adopting a supportive approach for all people

The following principles underpin a supportive approach.

#### Effective communication

- Communications with people about their liability are clear, offer the opportunity for further discussion and engagement and remind people that access to advice is available from a range of sources. Whilst seeking to avoid the necessity of enforcement action by encouraging early engagement with the council and highlighting the availability of free advice on managing arrears and other debts, relevant warnings about the consequences of non-payment will be included. While meeting legislative requirements, the language used in these warnings should also demonstrate a level of acknowledgment of hardship or care towards people's circumstances for non-payment. It is important that this language is geared towards people's welfare and is adopted in all aspects of the debt recovery practice.

#### Realistic repayment planning

- In relation to accepting repayment arrangements, proposals which include the following should, unless there is good cause, be accepted:
  - ✓ Would clear arrears within 12 calendar months.
  - ✓ Allow for modest savings to build financial resilience and build up contingency cushions (which, in turn, will make repayment arrangements more sustainable).
  - ✓ Enable there to be flexibility in relation to the date and amount of payments.
  - ✓ Support individuals to budget effectively.
- Agree repayments in which people's individual circumstances, including any other debts, are considered so that these repayments are affordable and that all parties involved have a shared understanding of what affordability means.
- Have an awareness that people may have an outstanding claim for Universal Credit

and/or council tax exemption, discount or reduction which may be contributing to their arrears and take this into account. This may mean suspending enforcement action.

- Allow the person to prioritise their current liability for council tax to prevent new debts arising.
- Respond positively to repayment proposals made by people who “self-help” using online budgeting tools – but encourage free debt advice where people have made an unrealistic proposal, or underestimated expenditure required for a reasonable standard of living (e.g. included a low food expenditure to maximise the offer to the council).
- Understand that other debts may have an impact on the person’s individual circumstances and ability to sustain payments to their arrears and consider arrangements that holistically address their whole debt situation.

### Early intervention

- Ensure that procedures are in place to make early and effective contact to avoid increasing debt problems for people in arrears through additional charges.

### Supportive staff

- Make training available for public-facing staff so that they can identify indicators of financial difficulty. The training should enable staff to be confident about sensitively referring people to local sources of free advice. For example, this might include mental health awareness training.

## Working with hard to reach people

It is important that there is a recognition that some people have very specialised and individualistic needs. Therefore, taking a segmented approach to debt recovery can be beneficial. This makes council tax recovery processes more holistic and person-centred and addresses people’s needs. It is difficult to predict which types of communication people will engage with e.g. they may not respond to letters or phone calls but might prefer technological communication such as text or e-mail.

Issuing a reminder letter may be sufficient for those people that have missed their first payment, but recurrent issues are likely to require a more considered approach. As an absolute minimum, people with recurrent arrears should receive pro-active contact via an appropriate means, (such as telephone, text message or e-mail) to discuss their situation, ability to pay and to access advice and support if appropriate. This is especially important when working with ‘hard to reach’ people as they may have specific needs or requirements that must be considered when supporting them to prevent their debt escalating.



Ensure that all staff are trained to identify potentially vulnerable individuals and can take appropriate supportive action.

## Enforcement

Enforcement action, in which diligence is a consideration, should always be proportionate, viewed as a last resort and never be batch-driven or viewed as a convenient means of cutting costs. Staff should have clear instructions as to when enforcement action is required.

A pre-enforcement checklist should be agreed and shared with revenues and debt and money advisors (both internally and externally) so that there is shared understanding of the actions that will be taken to avoid diligence. A sample pre-enforcement check list, based on the principles outlined below, is attached as Appendix One.

- Councils should only progress enforcement action where a debt is of low value (e.g. less than £100) after substantial efforts to engage the person in debt have been made to avoid disproportionate charges being applied.
- Council processes should ensure that enforcement action takes a “whole authority” approach and omits actions which simply shift burdens onto other departments of the same council, or indeed other public services (like advice services).
- Councils should seek to engage those experiencing debt during pre-enforcement and enforcement steps. All communications (including reminders, final demands and Charges for Payment) should emphasise that councils are willing to engage productively with, and help, those who may be struggling to pay, and that free and independent advice is available.
- Reminders should not suggest difficulties in paying or managing finances, especially where the person has missed a single payment in one financial year by a day or two. This may be particularly so in April bills where council tax rates have been amended for the new financial year.
- It is important to acknowledge that “points of no return” from which vulnerable people cannot access support because a debt is too large or has persisted for too long do not exist.
- Whilst recognising that standardised bills are issued, councils should highlight in the clearest possible terms to people who have obtained a full council tax reduction that they remain liable for water and sewerage charges at 75% of the full rate.
- If it is known that it would cause an individual hardship, councils should not refer the person for automatic deductions from benefits by the DWP, whether for council tax arrears or via Water Direct.

- Councils should only engage sheriff officers who are members of the relevant professional body<sup>16</sup> and conform to their code of practice. Responsibility should be taken by councils for the quality of enforcement action taken by sheriff officers on their behalf and account taken of complaints made about individual members or officers. There should be an acknowledgement that individuals may be reluctant to complain while enforcement action is ongoing and so should be offered the opportunity to make complaints informally or via money and debt advisers. People should receive the same level of service and care when dealing with sheriff officers as from the authority itself.
- Councils should pause further enforcement action where a money adviser is in the process of supporting a person to enter into a repayment arrangement of any sort, including a debt payment programme under the Debt Arrangement Scheme.
- Councils should consider the appropriateness of enforcement action, where a person in arrears is experiencing a mental health crisis, while their treatment is ongoing.

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16 The Society of Messengers-At-Arms and Sheriff Officers (SMASO): see [www.smaso.org](http://www.smaso.org)



## CASE STUDY

### **Falkirk Council – in-house services working together**

The in-house debt advice team have been an integral element of the Revenues and Benefits service in Falkirk Council since 1 April 2018. The relationship between the two teams was already good but has since strengthened and developed. Each team has a very good understanding of how the other functions and the guidelines each is working within. Communication has been the key to achieving successful outcomes for both clients and council. Both teams have been allowed to maintain their own identity and impartiality whilst working successfully together within the same office.

Face-to-face communication is encouraged and all information that is discussed and agreed is evidenced by email between debt adviser and debt management assistant. Sharing of information has led to a better understanding of a client's situation and this has resulted in a more empathetic approach being adopted. This in turn has helped improve client engagement.

Collaborative working has allowed for earlier intervention from the debt advice section. There is earlier notification when clients are at the point of having their accounts passed to the sheriff officers. This has allowed the debt advisers an opportunity to engage with the clients before further action is taken. Access to systems has allowed advisers to see information that previously was not available and which may have led to inaccuracies within the case recording system. By having both the debt management and debt advice teams working together, information can be explained and shared more easily and this has made processes more efficient and contributed to cost savings.

Feedback from the debt management team is that they feel there is a more 'personal touch' when advising customers of the possibility of being referred to the debt advice team. Closer working relationships have given the collections team a better understanding of the benefits of being referred for debt advice.

This collaborative approach has also benefited clients/customers. It has led to an increase in the number seeking advice, who may not previously have engaged for a variety of reasons and resulted in more customers arranging repayments. This has assisted in achieving a reduction in the level of council tax arrears in the Falkirk Council area.



## 5. Setting standards

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This section focuses on the ‘standards’ that should be used as a means of collaborative partnerships between councils and organisations providing advice services in relation to council tax recovery. These standards may take time to achieve and it must be recognised that each collaboration will take a different path to reach them.

It should be emphasised that these standards can be applied to all areas of debt recovery and are not limited to council tax arrears.

These standards acknowledge that councils have to balance two competing obligations.

**One:** The fullest collection of taxes due to the council is fair to council taxpayers and service users, as the greatest possible revenue must be secured to support the delivery of local services.

**Two:** Collection of taxes, and any arrears arising, that are due, must be fair and reasonable, and enforcement practice should take account of vulnerability and financial difficulty and should not cause, or exacerbate, hardship.

The good practices set out in this guide aim to strike the right balance and to ensure councils adopt and mainstream processes which achieve the most sustainable payments. A strategic approach to recovering council tax debt should lead to more efficient and effective returns, whilst also contributing towards the financial wellbeing of the people and the communities councils serve.

Councils should be proactive about contacting people in arrears as early as possible and at all stages of the debt management and recovery process.

The following standards should form the basis of developing a collaborative approach to council tax recovery which applies the principles outlined in this guide.



It is recommended that councils adopt the practices below to support people in arrears:

### **Communicate effectively**

- Communicate with people using plain language – accessible information guidance recommends writing to an average reading age of 9–11.
- Market test, on a regular basis, the understanding of communications with bill-payers and a range of representative organisations, e.g. debt and money advice agencies, to verify that everyone involved has a common understanding.
- Actions and communications at every stage should be geared towards avoiding enforcement action by encouraging early engagement with the council, highlighting the availability of free advice on managing arrears and other debts, and warning about the implications of non-payment.

### **Support people**

- Advise people in arrears to engage with the council early, seek free advice and apply for any exemptions, discounts, rebates, band relief and band re-assessment or reductions to which they may be entitled.
- Support people in arrears to experience better outcomes – this can be achieved by: supporting those able to self-help to set sustainable repayment levels; helping people with arrears to maximise their incomes; and allowing repayments which enable people to build their financial resilience and repay their debts.
- Seek to spot signs of vulnerability or financial difficulty among people and treat those in such circumstances with extra care.
- Establish a transparent, robust and fair process for calculating affordability (see previous comments on Common Financial Tool).<sup>17</sup>
- Be willing to accept flexible repayments, this is critical if people have a fluctuating income, or an outstanding claim for support. It is also relevant if there are arrears that would be cleared within 12 months.

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<sup>17</sup> *ibid* 11

- Ensure there are not “points of no return” for people willing to engage in repayment discussions.
- The council’s approach to enforcement should not lead to debts escalating unnecessarily. Prioritise repayment agreements over diligence, with the latter approach only taken as a last resort when all the other options considered in this guide have failed.
- Avoid diligence where arrears are of a low value or which would simply shift financial burdens onto other council departments or public services. Ensure that debt recovery for all local authority debts is co-ordinated across the council to avoid shifting debts from one area of the council to another.
- Suspend enforcement actions temporarily where a person in arrears is receiving advice and/or where they are experiencing a short-term depletion of disposable income which is likely to change.
- Scrutinise the work of sheriff officers engaged on behalf of the council and insist that they adopt similar approaches to those outlined above.

#### **Work collaboratively**

- Encourage close working relationships between in-house advice and revenues/benefits teams.
- Commit to working with organisations and agencies offering free advice and establish clear and effective referral pathways.

#### **Publish policies to protect people experiencing hardship or vulnerability**

- Prepare and publish a policy on corporate debt recovery which takes account of poverty and income inequality.
- Prepare and publish a policy on identifying and dealing with vulnerability<sup>18</sup> and ensure that this is used consistently by revenue officers and sheriff officers. This should acknowledge that some vulnerabilities can be hidden and people may be extremely reluctant to be open about them. This should allow councils to exclude people from automated enforcement action (and take back cases from sheriff officers) where vulnerability has been identified.

<sup>18</sup> The Financial Conduct Authority has produced guidelines on this which might be a useful starting point. [www.fca.org.uk/publication/guidance-consultation/gc19-03.pdf](http://www.fca.org.uk/publication/guidance-consultation/gc19-03.pdf)



## 6. Our approach

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To develop this guide, StepChange (Scotland) and the Improvement Service set up a working group with representation from the IRRV Scotland, Citizens Advice Rights Fife, Citizens Advice Scotland, Money and Pensions Service, and Money Advice Scotland to develop draft guidance for wider consultation.

Comments on this paper are welcome and should be submitted to:

[karen.carrick@improvementservice.org.uk](mailto:karen.carrick@improvementservice.org.uk)

# Appendices



# Appendix One

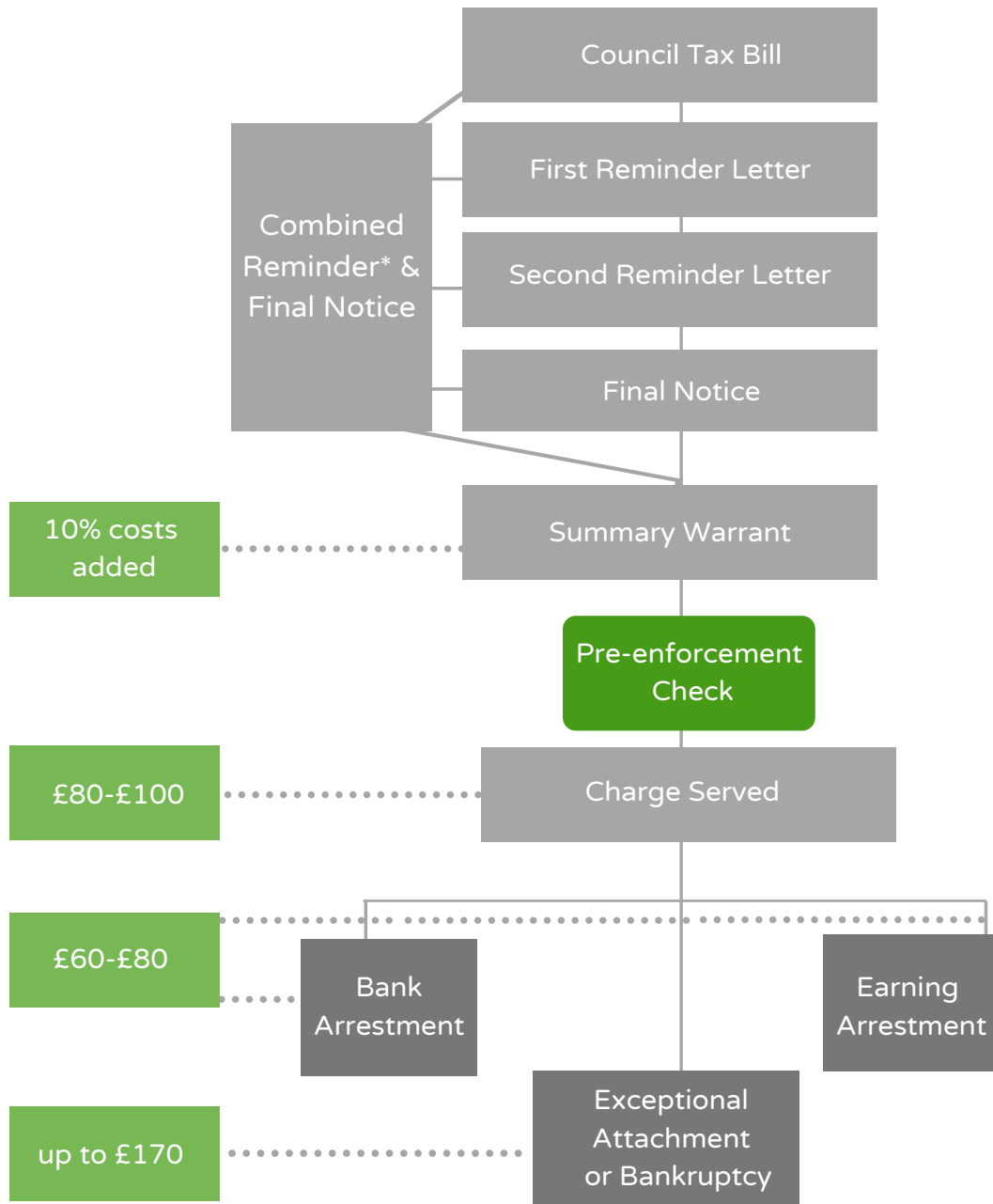
## Pre-enforcement checklist



Proportional	Ability to Pay	Income Maximisation	Debt Advice Referral	Contact Attempts
<ul style="list-style-type: none"> <li>- No Known Vulnerabilities?</li> <li>- Debts above £100?</li> <li>- Not in receipt of full Council Tax reduction?</li> <li>- No outstanding balance disputes?</li> </ul>	<ul style="list-style-type: none"> <li>- Any process used must rely on objective and clear guidelines such as, for example, those in the Common Financial Tool. What must be avoided are subjective judgments by individual employees as to what constitutes reasonable household expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>- Welfare Support Referral?</li> <li>- Eligibility for Council Tax Reduction?</li> </ul>	<ul style="list-style-type: none"> <li>- Signposting to debt advice partners via letters, text messages, Website Council premises and via calls with Revenues agents?</li> </ul>	<ul style="list-style-type: none"> <li>- Manual review of case (not an automated instruction)?</li> <li>- Demonstrable efforts to contact resident via letter, text message, outbound calling and where possible, email?</li> </ul>



## Flow chart showing critical pre-enforcement check points



**Notes:**

\*The combined reminder allows 7 days for payment and if not paid then full balance becomes due after further 7 days (i.e. 14 in total).

(based on no successful arrangement and where Water Direct and/or direct payments from DWP not possible).  
Costs based on those in place in 2020 are likely to have increased.

# Notes

Improvement Service  
iHub  
Quarrywood Court  
Livingston EH54 6AX

T. 01506 282012

E. [info@improvementservice.org.uk](mailto:info@improvementservice.org.uk)

W. [www.improvementservice.org.uk](http://www.improvementservice.org.uk)

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