

Council Tax

Rethinking Council Tax Debt Recovery: a Preventative and Person-Centred Approach

Argyll and Bute Council

Background

Argyll and Bute Council has developed a preventative and person-centred approach to Council Tax recovery, combining effective collection with earlier identification of financial hardship and vulnerability. Cost-of-living pressures and the additional challenges associated with rural poverty can affect residents' ability to manage Council Tax liabilities. Some residents may repeatedly enter the recovery process while their debt continues to increase, while others may not be receiving Council Tax reductions, discounts, exemptions or wider financial support to which they are entitled.

Mental health difficulties, trauma, vulnerability and significant life events can limit a resident's capacity to open correspondence, seek assistance or respond to formal recovery processes. Non-engagement does not therefore always indicate an unwillingness to pay. The approach in Argyll and Bute is based on accurate assessment of liability, timely access to advice, proportionate recovery action and closer partnership working. The work remains in development and provides a basis for strengthening preventative practice.

Key activities

1. Reviewing recovery practice

In March 2025, representatives from Council Tax services, independent advice and debt recovery reviewed residents' experiences of the recovery process. The work considered customer journeys, organisational responsibilities, vulnerability procedures and the public services supported through Council Tax income. Trauma-informed and strengths-based practice formed part of the review, including consideration of how financial hardship, poor mental health, trauma and other vulnerabilities can affect a resident's capacity to engage. Case examples were used to examine assumptions and clarify the respective roles of the services involved.

2. Establishing referral arrangements

Two-way referral arrangements were developed between Argyll and Bute Council and independent advice services. Residents experiencing financial hardship or vulnerability could receive a warm handover to independent advice. Advice services could also contact Argyll and Bute Council where a resident required temporary protection from further recovery action, while Argyll and Bute Council could make referrals where contact identified financial hardship, mental health difficulties or another support need.

3. Pausing recovery action

A temporary pause in recovery action, including a three-month moratorium where appropriate, provided time for advice and assessment. This allowed the resident's circumstances to be established without further escalation during the agreed period. Available interventions included reviewing eligibility for Council Tax Reduction, discounts, exemptions, disregards and backdated entitlement. Wider assistance included income maximisation and the development of affordable repayment arrangements.

4. Assessing liability and recovery

Council Tax liability was reviewed before further recovery action was taken, including whether the amount due was correct and whether all relevant entitlements had been applied. Cases could also be identified for referral and consideration under the Council's debt write-off arrangements where recovery was unlikely to succeed. This provided a basis for distinguishing between residents who could make a reasonable contribution, those requiring further support and cases where continued enforcement was unlikely to achieve an effective outcome.

Benefits and impact

Increased financial entitlement

Over 200 residents received support, with reported client financial gains of over £574,000. This comprised £195,000 in 2024, £211,000 in 2025 and £168,000 so far in 2026. These gains resulted from Council Tax reductions, discounts, exemptions, disregards, income maximisation and sustainable payment arrangements. The figures highlight the financial value of considering entitlement and affordability alongside recovery activity. Earlier access to support can reduce the risk of residents progressing unnecessarily through recovery and enforcement and can prevent new liabilities from accumulating where an exemption, reduction or disregard applies. Early results are positive, with continued evaluation expected to provide further evidence of longer-term benefits.

More proportionate recovery

Consideration of entitlement, affordability and vulnerability has provided a stronger basis for recovery decisions. Residents with the ability to contribute can be supported to establish affordable and sustainable repayment arrangements, while those requiring additional assistance can be referred for independent advice. Where recovery is unlikely to succeed, cases can be identified for consideration under the Council's approved debt write-off arrangements. Recovery action remains available where necessary, but the approach supports clearer decisions about when it is appropriate and whether another intervention should take place first. It may also reduce the repeated use of recovery action that has not previously secured payment.

Corrected Council Tax liability

The work demonstrates the importance of confirming that Council Tax liability is accurate before advanced enforcement action is completed. In one case, more than £13,000 in unpaid Council Tax had accumulated over an extended period, contact attempts had been unsuccessful and the case had progressed to sequestration without a vulnerability having been identified. Information about significant mental health vulnerability became available after the court process had concluded and the trustee had begun winding up the estate. Independent support helped establish eligibility for a severe mental impairment exemption covering the period in which the arrears had accumulated. The exemption was backdated, more than £13,000 of liability was removed and the resident's

future liability was corrected. The intervention took place after a proposed disposal of jointly owned property had been identified. Although this was an individual case, it shows how information not available through the standard recovery process can significantly affect liability and the appropriateness of enforcement action.

Stronger partnership working

Closer working between Council Tax, advice and debt recovery services improved understanding of each organisation's responsibilities and provided greater insight into the circumstances that can contribute to debt and non-engagement. Two-way referrals offered a more direct route between identifying a support need and providing assistance, while warm handovers reduced reliance on residents contacting another service independently after receiving signposting information. Partnership working also enabled more informed case discussions where one service held information relevant to decisions being taken by another. This was particularly important when financial hardship or vulnerability was not evident from Council Tax records alone.

Learning and reflections

Non-engagement requires assessment

The absence of a response should not automatically be regarded as evidence that a resident is unwilling to pay. Poor mental health, trauma, financial hardship and significant personal circumstances may reduce a person's capacity to engage with correspondence or formal processes. These circumstances may not be apparent from the information available through standard recovery activity, and residents with the greatest support needs may be among those least able to initiate contact. Decisions must continue to be based on available evidence, but appropriate checks and referral routes can help identify the reasons for non-engagement and reduce the risk of ineffective or disproportionate escalation.

Accurate entitlement is essential

Effective collection depends on the underlying Council Tax liability being correct. Eligibility for Council Tax Reduction, discounts, exemptions, disregards and backdating should be considered where relevant, particularly before significant enforcement action is taken. An entitlement review can alter both historic debt and future liability. Applying the correct entitlement at an earlier stage can prevent avoidable arrears, reduce unnecessary recovery activity and provide greater clarity for both the resident and Argyll and Bute Council. It can also ensure that subsequent affordability and recovery decisions are based on an accurate financial position.

Information-sharing improves decisions

Relevant information may be held across several organisations and may not be visible within Council Tax records. Effective information-sharing and clear referral pathways can improve the quality and timeliness of decisions. Joint consideration of cases can also challenge assumptions and strengthen understanding between services, particularly when a resident's circumstances do not become apparent until recovery has reached an advanced stage. Participation in an HMRC data-sharing pilot may provide further information to help distinguish between an ability to pay and indicators of financial hardship, supporting more informed and proportionate decision-making.

Consistency requires further development

Warm handovers, two-way referrals, recovery pauses and joint case learning require clear processes

if they are to become established elements of routine practice. Consistent application will be important to ensure that residents in comparable circumstances receive an appropriate response. Continued monitoring will also be required to assess whether financial gains and repayment arrangements are sustained and whether interventions reduce repeated recovery activity. As the work remains at an early stage, further development and evaluation will provide opportunities to refine operational arrangements and identify the elements that offer the greatest practical value.

Argyll and Bute's approach provides a positive framework for combining effective Council Tax collection with earlier advice, accurate entitlement and proportionate recovery action. The initial results indicate that preventative intervention and coordinated partnership working can support more sustainable outcomes for residents while strengthening the information available for recovery decisions.

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