

Council Tax

Maximising Council Tax Reduction and its Impact on Council Tax Collection

Dumfries and Galloway Council

Background

Dumfries and Galloway Council has developed a preventative approach to Council Tax collection that brings together accurate billing, welfare support and proportionate recovery. The approach seeks to secure payment of the amount properly due, while ensuring that customers receive the full range of financial support to which they are entitled. This recognises that early assistance can prevent arrears from increasing and create a more realistic basis for payment.

At the centre of the approach is the principle that one customer contact can open multiple routes to support. Applications and enquiries relating to wider welfare assistance are used to identify possible entitlement to Council Tax Reduction and other linked support. Once the customer's liability has been checked and any appropriate reduction applied, the Council can focus on affordable payment of the remaining balance, including water and wastewater charges where these are still due. In this way, prevention and collection are treated as connected activities rather than separate processes.

Key activities

1. Connecting routes to support

Dumfries and Galloway Council treats applications for individual forms of financial assistance as opportunities to identify wider support for which the customer may be eligible. Applications for Council Tax Reduction, Discretionary Housing Payments, free school meals, school clothing grants, holiday food payments and the Scottish Welfare Fund can initiate checks for related entitlements. Where permitted by the relevant requirements, information already supplied by the customer is used to support a Council Tax Reduction assessment.

2. Identifying missed entitlement

The Council undertakes data matching to identify households that receive one form of support but may not be receiving Council Tax Reduction or another relevant entitlement. Council Tax liability and household information are considered alongside Department for Work and Pensions information and Scottish Child Payment data. Staff also review changes in income, Universal Credit information and previous Council Tax Reduction awards to determine whether additional support may be due.

3. Responding to income changes

Council Tax Reduction claims assessed as having nil entitlement are retained for six months. This

enables an award to resume if a customer's income falls within the qualifying range during that period, without requiring a new application. Around 800 nil-entitlement claims may be retained at any one time, and Dumfries and Galloway Council is considering whether an extension to the six-month period could provide further support for customers whose incomes fluctuate.

4. Supporting affordable payments

Once the customer's entitlement and Council Tax liability have been established, the Council supports payment of any remaining balance through appropriate payment methods and arrangements. Customers experiencing financial difficulty are encouraged to engage with the Council so that their circumstances can be considered and a realistic arrangement agreed. The immediate priority may be to establish regular payments towards current-year liability while continuing to address historic arrears, thereby limiting further growth in the overall amount owed.

5. Targeting early intervention

Dumfries and Galloway Council analyses collection and non-payment information to identify customer groups that may require tailored forms of communication or support. This includes consideration of property status, Council Tax Reduction history and whether payments have been made during the current financial year. The analysis informs targeted intervention before cases progress to more formal recovery and helps the Council determine the most appropriate collection route for different customer circumstances.

Benefits and impact

More accurate liabilities

Assessing entitlement before progressing recovery helps ensure that collection is based on the correct amount. Where Council Tax Reduction applies, liability can be reduced before payment arrangements are considered. This is important because customers receiving maximum support may still be responsible for water and wastewater charges, which need to be clearly explained and managed.

Earlier co-ordinated support

Considering related entitlements together enables assistance to be identified through applications already submitted. This reduces the need for customers to understand and apply separately for each scheme, while making more effective use of information held by the Council. It can also reduce repeated requests for the same information and provide a more coordinated customer journey.

More sustainable payments

Applying relevant reductions before discussing payment provides a stronger basis for realistic arrangements. For customers with historic arrears, establishing regular contributions towards current-year charges can help prevent the overall balance from increasing while earlier debt continues to be addressed.

Better targeted payments

Analysis of payment behaviour, entitlement and property status helps the Council identify where further communication or support may be required. At the end of July 2026, over 6000 occupied properties had received no payments during the financial year, representing 9% of occupied properties. Of these accounts, over 4000 had Council Tax Reduction and 2000 did not. This

demonstrates that entitlement alone does not always result in payment of the remaining balance and supports more targeted intervention.

Reduced recovery escalation

Early entitlement checks and customer contact create opportunities to resolve difficulties before further costs or formal recovery measures are applied. Formal action remains necessary in some circumstances, but the approach enables the Council to consider individual circumstances and use the least severe appropriate route.

Learning and reflections

Customer engagement is essential

The principal challenge is encouraging customers to respond before their account reaches formal recovery. The Council can identify potential entitlement, offer assistance and propose manageable arrangements, but these interventions depend on meaningful engagement. General requests to make contact may not be equally effective for all customers. Analysis of payment history, entitlement and liability can support more tailored communication that explains both the assistance available and the consequences of continued non-payment.

Reduced bills may still require payment

Council Tax Reduction can substantially reduce the amount owed, but it does not necessarily remove the full liability. Water and wastewater charges remain particularly important for households receiving high levels of Council Tax support. Analysis of outstanding charges for customers who had received Council Tax Reduction indicated that water charges accounted for a substantial proportion of the amount owed, approaching half of the outstanding balance. This demonstrates the importance of explaining residual charges clearly. It also shows that increasing benefit take-up must be accompanied by practical support to establish regular payments towards charges that cannot be reduced further.

Benefit deductions have limitations

Deductions from Department for Work and Pensions benefits can provide a route for recovering amounts from some customers. However, their effectiveness may be restricted where several deductions are already being made or where the available amount is insufficient to cover ongoing charges. This reinforces the value of securing current-year payments as early as possible. Reliance on deductions alone may not prevent new liabilities from arising, particularly when the amount received does not keep pace with water and wastewater charges.

Reliable data supports effective action

Successful identification and assessment depend on the alignment of Council Tax liability, household composition, contact information, benefit records and supporting evidence. Missing or inconsistent information can delay decisions and reduce the effectiveness of data matching. Clear internal processes are equally important. Staff require confidence about when information from an existing application can be used, what further evidence is necessary and where cases should be directed. Consistent recording and routing practices can support timely and equitable decisions.

Developing impact measurement

The Council has identified the development of a simple impact dashboard as a potential next step. This could record the number of cases identified, the value of Council Tax Reduction awarded and subsequent payment behaviour. The Council has also recognised the value of producing a consistent version of local data that could be shared externally. Together, these measures could support ongoing monitoring and the sharing of learning.

Dumfries and Galloway Council's approach demonstrates how Council Tax collection and welfare support can work effectively together. By confirming entitlement, making use of existing information and encouraging early engagement, the Council supports accurate liabilities and realistic payment arrangements. This provides a positive foundation for fair, informed and proportionate collection, while helping customers access the support available to them.

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