



Llywodraeth Cymru
Welsh Government

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Welsh Government
Consultation – summary of response

Consultation on updating the earnings thresholds for Attachment of Earnings Orders

February 2022

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Overview

Once a liability order has been granted to a billing authority, the authority can instruct an employer to recover unpaid council tax from an employee's wages using an Attachment of Earnings Order (AEO). The percentage deducted is based on the level of the employee's net earnings.

The earnings thresholds used to determine the deduction rates for council tax payment were last amended in 2007 – by the Council Tax (Administration and Enforcement) (Amendment) (Wales) Regulations 2007 – in line with the Average Earnings Index (AEI). In January 2010, the AEI was replaced by the Average Weekly Earnings (AWE) measure, providing the headline indicator of short-term earnings. The consultation document 'Consultation on updating earnings thresholds for Attachment of Earnings Orders', published in October 2021, sought views on the proposal to update these figures in line with current Average Weekly Earnings. The results of the consultation are set out in this document.

Action Required

This document is for information only.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

For further information:
Council Tax Policy Branch
Welsh Government
Cathays Park
Cardiff
CF10 3NQ
Email: LGFR.Consultations@gov.wales

Additional copies

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation: [hyperlink](#)

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Summary of responses

There were a total of 26 responses to the consultation from a range of stakeholders. The following table shows a breakdown of respondents by type.

Type	Number
Individual	13
Local Authority	6*
Other Organisation	4
Third Sector/Advice Service	3

*One local authority issued two responses from different teams

A list of respondents other than those who requested anonymity is at Annex A. Where respondents have asked for their details to be withheld, they will be identified as "Anonymous" in order to comply with the General Data Protection Regulation.

This document is intended as a summary of the responses received. It does not aim to capture every point raised by respondents. The consultation document asked six questions and the responses to each are summarised below. Not all respondents replied to every question.

Response to consultation questions

Q1. Do you agree with the policy intention to uprate the earnings thresholds used to determine the amounts which may be deducted through a liability order? Please give reasons for your response.

- Of the 19 responses to this question, 16 (84%) agreed with the policy intent. The majority felt the proposal was a fair and sensible one, though some noted monitoring would be important in gauging the effectiveness of the measures and whether modifications would need to be made in future.
- The remaining three (16%) responses indicated they did not believe the thresholds should be changed. The general consensus amongst these was that the new proposals would be too lenient and they raised concerns about the impact on council tax collection rates.

Q2. Do you agree the proposed method of uprating is an appropriate approach for determining the new earning limit rates? Please give reasons for your response.

- Similar to the previous question, 19 responses were provided and 16 (84%) agreed with the proposal. Most did not provide comments to support their response, and one indicated they were unsure what other options there may be instead of the suggested method.
- The remaining three responses disagreed the rates should be changed at all. They repeated concerns about a negative impact on collection rates and suggested this may lead to debts taking longer to clear, or local authorities resorting to other means of enforcement.

Q3. How often do you think the earnings thresholds should be updated? Please give reasons for your response.

- Of the 16 responses to this question, eight (50%) suggested the thresholds should be updated annually. Most felt this to be appropriate as it would bring the uprating in-line with other taxes, RPI and pension contributions. Others who advocated an annual update felt this would help in keeping up with volatile job markets, as well as keeping up with the cost of living and associated benefits.
- Six (38%) responses proposed an updating cycle of between three and five years. There were a number of reasons for this, including:
 - Three years would bring the review cycle onto the same schedule as the Scottish Government;
 - Some responses felt that a review cycle of anything shorter than five years would prove burdensome on employers, who would bear the responsibility for ensuring payroll software was up-to-date.
- One response indicated an update every ten years would suffice, though they also felt the measures were too generous.
- One response disagreed with the principle and felt the thresholds should not be updated.

Q4. We would like your views on the effects that the proposed policy would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

- 25 (96%) of the respondents did not believe these proposals were relevant to the Welsh language and did not feel there would be any impact.

- One response suggested making the council tax system fairer would encourage people to remain settled in Wales and potentially encourage more use of Welsh.

Q5. Please also explain how you believe the proposed policy could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

- 24 (92%) responses did not see any relevance to the Welsh language in these proposals.
- Two responses suggested that all communication in relation to the changes should be bilingual, in order to maintain equality between the languages.

Q6. If you would like to raise any points about this matter, please take this opportunity to record them here.

- Three (12%) of the respondents highlighted concerns about potential complications in adapting payroll software to accommodate these changes. Previously, Wales and England have been aligned in the threshold bands, and a variation would require modifications to be made to systems to account for the change in Wales. Software providers would need to be made aware of the changes to implement these modifications.
- Two (8%) of the responses reiterated the potentially negative impact the proposal could have on council tax collection rates, and the resulting pressures on local authorities.
- Two (8%) responses suggested there should be increased flexibility in payment plans or alternative options for recovery of money owed.
- One (4%) response indicated there should be a review of the current £1.00 deduction employers can make under the regulations to cover costs, as employers frequently incur costs of more than £1.00 in order to issue an Attachment of Earnings Order.

Next Steps

The Welsh Government would like to thank all those who responded to the consultation.

There are no changes proposed in light of responses to the consultation. The Minister will issue a Written Statement alongside this summary of responses, setting out the plans to bring forward legislation to uprate earnings thresholds for Attachment of Earnings Orders in line with current Average Weekly Earnings from April 2022.

Annex A: List of Respondents

Responses were received from:

- Caerphilly County Borough Council
- Cardiff Council
- Chartered Institute of Payroll Professionals (CIPP)
- Christians Against Poverty (CAP)
- Citizens Advice Cymru
- Conwy County Borough Council
- Flintshire County Council
- i-Realise Ltd
- Institute of Revenues, Rating and Valuation
- Money Advice Trust
- Neath Port Talbot County Borough Council
- Workday (UK) Ltd
- Peter Overall
- Stephen Harvey

Additional respondents wished to remain anonymous.