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Understanding the impact of Council Tax Interventions in Wales: Introduction of the Council Tax Protocol for Wales

Executive Summary

1. Background

- 1.1 In 2016 the Welsh Government carried out research to better understand the approach of Welsh councils to Council Tax debt collection and what a better approach could look like (Welsh Government, 2017). The findings indicated variation in the extent to which councils proactively identified and engaged with vulnerable residents and suggested that provision of information and signposting, particularly online, was inconsistent across Welsh councils. One of the recommendations from the report was that Welsh councils should implement an agreed collection and arrears management policy with minimum standards.
- 1.2 To address some of the concerns raised around Council Tax collection policies and the impact this has on low-income debtors, the Welsh Government introduced The Council Tax Protocol for Wales, which sets out minimum standards and an agreed Council Tax collection and arrears management policy. The provisions within the Protocol were endorsed by Welsh Councils and the Welsh Local Government Association and signed in January 2019 by all Welsh councils.
- 1.3 As part of this evaluation, the Welsh Government undertook to a review of the Protocol focusing on its implementation and impact. The research was carried out in 2022 and consisted of desk-based research, quantitative statistical analysis and interviews with key stakeholders.

2. Key findings

Implementation of the Council Tax Protocol for Wales

- 2.1 Councils reported a high level of awareness of the Council Tax Protocol.
- 2.2 The Council Tax Protocol had led to little change in councils' approach to Council Tax collection and enforcement. Most councils stated that measures included within the Protocol were already in place before the introduction of the Protocol in 2019.

- 2.3 Councils felt that they had good relationships with enforcement agents as outlined in the Protocol. All councils felt their enforcement agents identified vulnerability and acted appropriately in response to identified need.
- 2.4 All councils stated that processes were in place for support or referral following identification of need. Typically, they stated that these arrangements were in place prior to the introduction of the Protocol.
- 2.5 The Bevan Foundation, Citizens Advice Wales and Mind Cymru were concerned that lack of uniformity of practice continued to exist between councils and within councils. Lack of uniformity was identified in several areas including the willingness to make arrangements that suit the debtor, the strictness of enforcement, the identification of support needs (particularly CTR), and the use of data to identify vulnerable residents.
- 2.6 Some of the barriers to the implementation of the Council Tax Protocol included:
- Outdated legislation governing collection and enforcement;
 - Data sharing issues / problems / shortcomings or lack of data sharing agreements;
 - The pressure of maintaining in-year collection rates;
 - Lack of training and guidance;
 - The internal organisation of a council.
- 2.7 Some council websites did not include measures included within the Council Tax Protocol. Less than half of Welsh councils provided signposting to debt support or financial support. There was also evidence of good practice on website accessibility to support mechanisms from several Welsh councils.

Impact of the Council Tax Protocol for Wales

- 2.8 Councils felt the Protocol had been generally effective. The most useful element to councils was the clarity over procedures.
- 2.9 In general, councils did not feel the need to change relationships with third party organisations or enforcement agents due to the Council Tax Protocol. Appropriate relationships and liaison were already in place prior to the introduction of the Protocol. Councils felt that their enforcement agents had appropriate measures in place to identify vulnerability and respond accordingly.
- 2.10 Third party organisations were supportive of the Protocol but felt that it had made little impact on collection and enforcement activity within councils.
- 2.11 There was insufficient statistical evidence of the impact of the Council Tax Protocol. This was primarily due to the lack of available data on enforcement activity and the masking of impact by COVID-19 and the cost of living crisis. Even so, there was a weak correlation between website indicators of adherence to the Protocol and write-off of Council Tax debt.

- 2.12 Councils had typically not amended their S13A policies to take account of the measures within the Council Tax Protocol. For some councils this could have been due to these measures already being included within the council's S13A policy. For other councils, this was due to their S13A policy being very strictly defined.

3. Conclusion

- 3.1 Councils and third party organisations reported small changes in Council Tax collection and enforcement activity as a result of the Council Tax Protocol. Most councils felt that the measures outlined in the Protocol were already in place within their council prior to the introduction of the Protocol.
- 3.2 There was a significant mismatch between the experience of third party organisations and councils in the level of adherence to the Council Tax Protocol. Several third party organisations evidenced lack of uniformity both across councils and within councils. Evidence from the research pointed to lack of uniformity across councils in a few areas including strictness of enforcement, willingness to make payment arrangements, identification of vulnerability through data, website adherence to the Protocol and the use of S13A discretion.
- 3.3 The research highlighted a number of barriers to better implementation of the Council Tax Protocol. Some of these could be overcome through the rollout of good practice. For example, the level of internal use of data sharing and the identification of potential Council Tax Reduction (CTR) recipients varied significantly across councils, or the updating of websites to include Protocol measures. Overcoming other barriers could be more challenging and require legislative change. For example, facilitating of increased data sharing between organisations, or across council departments, and the need to update collection and enforcement legislation.
- 3.4 The research suggested that there were cultural and organisational barriers to amend collection practices for vulnerable residents within some councils. This was illustrated by the variation in website support provision, S13A provision, and the correlation, albeit weak, between write-off of debt and evidence of website adherence to the Protocol.
- 3.5 Councils varied significantly in the level to which they felt that support for vulnerability was part of collection activity. This difference could be caused by many things such as the council's view of its role in supporting low-income households, pressure to maintain in-year collection rates and departmental organisation that creates barriers to more joined-up working. Given the pressure on councils to maintain services and a likely increasing workload due to the number of residents who have difficulty in paying Council Tax, it was not surprising that some councils focus heavily on collection as opposed to support.
- 3.6 There was clear evidence of good practice across many councils. A number of councils clearly stated on their websites that they were there to assist residents facing financial hardship. Some councils were responding to the cost of living crisis with website hubs that signposted residents to

available support. Although these hubs were not introduced in response to the Protocol they clearly supported the measures of the Protocol.

4. Recommendations

- 4.1 Councils should ensure that all websites contain information on support for those in financial difficulty or who are vulnerable, along with a full list of possible support mechanisms, including S13A reductions.
- 4.2 Councils should review how they use data received through the DWP data share. This can be used to automatically award Council Tax Reduction or to engage with households in receipt of Universal Credit and invite applications for Council Tax Reduction¹. Collection and enforcement could use this data to identify those that cannot pay, as opposed to those who won't pay.
- 4.3 The Welsh Government should review whether legislation around collection and enforcement can be amended to prevent councils being tied to a particular path of enforcement activity.
- 4.4 The Welsh Government should work with Welsh councils to identify data that can be usefully shared within the council and between organisations that can support identification of residents that may need support. Sharing of data may require additional legislation.
- 4.5 Councils should review their S13A policies to align with the measures within the Council Tax Protocol.
- 4.6 If the Welsh Government desires to pursue uniformity in Council Tax collection and enforcement across Wales it should work with Welsh councils to strengthen existing provision or consider introduction of legislation around collection and enforcement activities.

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Available at: <https://www.gov.wales/understanding-impact-council-tax-interventions-wales-introduction-council-tax-protocol-wales>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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