

Dadansoddi ar gyfer Polisi



Analysis for Policy



Llywodraeth Cymru
Welsh Government

SOCIAL RESEARCH NUMBER:

28/2023

PUBLICATION DATE:

08/03/2023

Understanding the impact of Council Tax Interventions in Wales: The Removal of the Sanction of Imprisonment for Non-Payment of Council Tax

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Understanding the impact of Council Tax Interventions in Wales:
The Removal of the Sanction of Imprisonment for Non- Payment of
Council Tax

Authors: Zoe Charlesworth, Policy in Practice, Alex Clegg, Policy
in Practice, Adam Knight-Markiegi, M.E.L Research

Full Research Report: Charlesworth, Z; Charlesworth, Z; Clegg, A; Knight-Markiegi, A (2023). *Understanding the impact of Council Tax Interventions in Wales: The Removal of the Sanction of Imprisonment for Non-Payment of Council Tax*. Cardiff: Welsh Government, GSR report number 28/2023
Available at: <https://www.gov.wales/understanding-impact-council-tax-interventions-wales-removal-sanction-imprisonment-non-payment>

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

For further information please contact:

Nerys Owens
Knowledge and Analytical Services
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: Research.PublicServices@gov.wales

Acknowledgements

Policy in Practice would like to thank the following:

All Welsh councils and third party organisations that took part in this research. This research would not have been possible without this participation.

The Welsh Government, the Welsh Local Government Association, and the Welsh Revenues and Benefits Managers Group who provided invaluable feedback at various stages of this research.

Tylor-Maria Johnson, Clemence Leandri and Janet Harkin from Policy in Practice for data analysis, policy insight and proofreading.

Bla translation (<https://bla-translation.co.uk/>) for their excellent work in translating the report into Welsh.

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Glossary

Key word	Definition
Care leaver	The legal definition of a care leaver comes from The Children (Leaving Care) Act 2000 which states that a Care Leaver is someone who has been in the care of the Local Authority for a period of 13 weeks or more spanning their 16th birthday.
Charging Order	A court order that secures the debt against a home or other property.
Collection rate	The percentage of Council Tax collected on a yearly basis, calculated as Council Tax collected divided by Council Tax billed to consumers.
Committal	An order used to send someone to prison.
Council Tax (CT)	A local tax on domestic property administered and collected by local authorities in Britain. The charge is based on the estimated value of a property. Defined classes of dwellings and occupants are exempt from the tax or a discount is applied.
Council Tax Reduction (CTR)	Part of the range of council tax support (CTS) which also includes discounts and exemptions, this is a type of support that provides for council tax to be reduced for households on low income. It is administered by local authorities separately from the benefit system.
Lower Layer Super Output Areas (LSOA)	A geographic measure to report small area statistics in England and Wales.

1. Introduction

1.1 In December 2021 the Welsh Government announced an ambitious package of Council Tax (CT) reforms with the objective of making the Council Tax system fairer whilst maintaining funding for essential local services. These commitments are stated in both the Programme for Government¹ and the Cooperation Agreement². Also in December 2021 the Welsh Government announced plans to consult on measures including revaluation and reform of the tax base. The statement set out that “Options being considered this term include revaluation, a review of the Council Tax Reduction Scheme, and an evaluation of discounts, disregards, exemptions and premiums – with options for more fundamental reform in the longer term³. ”

1.2 The previous Welsh Government (2016 - 2021) began the process of reform by introducing, in 2019, amongst other actions, four key interventions that worked within the current Council Tax framework:

- The removal of the sanction of imprisonment for non-payment of Council Tax
- The introduction of the Council Tax Protocol for Wales – Good practice in collection of council tax⁴. This is a voluntary code of practice for enforcement and support of those with Council Tax debt and implementation was agreed with all Welsh councils
- Standardisation of the application process for those with a ‘severe mental impairment’. This involved councils adopting a common application process and standardisation of information provided about the exemption
- Legislation that provided an exemption for care leavers from Council Tax until their 25th birthday with the aim of assisting their transition to adulthood

1.3 In 2022, the Welsh Government commissioned Policy in Practice to undertake research with two key objectives:

¹ [Welsh Government, Programme for Government – Update](#)

² [Welsh Government, Programme for Government – Update,](#)

³ [Welsh Government, Council Tax reform planned](#)

⁴ [Welsh Government, Council Tax Protocol for Wales - Good Practice in Collection of Council Tax](#)

- To evaluate local implementation and delivery of the four Council Tax intervention measures introduced in 2019.
- To evaluate the impact of these measures on residents and councils.

1.4 For ease of use, findings in respect of the four interventions are provided in four separate reports. This report evaluates the removal of the sanction in imprisonment for non-payment of Council Tax.

2. Background

- 2.1 Councils in England and Wales have a range of enforcement options for collection of Council Tax arrears. Until recently, this included the option to apply to the magistrates' court for Council Tax debtors to be committed to prison for up to three months. In Wales this option was removed from 1 April 2019⁵. This aligns the Welsh Government with Scotland and Northern Ireland where the option for committal to prison for non-payment of local taxation does not exist.
- 2.2 Prior to its abolition in Wales the option to commit to prison was not just a threat to non-payers of Council Tax. The legal charity, Appeal, estimated that nearly 700 people were sent to prison in Wales and England for non-payment of Council Tax between 2010 and 2017⁶.
- 2.3 In 2016 the previous Welsh Government made a commitment to making Council Tax fairer and this was stated explicitly in the publication Taking Wales Forward⁷.
- 2.4 There had been growing calls for the abolition of imprisonment of Council Tax debtors in England and Wales for many years⁸ and these grew following a successful appeal against imprisonment for Council Tax arrears in 2016⁹ ¹⁰.
- 2.5 The case was that of Melanie Woolcock who had Council Tax debts of over £4,700. She was sentenced to 81 days in prison by Bridgend Magistrates' Court for failing to pay £10 a week towards her debt. This repayment had previously been agreed as part of the terms of a suspended warrant of committal. Melanie Woolcock stated that she could not pay the arrears as she was too sick to work and struggled to pay rent and feed herself and her teenage son. Bridgend Magistrates' Court ordered her

⁵ [Welsh Government Legislation, The Council Tax \(Administration and Enforcement\) \(Amendment\) \(Wales\) Regulations 2019](#)

⁶ [Appeal, End Council Tax Imprisonment – Poverty is not a Crime](#)

⁷ [Welsh Government, Taking Wales Forward 2016-2021](#)

⁸ [BBC News, Council tax: Bid to stop prison threat over non-payment](#)

⁹ [BBC News, Porthcawl woman jailed unlawfully over council tax](#)

¹⁰ [The Guardian, The woman jailed for a £4,742 council tax debt she could not pay.](#)

imprisonment on 18 July 2016, and she was imprisoned for forty days before being released. This sentence was overturned on appeal.

- 2.6 In the appeal hearing at the High Court in January 2018¹¹ Mr Justice Lewis stated: *"There was no evidential basis on which the magistrates' court could conclude that there had been culpable neglect in non-payment."* He ruled that the original committal to prison was unlawful. The decision found that Bridgend Magistrates' Court had failed to assess Melanie Woolcock's financial means and had no basis for concluding that her failure to pay was due to 'culpable neglect', one of two legal standards specified in the regulations, the other being 'wilful refusal'.
- 2.7 Following the appeal, in March 2018, the chair of the Criminal Bar Association, Angela Rafferty QC, and 57 other signatories sent a letter to The Guardian which claimed that the unlawful imprisonment of people for Council Tax non-payment *"is likely to be one of the largest mass miscarriages of justice in British history"*. The legal charity Appeal¹² estimated that this means that between 9.5% and 18% of people sent to prison for Council Tax non-payment in England and Wales were sent there unlawfully.
- 2.8 In June 2018 the Welsh Government went out to consultation as part of the process of introducing regulatory change to remove the option of imprisonment for non-payment of Council Tax arrears in Wales. The consultation, 'Removal of the Sanction of Imprisonment for the Non-payment of Council Tax¹³', focused specifically on the question of whether the ability of councils to seek committal to prison for non-payment of Council Tax should be removed or not. It encouraged respondents to provide comments in support of their views. The consultation document¹⁴ stated *"The Welsh Government is committed to working with local government to review Council Tax to make it fairer. The Welsh Government believes that the sanction of imprisonment is an outdated and disproportionate*

¹¹ [R Melanie Woolcock v The Secretary of State for Communities](#)

¹² [Appeal, End Council Tax Imprisonment – Poverty is not a Crime](#)

¹³ [Welsh Government, Removal of the sanction of imprisonment for the non-payment of Council Tax,](#)

¹⁴ [Welsh Government, Removal of the sanction of imprisonment for the non-payment of Council Tax](#)

response to a civil debt issue, and there is significant additional cost to the public purse in imprisoning individuals.”

- 2.9 The overwhelming response to the consultation (84% of respondents) supported the proposal to end imprisonment for non-payment of Council Tax arrears. In its response Citizens Advice Wales highlighted the harm that prison can do and its impact on the ability of the person to pay debt.

“Citizens Advice fully supports the Government’s proposal to prohibit imprisonment as a punishment for failure to pay Council Tax. Sending an individual to prison over Council Tax debt will in turn make it harder for them to pay back the debt as well as manage other debts, as it impacts on use of high cost credit, and causes clients to miss rent/mortgage payments, as well as payments for gas and electricity.... Being sent to prison can have detrimental consequences, and individuals can be left traumatised by imprisonment or threatened imprisonment¹⁵ ”

- 2.10 14 out of the 22 Welsh councils responded to the consultation and 11 of these agreed in principle with the removal of the sanction. However, the responses indicate a level of concern amongst councils; most were also opposed to the idea of removal without implementing other measures to prevent an increase in deliberate refusals to pay Council Tax¹⁶.

- 2.11 Following consultation the then Finance Secretary, Mark Drakeford MS, signalled his ambition to introduce legislation to end the option of committal to prison for non-payment of Council Tax, calling it outdated and disproportionate. This commitment for change was reported by the BBC in November 2018¹⁷ and outlined in a written statement to the Welsh Government.

"My view is that getting into debt is not a crime, the sanction of imprisonment is an outdated and disproportionate response to a civil debt issue. There is significant additional cost to the public purse of imprisoning individuals and such action does

¹⁵ [Citizen’s Advice, Removal of the sanction of imprisonment for the non-payment of Council Tax](#)

¹⁶ [Welsh Government, Removal of the Sanction of Imprisonment for the Non-payment of Council Tax – Summary of responses to consultation](#)

¹⁷ [BBC News, Council tax: Bid to stop prison threat over non-payment](#)

nothing to address the reasons for the debt owed to the local authority or to reduce the debt. In many cases, it makes the situation worse. The Welsh Government cannot take action in respect of the operation of the courts, as responsibility for this is not devolved. But we do have powers to amend the existing enforcement regime to remove the power to commit people to prison in Wales for non-payment of Council Tax. There are other, more appropriate enforcement actions which local authorities can use to seek payment of civil debts¹⁸."

- 2.12 On 12 February 2019 The Council Tax (Administration and Enforcement) (Amendment) (Wales) Regulations 2019 (hereafter, 'the 2019 regulations') were laid. The explanatory note stated that the regulation "makes amendments to the 1992 Regulations to remove the power of billing authorities in Wales to apply to a magistrates' court for the issue of a warrant committing a Council Tax debtor to prison". The mechanism for this was through amendment of regulations 47 and 48 of the Council Tax (Administration and Enforcement) Regulations 1992. The 2019 regulations also included transitional arrangements to cover the situation where a process of committal was in progress. This included provision to not allow renewal of committal notices after 1 April 2019.
- 2.13 Welsh councils had indicated concern over the impact of withdrawing the threat of imprisonment on collection rates¹⁹. Councils need to collect maximum local taxes in order to fund services. There is a tension with the parallel objective of supporting low-income and vulnerable residents.
- 2.14 Noting the concern of Welsh councils, the Welsh Government agreed to monitor the impact of this regulatory change on Council Tax collection.

Impact of COVID-19

- 2.15 Given the spread of COVID-19 across the UK from winter 2019 and the subsequent economic lockdowns in 2020-2021, isolating the impact of the introduction of the

¹⁸ [Welsh Government, Written Statement - Removal of the Sanction of Imprisonment for the Non-Payment of Council Tax](#)

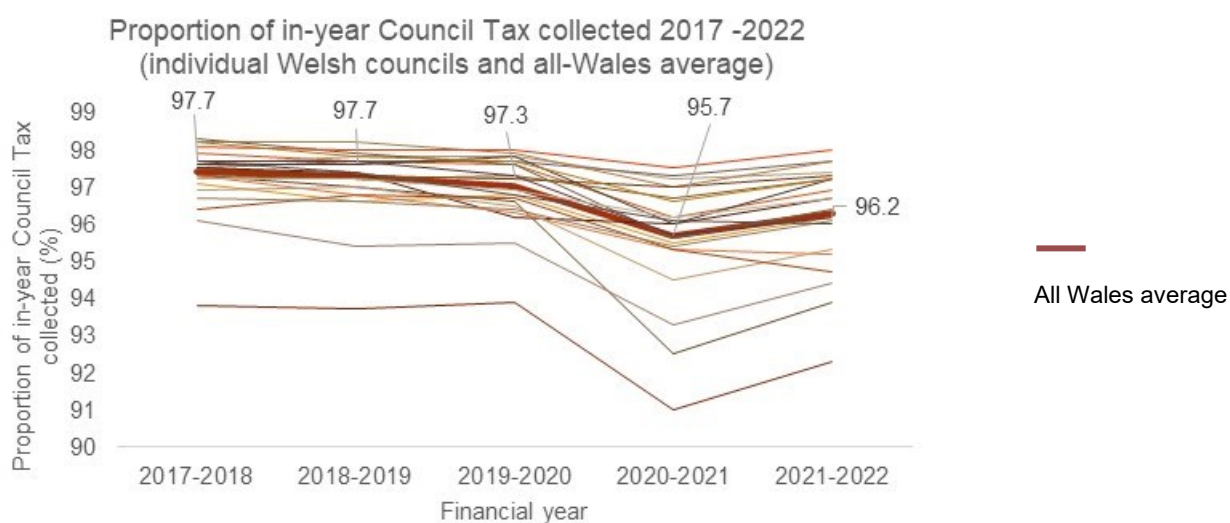
¹⁹ [Welsh Government Written Statement, Local authorities asked for additional measures to help them to maintain collection rates](#)

2019 regulations is problematic. Council Tax collection rates have been affected by COVID-19 across all countries within the UK for all years since 2019 – 2020.

- 2.16 Research undertaken by Policy in Practice for the Welsh Government on the impact of the COVID-19 pandemic on Council Tax Reduction in Wales²⁰ in 2021 noted that the impact of the pandemic on Council Tax arrears was not uniform across Wales and showed much regional variation: “*There is notable variation between councils in the change in the proportion of households in the working-age CTRS caseload that are in arrears from September 2020 to April 2021.*”
- 2.17 The report noted that variation in arrears between Welsh councils resulted from different economic impacts of the COVID-19 pandemic, as well as different policies around Council Tax collection during this period. The regional impact of the pandemic on arrears levels and collection rates is likely to overwhelm any statistical evidence of change due to the introduction of the 2019 regulations.

²⁰ [Policy in Practice, Council Tax Reduction Scheme and coronavirus \(COVID-19\) in Wales](#)

Figure 1: Council Tax collection rates by Welsh council, 2017 – 2022



(Source: StatsWales, In-year council tax by billing authority, Amount received as % of total debit)

2.18 Figure 1 illustrates the trend for a general fall in collection rates across Welsh councils from 2019-20 and 2020-2021 as a result of COVID-19, with collection rates picking up again for 2021 – 2022. Figure 1 also illustrates the differential impact of COVID-19 on Council Tax collection rates across Welsh councils.

2.19 Given the impact of COVID-19 on collection rates, statistical analysis within this research draws on:

- Research undertaken prior to the COVID-19 pandemic
- Comparison of the impact on Council Tax collection rates in Wales with other regions across the UK and a control group of socio-economically matched English councils. These comparator groups were also affected by COVID-19 but were not affected by the removal of the sanction of imprisonment for non-payment of Council Tax

3. **Approach**

- 3.1 Findings are drawn from desk-based research, quantitative analysis and fieldwork consisting of a survey of council officers and interviews with third-party organisations.
- 3.2 Desk-based research synthesises existing research findings and previous work undertaken by Policy in Practice for the Greater London Council (GLA).
- 3.3 Statistical and data analysis is used to understand:
- Collection rate trends in order to evaluate the impact of the removal of the sanction of imprisonment for non-payment of Council tax
 - Comparison with other regions of the UK with different policies around the sanction of imprisonment
- 3.4 Surveys, interviews and discussions with stakeholders provide an understanding of the implementation of change and context to findings.

4. Methodology

Statistical impact analysis

- 4.1 Statistical analysis was used to understand Welsh Council Tax collection rates over time and the variation in collection rates between Welsh councils.
- 4.2 Council Tax collection rates are published by Stats Wales. This provides data on the proportion of in-year council tax collected by billing authority²¹. To understand trends in collection rates over time datasets from 2017 – 2018 to 2021 – 2022 were used. To compare to other regions of the UK and a control group datasets from 2019 – 2020 to 2021 – 2022 were used.
- 4.3 To adjust the comparison for socio-economic difference comparison was also undertaken with English councils matched for socio-economic factors with each Welsh council. Matching was undertaken through the Compare Your Area facility provided by Police.uk²². This facility groups councils with like councils based on demographic characteristics such as age, socio-economic grouping, levels of unemployment, population sparsity, types of households and level of retail and leisure provision.

For each Welsh council Compare Your Area provides 14 similar councils across England and Wales. For the purposes of comparison of collection rates three English councils were selected at random for inclusion for each Welsh council. Comparison data was not available for 6 Welsh councils. The English councils used for this comparison are provided in Appendix 3.

Survey and Interview Data

- 4.4 Primary quantitative and qualitative data collected through online surveys and interviews was analysed to inform both the process and impact evaluation.

²¹ [Stats Wales, In-year council tax, by billing authority \(£ thousand\)](#)

²² [Police UK, Compare your Area](#)

- 4.5 Welsh councils were surveyed to gather the councils' understanding of the four Council Tax interventions. Specific questions addressed the implementation of the removal of the sanction of imprisonment, and its impact. All councils were invited to take part and surveys were disseminated primarily to the Revenues and Benefit Manager. There were 23 responses to the survey from 14 councils.
- 4.6 Semi structured interviews were held with third party agencies to gather views on the implementation and impact of Council Tax interventions. In relation to the removal of the sanction of imprisonment, Citizens Advice Wales was interviewed. The interviews took approximately an hour and were semi structured.
- 4.7 The survey and interview provided a descriptive snapshot of the awareness, experience and impact of the removal of the sanction of imprisonment for non-payment of Council Tax.

5. Findings: Implementation of the removal of the sanction of imprisonment for non-payment of Council Tax

Introduction

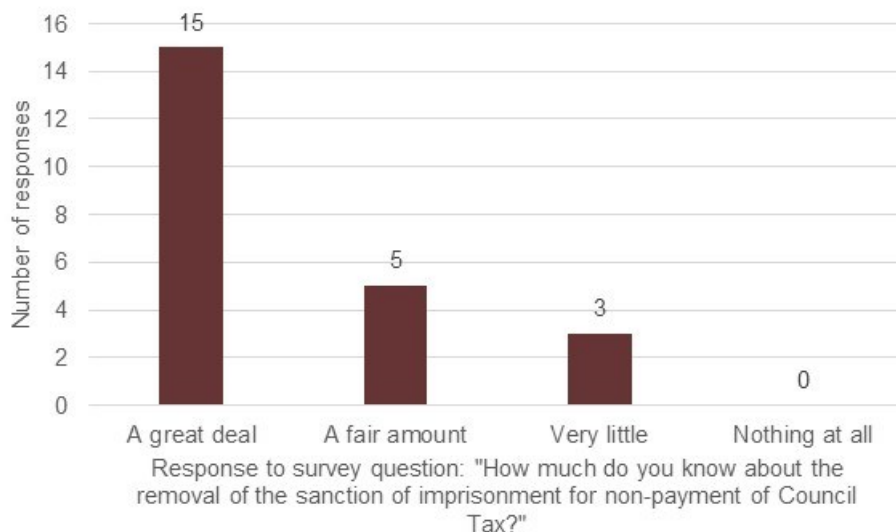
- 5.1 The impact of the introduction of 2019 regulations is absolute; committal to prison for non-payment of Council Tax ceased from 1 April 2019 and this was implemented across all Welsh councils²³.
- 5.2 This research attempted to understand the implications of this measure for administration of Council Tax collection across Wales. A survey of council officers sought to understand the process of implementation and application of changes within the council.

The council view

- 5.3 The survey sought to understand the level of awareness of the removal of the sanction of imprisonment for non-payment of Council Tax. Survey responses indicate that awareness is high with the majority of respondents (83%) stating that they knew a great deal or a fair amount about the exemption.

²³ No new applications for committal could be made after April 2019. The regulations allowed committal cases that were already going through the magistrate's system to continue as previously.

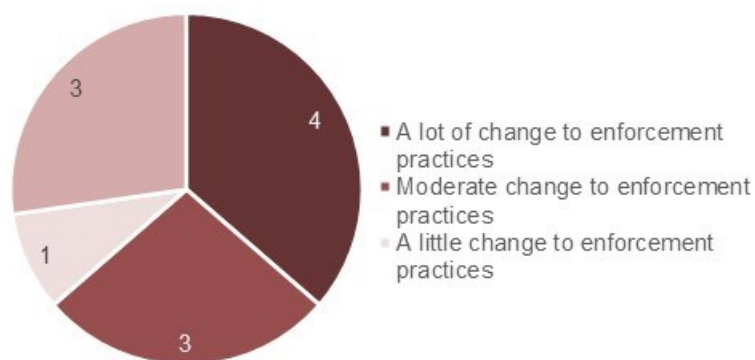
Figure 2: Response to a survey question about awareness of the removal of the sanction of imprisonment for non-payment of the Council Tax



(Source: Survey of Welsh councils, 23 total responses)

- 5.4 Only one respondent to the survey of councils felt that more training was required about the removal of the sanction of imprisonment. Council responses suggest that councils are confident in their knowledge of the intervention.
- 5.5 Prior to the introduction of legislation to remove the sanction of imprisonment for non-payment of Council Tax only two of the councils responding to the survey did not use the sanction of imprisonment. This suggests a widespread change to collection policies across Wales as a result of the measure.
- 5.6 Councils were asked whether the removal of the sanction of imprisonment has changed enforcement activities. Four councils stated that the measure had led to a great deal of change in enforcement policies. This is equal to the number who stated that it had little or no effect on enforcement policies. As enforcement policies are set by the council this is likely to reflect the policies that were in place prior to the introduction of legislation to remove the sanction of imprisonment.

Figure 3: Response to survey question to councils “How much did the removal of the sanction of imprisonment change enforcement policies?”



(Source: Survey of Welsh councils, 11 total responses)

5.7 The main change in Council Tax enforcement activity mentioned by council survey respondents is an increase in the number of referrals back to debt collectors and an increase in charging orders, bankruptcy and insolvencies. Councils mentioned that although committal to prison had been rare previously, the council viewed the threat of committal as a useful engagement tool that they no longer have.

“[There is] no ultimate deterrent now - if we cannot attach to earnings or benefit – a charging order is the only option if a property is owned. However, for self-employed residents or tenants [debts are] very difficult to pursue.”

(Council survey respondent)

“[There is] no replacement for removal [of the sanction]. Awareness of removal [of the sanction of imprisonment] has taken away the coercion tool that we had. More insolvencies are taking place, bankruptcies, and charging orders.”

(Council survey respondent)

“Without committal, cases are now being referred back to the enforcement agents for another attempt to recover the debt. Also, more cases being referred to bankruptcy, charging orders and being written off where all options are exhausted.”

(Council survey respondent)

“[There are] less options to recover overdue debts as there is no alternative/replacement method. More cases are being recycled to enforcement agents.”

(Council survey respondent)

- 5.8 A number of council survey respondents mentioned that there are specific issues around collection from residents who refuse to engage and for whom there are no available methods of collection. Particular issues have arisen around recovery of Council Tax debt from self-employed people who can pay but will not engage with the council to arrange repayment. This is due to councils not being able to use attachment of earnings as a recovery mechanism for the self-employed. Prior to the removal of the sanction of imprisonment, committal proceedings had created an opportunity to meet the debtor at court and discuss payment arrangements.

“The biggest issue is the self-employed who can pay but won’t.”

(Council survey respondent)

“[There is] no ultimate deterrent now so we are finding it hard to collect the tax from the self-employed”

(Council survey respondent)

Citizens Advice Wales view

- 5.9 Citizens Advice Wales said that they had received a few reports of the threat of committal still being used by councils and their enforcement agents. The sanction is still included in some council letters and remains on at least one council website. They also reported that they have been informed by residents that the threat of imprisonment is still used by some enforcement officers.

6. Findings: Impact of the removal of the sanction of imprisonment

Councils view of the impact of the removal of the sanction of imprisonment

6.1 Although councils had rarely used committal previously they stated that the threat of committal was useful and effective to force engagement from the debtor. The impact of the removal of the sanction, mentioned by council survey respondents, is the creation of bottlenecks of “idle” debts for which there is no possible further action. A number of councils mentioned that this led to greater write-off of debt once all available options had been pursued.

6.2 One respondent stated that the removal of the sanction of imprisonment has led to a level of unfairness as there are no longer sufficient powers to collect some debts.

“This is not fair and equitable to those who do pay their council tax.”

(Council survey respondent)

6.3 Council survey respondents were typically unsure of the impact of the removal of the sanction of imprisonment on collection rates. A number commented that collection rates had decreased in the last couple of years, but they did not know if this was down to the removal of the sanction of imprisonment, COVID-19 or the cost of living crisis. A couple of councils felt that the removal of the sanction had not affected collection rates in any way:

“[There has been] no impact on collection rates”

(Council survey respondent)

“As Committal was used as a last resort, then the number of applications were minimal when compared with the overall tax base. As a result, the non-collection of these debts has had relatively little impact on collection rates.”

(Council survey respondent)

“[We have seen] reduced collection rates - although it is difficult to say that this reflects committal as the year end of this when we would have had a benchmark but that has changed due to Covid.”

(Council survey respondent)

“Collection rates are lower than they were although I'm not sure that this is wholly attributable to the removal of committal.”

(Council survey respondent)

- 6.4 Two of the council survey respondents felt strongly that the removal of committal had affected collection rates.

“[It has been] extremely negative, increase in arrears, tax payers not contacting to discuss arrears. Once there is an understanding that there is no action after a collection agent, many taxpayers stop paying everything, including the current year.”

(Council survey respondent)

“[It is] significant - arrears are increasing, over the past three years the value of arrears has doubled. This is not all down to committal being removed but there is no doubt that this has had an impact.”

(Council survey respondent)

- 6.5 Citizens Advice Wales was very supportive of the removal of the sanction of imprisonment for Council Tax arrears and felt it would have a significant impact on those with Council Tax debts who could now make better choices around what they could afford to pay. The fear of committal had previously led to some residents making payments that they could not afford, and this had an impact on wellbeing. They stated that enforcement agents still create a fear in those with Council Tax arrears but that this is *“slightly less terrifying”* than the threat of committal.

Statistical evidence for the impact of the removal of the sanction of imprisonment

- 6.6 It is evident from the survey of councils that the impact on Council Tax collection rates of the removal of the sanction of imprisonment is difficult to ascertain from fieldwork. Different experiences between councils of the impact partially reflect practices that were in place prior to the removal of the sanction. In addition, the impact on collection rates is not clear given that since the introduction of the measure Council Tax collection rates are likely to have been affected by both COVID-19 and the cost of living crisis.

- 6.7 To understand the impact of a change in Council Tax enforcement sanctions on collection rates analysis of the trend in enforcement rates across the other parts of the UK that also experienced COVID-19 but not the removal of the sanction of imprisonment for non-payment of Council Tax during the time period was carried out.
- 6.8 Impact analysis also draws on previous statistical analysis undertaken by Policy in Practice that examined the relationship between enforcement policies and collection rates in a period prior to COVID-19.

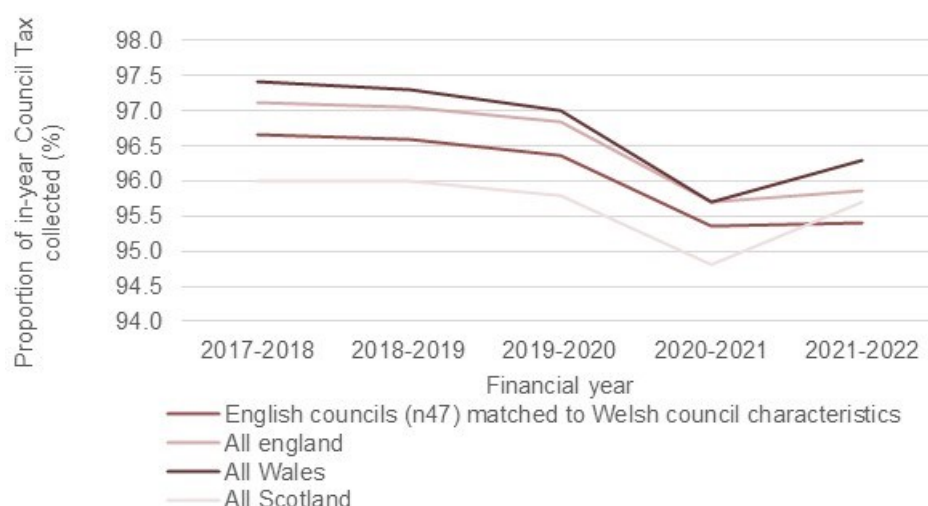
Comparison of trends in collection rates in Wales compared to other countries in the UK

- 6.9 Collection rates for Council Tax fell by 1% across Wales in the period from 2018–2019 to 2020-2021 and recovered slightly by 2021-2022 (an increase of 0.6%). Although we cannot say for certain, the main driver of this fall is likely to be the impact of business disruption due to COVID-19. This fall in Council Tax collection rates since the removal of the sanction of imprisonment is therefore not useful in understanding the impact of this intervention.
- 6.10 To understand whether the fall in Council Tax collection rates in Wales may have been affected by the removal of the sanction of imprisonment, Council Tax collection rates can be usefully compared to those in England and Scotland over the same period. These countries experienced similar interruption to business due to COVID-19.
- 6.11 This comparison does not allow for fully matched control groups because:
- The period of COVID-19 lockdown and business interruption varied between countries
 - Mitigating measures provided by Governments and devolved administrations varied between the countries
 - There are socio-economic differences between the countries
- 6.12 To adjust the comparison for socio-economic difference comparison was also undertaken with English councils matched for socio-economic factors with each

Welsh council. Further information on this control group is provided in the Methodology section.

- 6.13 Comparison of the trends in Council Tax collection rates across the countries of the UK and with a control group consisting of English councils matched for socio-economic characteristics is shown in Figure 4.

Figure 4: Comparison of in-year Council Tax collection rates 2017 – 2018 to 2021 - 2022 for different UK countries and with a control group



(Source: StatsWales, In-year council tax by billing authority, Amount received as % of total debit; Scottish Government Council Tax Collection Statistics, In-year Council Tax percentage received; UK Government, National statistics, Collection rates for Council Tax and non-domestic rates in England)

- 6.14 The comparison of Welsh council collection rates from 2017 – 2018 to 2021 – 2022 shows that average Council Tax collection rates in Wales were higher than in England, Scotland, and when compared to English councils matched for socio-economic characteristics.
- 6.15 Welsh councils are the only cohort included in the comparison to implement the non-sanction of imprisonment in 2019. Evaluation of the decrease in Council Tax collection rates between 2018 - 2019 and 2020 – 2022, compared to the comparator groups, informs whether the removal of the sanction of imprisonment had a noticeable impact. This evaluation shows that Council Tax collection rates in

Wales saw a lower percentage reduction than rates in England and against similar English councils between 2018 – 2019 and 2021 - 2022 (Table 1).

Table 1: Percentage reduction in in-year collection of Council Tax 2018-2019 to 2021-2022 for different UK countries and a control group

Group	% reduction in in-year collection of Council Tax 2018-2019 to 2021-2022
Wales	1.03
English councils (n47) matched to Welsh council characteristics	1.23
England	1.23
Scotland	0.31

6.16 If the removal of the sanction of imprisonment had an impact on Welsh Council Tax collection rates we would have expected to see a *greater* reduction in Council Tax collection rates in Wales than comparable groups from 2018 – 2022. This does not appear to be the case as Welsh councils maintained collection rates over this period better than councils in England and better than English councils matched for socio-economic characteristics. This suggests that removal of the sanction of imprisonment does not noticeably affect Council Tax collection rates.

Collection rates in England, where the sanction of imprisonment remains, see a greater reduction since 2019 than in Wales where the sanction was removed from 2019. In Scotland, where there is no sanction of imprisonment, collection rates from 2017 – 2022 saw the lowest reduction.

- 6.17 It may be that knowledge of the removal of the sanction of imprisonment for non-payment of Council Tax in Wales is not widespread, and a greater impact could be seen in future years.

The impact of Council Tax collection policy on collection rates; research findings prior to COVID-19

- 6.18 In 2019 London Boroughs expressed similar concerns about the impact of customer friendly enforcement policies on collection rates. This led to the Greater London Authority (GLA) commissioning research by Policy in Practice to understand the determinants of collection rates. The findings were published in 2020 in the report “Council Tax Debt Collection and Low Income Londoners”²⁴.
- 6.19 The research undertaken by Policy in Practice for the Greater London Authority examined collection rate data from the financial year 2018 - 2019. The findings from the research can therefore usefully inform an understanding of the impact of different enforcement policies on collection rates independent of the impact of COVID-19 on those rates.

Across London, the differences in enforcement policies studied is geographical (variation between borough) rather than over time as in Wales (before and after the introduction of regulation). Nevertheless, an understanding of the impact of enforcement policies on collection rates is a useful indicator of whether change in collection rates is likely to be seen due to the introduction of regulation to end the sanction of imprisonment for non-payment of Council Tax in Wales.

- 6.20 Using a multi-regression analysis²⁵ the research showed collection policy had no relationship with Council Tax collection rates. Adherence to the Citizens Advice’s Council Tax Collection Protocol²⁶ was used as a proxy to indicate collection policy. Those that implemented the Protocol were classified as having customer friendly

²⁴ [Policy in Practice, Council Tax Debt Collection and Low Income Londoners](#)

²⁵ [See Policy in Practice, Council Tax Debt Collection and Low Income Londoners](#)

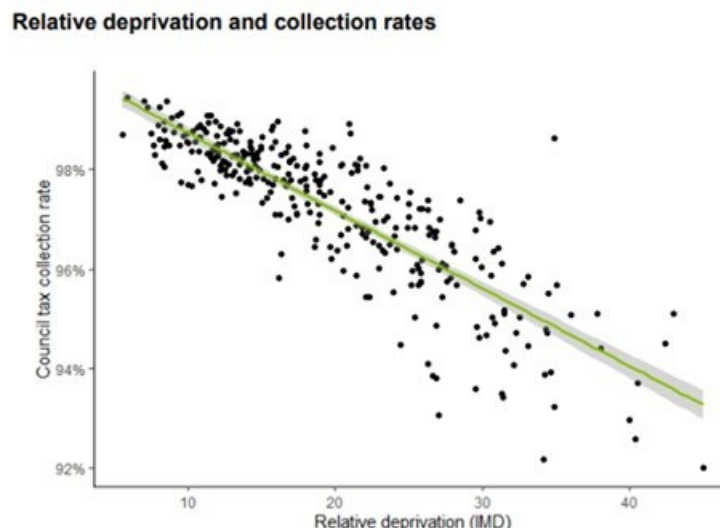
²⁶ [Citizens Advice, Collection of Council Tax arrears good practice protocol](#)

policies, those not signing up to the Protocol were classified as retaining more aggressive Council Tax collection policies.

6.21 The research found that only two factors had a statistically significant correlation with collection rates: the maximum Council Tax Reduction (CTR) awarded by the council and the level of local poverty. The report stated that “local authorities with higher levels of relative deprivation tended to report lower Council Tax collection rates. Local authorities with higher maximum CTR awards tended to report higher Council Tax collection rates. Together, these two predictors accounted for 73% of the variance in collection rates. Neither the level of Council Tax nor adherence to the Citizens Advice Council Tax protocol significantly improved the amount of variance in collection rates accounted for by the model.”

The correlation between relative deprivation and collection rates across London Boroughs, taken from the publication *Council Tax Collection and Low Income Londoners*, is reproduced in Figure 5.

Figure 5: The correlation between relative deprivation and collection rates across London Boroughs from the publication *Council Tax Collection and Low Income Londoners*, Policy in Practice, 2020



6.22 It would not be expected that findings from analysis undertaken using data from London Boroughs can be perfectly extrapolated to Welsh councils. Particularly as in England, the maximum level of Council Tax Reduction (CTR) is set by each local council and varies significantly across London, with liability ranging from 100% to 60%. In Wales the maximum award of CTR is set by the Welsh Government and all

Welsh councils provide CTR support of up to 100% of Council Tax payable. However, given the strong correlation between poverty levels and collection rates seen in the research undertaken by Policy in Practice for the Greater London Assembly (GLA), it would be expected that a level of correlation between poverty level and collection rates would also occur across Wales.

- 6.23 It is not possible to replicate the research across Wales due to the impact of COVID-19 and due to deprivation in Wales being published by Lower Layer Super Output Areas (LSOA), rather than by council.

7. Summary of Findings

7.1 COVID-19 has had a noticeable impact on Council Tax collection rates. Collection rates have been affected by COVID-19 across Wales from 2019 – 2020 with an upturn in collection rates starting to be seen from 2021 – 2022. Following COVID-19 Council Tax collection rates are likely to be affected by the cost of living crisis. This means that trends in collection rates alone cannot be used to evidence the impact of the removal of the sanction of imprisonment for non-payment of Council Tax.

Key findings on the implementation of the removal of the sanction of imprisonment

- 7.2 There is a high level of awareness within councils of the removal of the sanction of imprisonment for non-payment of Council Tax.
- 7.3 There is variation across councils in the level of change in enforcement activity that has been implemented as a result of the measure. The main changes stated by councils were an increase in the use of charging orders, more referrals back to debt collectors and an increase in write off of Council Tax debt.
- 7.4 Citizens Advice Wales were concerned that some Welsh councils had still not updated their communication since the removal of the sanction of imprisonment for non-payment of Council Tax. The sanction of imprisonment could still be seen on at least one council's website, and in letters issued by some councils. Citizen Advice advisers had reported a couple of cases of enforcement officers still referring to the sanction of imprisonment when undertaking collection activity.

Key findings on the impact of the removal of the sanction of imprisonment

- 7.5 Comparison of Welsh council collection rates from 2017 – 2018 to 2021 – 2022 with control groups shows that average Council Tax collection rates in Wales were higher than in England, Scotland, and when compared to similar councils in England. Welsh councils were the only group to implement the non-sanction of imprisonment within the comparison timeframe.
- 7.6 Examination of the decrease in Council Tax collection rates between 2018-2019 and 2020-2022 across Wales, compared to the comparator groups, shows that Council Tax collection rates in Wales saw a lower percentage reduction than rates

in England or in a control group of English councils matched for socio-economic characteristics. Welsh councils maintained Council Tax collection rates since 2019 better than English councils and the control group of similar English councils.

- 7.7 Research undertaken by Policy in Practice prior to COVID-19 found that only two factors had a statistically significant correlation with collection rates: the maximum CTR awarded by the council and the level of local poverty. Council Tax collection policy did not have a measurable impact on Council Tax collection rates.
- 7.8 The removal of the sanction of imprisonment for non-payment of Council Tax has led to challenges for councils in engaging with particular groups of non-payers, particularly from those for whom other collection mechanisms, such as attachment of earnings or charging orders, are not appropriate.
- 7.9 Councils surveyed for the research gave varied assessments of the impact of the removal of the sanction of imprisonment on Council Tax collection rates. The number of councils who felt there was an impact was split equally with those councils who felt there was no impact. The majority of Welsh councils stated that any impact was impossible to separate from other drivers of change in Council Tax collection rates, such as COVID-19 and increased poverty due to the cost of living crisis.
- 7.10 Citizens Advice Wales felt that the impact of the removal of the sanction of imprisonment was very positive. It provides the space for debtors to pay at a rate they can afford. Prior to the removal of the sanction there was evidence that some debtors were so concerned about the use of the sanction of imprisonment that they repaid debt at a level that caused harm to themselves.

8. Conclusion

- 8.1 Statistical analysis undertaken for this research, together with findings from previous research undertaken by Policy in Practice, suggests that the removal of the sanction of imprisonment for non-payment of Council Tax has not affected Council Tax collection rates in Wales. Since 2019 Council Tax collection rates in Wales have held up better than in other areas of the UK and against a control group of English councils matched for socio-economic characteristics. All the comparator groups were also affected by COVID-19.

It is worth noting that there were large regional differences in the impact of COVID-19, and different responses from Governments across the UK, so the impact of the pandemic on Council Tax collection rates is likely to differ to some extent between countries and regions. Bearing this caveat in mind, the statistical evidence available points to there being no measurable impact on Council Tax collection rates in Wales by the removal of the sanction of imprisonment.

- 8.2 Even though the removal of the sanction of imprisonment appears to have had no measurable impact on Council Tax collection rates there remains concern about the impact on Council Tax collection rates within a minority of Welsh councils. This may be due to the concentration of enforcement activity on a small number of debtors who have become harder to engage with due to the removal of the sanction of imprisonment. Nearly all councils stated that the measure has made engagement with certain groups of non-payers more challenging. This is particularly the case for recovery from residents where existing collection measures are not applicable. However, it is likely that the overall debt of these non-payers will be small in comparison to the total amount of Council Tax collected and, as such, has minimal impact on Council Tax collection rates.
- 8.3 Findings from this research do suggest that the removal of the sanction of imprisonment has had an impact on council enforcement activities with greater use of charging orders, referral to debt agencies and write offs.
- 8.4 Evidence from Citizens Advice Wales indicates that the removal of the sanction of imprisonment has a positive impact on residents who struggle to pay their Council

Tax, allowing them the space to pay what is affordable without causing harm to themselves or their families.

- 8.5 It is concerning that a small minority of council communication still refers to the sanction of imprisonment and that the threat of imprisonment is still used by a minority of enforcement officers. Given the awareness of councils of the measure, and the general support from councils for the removal of the sanction of imprisonment, it is likely that this is due to an omission in updating training, websites and other communication.

9. **Recommendations**

- 9.1 The Welsh Government should work with Welsh councils to determine the cohorts for whom debt collection has become more challenging due to the removal of the sanction of imprisonment. Identification of the more problematic cohorts could inform the introduction of measures to assist councils. For example, additional collection powers, sharing of good practice in the collection from these groups and standard guidance regarding collection routes.
- 9.2 Welsh councils should review all their channels of communication to ensure all reference to the sanction of imprisonment is removed. Councils may need to ensure training on the removal of the sanction of imprisonment is extended to all staff and to external enforcement agents.
- 9.3 The evaluation of the impact of the removal of the sanction of imprisonment on collection rates is complicated by the impact of both COVID-19 and the cost of living crisis. The Welsh Government should consider further evaluation at a greater distance from the impact of COVID-19 and when levels of poverty are more comparable to pre-2019 levels.

10. **Appendices**

Appendix 1: Fieldwork Methodology

M·E·L Research used an online survey of Welsh councils using Forsta Plus to gather views. Participants were contacted as a member of the Welsh Revenues and Benefits Management Group or via the Welsh Local Government Association as a member of staff involved in the collection of council tax or support of vulnerable residents. People were invited to take part via email from these two routes, with a link to the online survey. Participation was voluntary and responses were anonymous. The survey took place in August and September 2022.

Third party interviews were conducted by M·E·L Research with a selection of organisations involved with one or more of four council tax interventions. Potential participants were identified using public sources (e.g., organisational websites, LinkedIn) and invited to take part in an online interview. These were semi-structured interviews taking place remotely (via Teams). They took place from August to October 2022.

Participating councils

Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Carmarthenshire, Denbighshire, Flintshire, Gwynedd, Newport, Powys, Rhondda Cynon Taf, Swansea, Vale of Glamorgan, Wrexham

Council roles of responding officers

Recovery Officer, Corporate Taxation and Debt Lead, Council Tax Manager, Enforcement manager, Head of Revenues, Head of Service, Head of Service (Revenues and Benefits), Income and Awards Manager, Income Collection Manager, Operational Manager, Revenue Services Manager, Revenues Manager, Senior Council Tax Team Leader, Service Delivery Manager, Service Manager Revenues, Tax Manager

Appendix 2: Survey of Welsh councils – questions relating to the removal of the sanction of imprisonment for non-payment of Council Tax

About you

1. Which local authority do you work in?
2. What is your job title?

Understanding of the interventions

3. How much would you say you know about the legislation to remove the sanction of committal for council tax arrears
- 3a. Do you feel you need additional training or information about legislation to remove the sanction of committal for council tax arrears? (Yes/No)

Questions about the removal of committal

4. Were you using committal as an enforcement method in the year prior to the removal of committal? (Yes/No)
5. Has the removal of committal changed the way in which you use other enforcement methods?
6. To what extent would you say that the removal of committal has changed the way in which your local authority collects and enforces council tax? (A lot, Somewhat, A little, Not at all, Don't know)
7. Why do you say this?
8. What has been the impact, if any, of the removal of committal on council tax collection rates?
9. What has been the impact, if any, of the COVID-19 pandemic on this intervention?

Appendix 3: Collection rate control group of English councils with similar characteristics to Welsh councils

Allandale	Gateshead
Amber Valley	Great Yarmouth
Ashfield	Halton
Burnley	Hartlepool
Barrow in Furness	Herefordshire
Bassetlaw	Hyndburn
Bedford	Ipswich
Blackburn with Darwin	Kettering
Bolsover	Knowsley
Braintree	Newark and Sherwood
Breckland	North Devon
Bristol	North Lincolnshire
Calderdale	Northumberland
Copeland	Pendle
Corby	Peterborough
County Durham	Redcar
Darlington	Rochdale
Doncaster	Sheffield
Dover	Stoke on Trent
East Lindsey	Sunderland
East Riding	Swale
Fenland	Tendring
Folkestone and Hythe	Wyre
Forest of Dean	