



Department for  
Communities and  
Local Government

# Improving efficiency of council tax collection



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### Scope of the consultation

<b>Topic of this consultation:</b>	Efficient council tax collection
<b>Scope of this consultation:</b>	The purpose of the consultation is to seek views on the Government's proposals to facilitate improvements in the collection and enforcement process in business rates and council tax
<b>Geographical scope:</b>	The consultation relates to England as council tax is a devolved matter
<b>Impact Assessment:</b>	An impact assessment has not been produced for this instrument because it amends an existing local tax regime. Publication of a full impact assessment is not necessary for such legislation.

### Basic Information

<b>To:</b>	The consultation is aimed at local authorities, other Government departments, businesses and any other interested party.
<b>Body/bodies responsible for the consultation:</b>	Local Government Finance Team in the Department for Communities and Local Government
<b>Duration:</b>	6 weeks
<b>Enquiries:</b>	For enquiries, please e-mail:  council.tax@communities.gsi.gov.uk
<b>How to respond:</b>	To respond to this consultation, please e-mail:  council.tax@communities.gsi.gov.uk  When responding, please ensure you have the words "Efficient collection" in the email subject line.  Alternatively you can write to: Local Government Finance Department of Communities and Local Government SE Quarter, 2 <sup>nd</sup> Floor Fry Building 2 Marsham Street LONDON SW1P 4DF  Responses to this consultation must be received by 18 November 2015.  When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please give a summary of the people and organisations it represents and, where relevant, who else you have consulted in reaching your conclusions.
<b>Compatibility with the Consultation Principles:</b>	Yes

### Background

<b>Getting to this stage:</b>	As part of the Better Business Compliance Cabinet programme, Manchester City Council, Salford City Council, HMRC and Cabinet Office have cooperated in a trial to improve collection and efficiency. The results of this trial have been
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	considered in the proposals on improving the collection procedure for council tax. The Department for Communities and Local Government have also proposed several improvements to the appeals, avoidance and collection aspects of the business rates system. These are being taken forward separately.
<b>Previous engagement:</b>	None

### **Additional copies**

This consultation paper is available on the Department for Communities and Local Government website at [www.gov.uk/dclg](http://www.gov.uk/dclg)

### **Confidentiality and data protection**

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, in itself, be regarded as binding on the department.

DCLG will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

### **Help with queries**

Questions about the policy issues raised in the document can be sent to the address given in Basic Information above.

A copy of the consultation criteria from the Code of Practice on Consultation is at <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>. Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please email: [consultationcoordinator@communities.gsi.gov.uk](mailto:consultationcoordinator@communities.gsi.gov.uk)

or write to:  
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## Introduction

1. The Government is committed to ensuring that everyone makes a fair contribution towards reducing the deficit and funding the public services upon which we all rely. The vast majority of people and businesses pay their fair share of tax, but there is a small minority who deliberately try to evade or avoid paying the tax they owe. There are also some who fail to pay what they owe through error or not taking enough care.
2. Council tax in England has fallen by 11 per cent in real terms since 2010-11. The last five years of council tax increases are the lowest since council tax was introduced in 1993. The Government has made clear its intention to help local authorities keep council tax low and improved collection and enforcement have an important part to play in this.
3. The collection and enforcement of council tax is the responsibility of local authorities but they consider their current processes to be inhibited by certain legislation. The Government wishes to explore further tools for the use of local authorities since every penny not collected puts pressure on future bills for hardworking families and those on low incomes.
4. These proposals would form an effective package of measures to support local services, reduce the administrative costs of the local tax system and promote fairness for all taxpayers. This resonates with our work on business rates, as we will ensure that, from 2017, the business rates system properly reflects the structure of a modern economy – and provides clearer billing, better information sharing and, through the Enterprise Bill, we will introduce a faster and more efficient appeal system.

## Background

### Council tax collection and enforcement

5. Council tax collection rates are generally high, and in 2014-15, the rate was 97% across England. This is unchanged from 2013-14. There is good practice regarding council tax collection but the Government wishes to explore further tools for use by local authorities.
6. Council taxpayers have the right to pay by instalments. However, if payments are not kept up they may lose this right and be required to pay the remainder of the year's bill in one go. If they do not do so, and any other agreed payment plans are not followed, the local authority may take them to court to seek a liability order. This establishes the debt level and liability, and permits the local authority to pursue other enforcement action such as attachment to earnings (following the service of an attachment of earnings order to the person who appears to be the employer). The cost of obtaining the liability order (typically £75-£100) is added to the council tax debt.
7. The Better Business Compliance trial has been running with Manchester City Council, Salford Council, Greater Manchester Police, HMRC and Cabinet Office.

This project aims to reduce illegal working, with a focus on capabilities, processes, enforcement and securing good outcomes. As a result of this project, several suggestions have been put forward by the project team for increasing efficiency in collection.

## **Government proposals**

8. Following discussions with the Better Business Compliance group, the Government proposes to extend the data-sharing gateway which currently exists between HMRC and local authorities. Where a liability order has been obtained, the council taxpayer will have 14 days to voluntarily share employment information with the council to enable the council to make an attachment to earnings. If this does not happen, the Government proposes to allow HMRC to share employment information with councils. This would help to avoid further court action, would provide quicker access to reliable information, and would not impose any additional costs on the debtor. The principle of this data-sharing is already well-established for council taxpayers covered by the Local Council Tax Support scheme, and it would make the powers applying to all council tax debtors consistent. Based on the results of the Manchester/HMRC pilot, Manchester estimate that £2.5m of debt could potentially be recouped in their area alone.
9. We also propose to issue a Council Tax Information Letter to clarify for local authorities what information can already be collected and/or shared.
10. The Government would also be interested in hearing about other suggestions to improve the collection of council tax, and therefore reduce burdens on council taxpayers. Please provide evidence to support any proposed changes.

## **Impact assessment**

11. An impact assessment has not been produced for this instrument because it amends an existing local tax regime. Publication of a full impact assessment is not necessary for such legislation.

## **Equalities Statement**

12. The Department is considering its Public Sector Equality Duty under section 149 of the Equality Act 2010 and will continue to do so as this policy develops. To date, we have not identified that the proposed policy will have any disproportionate or negative impact on any of the protected groups under the Equality Act 2010. An Equality Statement in respect of these proposed changes has been prepared, and is available on [Gov.uk](https://www.gov.uk).

## **Privacy Impact Assessment**

13. These proposals do not require obtaining any further information from individuals. They do, however, impact upon the number of organisations able to share personal data for defined purposes.

## Consultation questions

1. Currently following a liability order, HMRC can share employment data on a council taxpayer in arrears where the taxpayer is receiving a reduction through the Local Council Tax Support Scheme. Do you agree that it would be beneficial to extend that approach so that it covers all council taxpayers?
2. Are there other legislative or data barriers to efficient council tax collection that, if addressed, would reduce the burden on council taxpayers? Where possible, please supply evidence of the reduction.
3. Are there any data collection or sharing issues that the Government could usefully clarify or address?