



# ACORN Policy Briefing: The use of Bailiffs for Council Tax Debt Collection

January 2025

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## Our demands

End the use of bailiffs to collect council tax debt:

- Replace sending bailiffs with early intervention, support and debt assistance
- Reduce the added costs of being in debt
- Ensure bailiffs are publicly accountable
- Replace council tax with proportional property tax

## What's the problem?

As of the 31st March 2023 (the most recent data available), the total amount of council tax arrears in England alone amounted to [£5.5 billion](#), an increase of £510 million over the previous year. Between April 2021 and June 2023, more than 3 million people were taken to court for council tax debt - that's an average of [4,500 per day](#).

Our members and their communities suffer from this system. Mental health and debt are mutually reinforcing: mental health issues can disrupt people's lives and lead them into debt, while being indebted and harassed by bailiffs can create or worsen mental health issues. [Half](#) of people in debt have mental health problems, and experiencing a financial crisis makes people [eight times more likely](#) to have suicidal thoughts.

According to Citizens Advice, one in three people contacted by bailiffs have experienced them [breaking the rules](#) – refusing to accept affordable pay offers, threatening to illegally break into people's homes, taking items that are exempt from seizure or belong to the wrong person (including items necessary for work), acting aggressively towards people in debt, and being unsympathetic to those with illnesses and disabilities – and creating a great deal of stress and anxiety in the process.

Not only does the use of bailiffs fail to generate more income for councils, it can actually make the problem worse. Bailiff and court fees add an [average £310 additional debt](#), and in many places, residents become liable for the entire year's council tax bill once they are late for a month's payment. A debt that is initially difficult but manageable can spiral out of control, plunging people further into debt, and ultimately costing local and national government more in extra health, social care, employment and housing support ([£9.7 billion more, to be precise](#)). According to [research by Policy in Practice](#), 53% of households would be moved into an income shortfall by being charged a full year's bill after 1 missed payment (rising to 83% when recovery and enforcement fees are factored in), whereas only 0.1% would move into shortfall if their missed payment was spread across the subsequent year.

## **Don't councils need to use bailiffs?**

Austerity has hurt councils, and that hurts our members. While council tax is an [unjust tax](#), it is reasonable and necessary for councils to pursue as much legitimate income as they can. However, there is [no evidence that bailiff use increases collection rates](#).

Councils lose out. Residents lose out. Bailiff companies rake in the cash. Newlyn Group - who councils hire to chase residents for money - had [increased profits of £15.5 million](#) in 2022. We can't allow the cost of living crisis to be yet another way for shareholders of private companies to leech money from our communities.

## **What's the solution?**

Councils should stop using bailiffs to collect council tax debt and the government should change the law to prevent debts spiralling out of control with added fees. Bailiffs and councils must be able to be held publicly accountable.

### **Replace sending bailiffs with early intervention, support and debt assistance**

There is so much more that can be done to stop cases of council tax debt ever needing to reach court.

1. Councils should stop using punitive action through sending bailiffs and instead investigate and use debt management and assistance schemes such as employing engagement officers – who arrange face to face meetings with people in debt to help set up payment plans and look at options, rather than taking away their possessions.

2. ACORN supports a mandatory pre-action protocol that should apply to all homes that are lived in by the person who owes council tax; a list of steps every local council would legally have to take before they could consider referring someone to bailiffs to recover their debt.

The pre-action protocol should include:

- Make efforts to contact people in debt through multiple channels
- Try to set up a repayment plan using the Standard Financial Statement
- Provide support to people on income maximisation and check if they are entitled to any other benefits they aren't claiming
- Signpost and refer to local debt advice services
- Ensure all indebted people understand how to access their council's Section 13A discretionary relief fund
- Consider writing off some of the debt if there is no realistic chance of repayment

3. All letters sent to people in debt should include clear signposting on how to set up a payment plan, and how to contact debt advice organisations for support. Councils should have a dedicated webpage and phone line for residents to make payments and discuss their options if they are struggling to pay.
4. If an individual is actively working with their local council to try to address their debt, then their case should be paused, and no further enforcement or legal action should be taken while they are going through the process of communicating with their council.
5. Councils should bring their debt collection processes in house rather than outsourcing to private companies.

### **Reduce the additional costs of being in debt**

We need to reduce the cost of being in debt, and stopping the debt spiral that makes payment plans unaffordable and increases the likelihood of a bailiff visit.

1. The Government should remove the ability for councils to require payment of the entire year's council tax bill after 1 or 2 missed payments. (The Council Tax (Administration and Enforcement) Regulations 1992)
2. The amount of money that can be deducted from a working person's income for a repayment plan should be calculated based on their disposable income, not their gross earnings. The amounts taken from an individual's earnings must be clearly laid out and communicated in order to ensure they know how much is coming out every month. The deductions should be taken from net earnings.
3. Liability order fees should be capped at £10.
4. Fees for setting up payment plans through the courts should be capped.
5. The fees charged by bailiff companies should be reviewed and reduced by the Ministry of Justice.
6. We must end imprisonment for council tax debt, and release all those currently imprisoned for it.

### **Hold bailiffs publicly accountable**

While Bailiff companies need to be held to much higher standards, and the public need to be able to hold them to account.

1. There should be a publicly accessible register of upheld complaints against bailiffs – including information on the company they are employed by. The Enforcement Conduct Board should publish this information about the firms its accredits.
2. Local councils should scrutinise this register when awarding contracts, and not offer contracts to companies who employ any bailiff who was found to have been aggressive, degrading or intimidating to someone in debt, or taken away items that prevented the person from being able to work.

3. All bailiffs should have to wear body cameras by law. This camera should remain on, with audio capture, for the entirety of the action unless the indebted person specifically requests for it to be turned off.
4. Bailiffs should present anyone they visit with a written document outlining the individual's rights, and the bailiff's powers. This should be sent in advance of the enforcement action, and produced on contact.
5. The Enforcement Conduct Board should be given statutory powers so there is a body with the legal duty to regulate bailiff behaviour, however;
6. The Enforcement Conduct Board should revise its behavioural standards for bailiffs to include:
  - Providing individuals with written information on their rights and the bailiff's powers, including how to make a complaint
  - Identifying if people have a mental health problem before going to the home
  - Mandatory mental health training for all bailiffs
  - Ensure all agencies have enhanced vulnerability policies
  - Anyone with a mental health problem who is visited by a bailiff should be offered a warm referral to mental health services

### **Replace council tax with proportional property tax**

Ultimately, council tax needs replacing with a fairer system.

1. Council tax is regressive, with lower-value properties facing up to four times the burden of higher-value ones.
2. Budget pressures from austerity, rising social care costs, and declining business rates force councils in poorer areas to raise council tax on their low income residents, while wealthier councils can cut it for their high income residents.
3. We should replace council tax with a proportional property tax set at 0.48% of property value annually, with a 0.96% surcharge for empty homes, second homes, and overseas-owned properties. This would raise £5.6 billion more than council taxes, and shift the burden to wealthier property owners, meaning fewer people would struggle to pay in the first place.
4. The surcharge for empty homes should increase with the length of time a home is left empty.
5. It should apply to empty land to encourage development and be paid by property owners rather than tenants, with rent controls to prevent landlords from passing on costs.