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Blog: Council tax collection - how councils are always in the wrong

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If you're fed up with football, why not kick local government? Anyone can play. In February we had a BBC 'investigation' discovering that 'cash-strapped local authorities in England, Scotland and Wales failed to collect £530 million in council tax in 2009-10'. The figure was inaccurate, based as it was only on authorities responding to the Beeb's circular – while the correct one had been available, free, for the previous eight months from official Council Tax Collection statistics. A shame the investigators didn't run the idea past the outgoing Chairman of the BBC Trust, Sir Michael Lyons, who might have had thoughts about this use of licence fee income, and could certainly have advised them not to bother contacting the 27 county councils who don't even collect the tax.

In March a friendly question from Andrew Griffiths, Conservative MP for Burton and Uttoxeter (and Vice-Chair of the All-Party (sic) Parliamentary Group for Beer), asked Local Government Minister, Bob Neill, for information also published months before on the DCLG website – the **local authorities collecting the lowest proportion of council tax due in 2009-10.** It's an interesting list, headed by predominantly Labour authorities – oh yes, and, as the Minister didn't mention, by those featuring high on the official English Indices of Deprivation, also produced by his department.

Then last week it was – as, in truth, it is most weeks – the TaxPayers' Alliance (TPA), but this time from a novel angle. **Usually the beef is about councils' inefficiency in spending our council tax; this time it was about their being over-zealous in collecting it, and specifically their use of debt recovery agents and bailiffs.** There was obviously a risk here of confusing the TPA's main message: we'd much rather you didn't collect any tax at all, but, if you must, then do go easy on those who'd prefer not to pay up. So the research was undertaken and the report published by the TPA's civil liberties offshoot, Big Brother Watch (BBW): Who's knocking at your door? Local councils and their use of bailiffs and debt recovery agencies - **http://www.bigbrotherwatch.org.uk/Report040411.pdf (http://www.bigbrotherwatch.org.uk/Report040411.pdf)**

Let me be clear. While I dislike aspects of the report's presentation – the failure always to clarify that all figures refer to a three-year period, rather than a single year, and the apparently shaky understanding of Council Tax Regulations and councils' debt recovery policies and practices – it has much to commend it. It contains useful information, quantitative and qualitative, about how authorities undertake one of their major functions – their extensive, growing, but widely varying use of bailiffs, and the questionable 'recovery techniques' the latter may employ. It is freely downloadable, unlike many campaigning organisations' reports. And it is research-based, using primarily, like much TPA work, Freedom of Information requests to local authorities.

My problem is that **I suspect that, as with the monitoring of senior officers' remuneration, the impact of useful data and the opportunity for informed debate are diminished, certainly within the world of local government, by the TPA's open and unmitigated contempt for everything that councils do and stand for, and its obsession with populist media headlines.** In this instance, two quite separate allegations – councils' casual and excessive use of debt recovery agencies, and unchecked, intimidatory behaviour by bailiffs – are lumped together, pronounced 'truly shocking', and blamed entirely on 'the culture of bully-boy debt collection which has taken hold in Town Halls across the country'.

So let's have some context. First, non-collection rates. As noted above, these are freely available and should be known to and questioned by councillors - **http://www.communities.gov.uk/publications/corporate/statistics/1620336 (http://www.communities.gov.uk/publications/corporate/statistics/1620336)** . In 2009-10 English local authorities collected £21.4 billion in council taxes out of £22.1 billion collectable, giving a national in-year collection rate of 97.1%, an increase of 0.3%, or roughly £60 million p.a., since 2006-07. Room, no doubt, for further improvement, but, by comparison, HMRC had an estimated £42 billion of uncollected tax in 2008-09 (9% of total tax liability), including £15.2 billion (16%) of VAT, and £6.9 billion (14%) of Corporation Tax - **http://www.hmrc.gov.uk/stats/measuring-tax-gaps-2010.htm.pdf (http://www.hmrc.gov.uk/stats/measuring-tax-gaps-2010.htm.pdf)** .

Individual authority collection rates ranged in 2009-10 from South Cambridgeshire's 99.3% to Manchester's 90.9%. Manchester is statistically the third most deprived authority in England. However, if its collection rate matched those of the hardly affluent Liverpool (95.8%) or Sandwell (98%), it would have brought in an extra £6 million and nearly £9 million respectively. There may well be good explanations for such differences, but it does local government no favours not to raise them.

And the same is true of the deployment of bailiffs. It would appear from the BBW findings that **GB councils currently pass some 2 million non-payment cases each year to third-party debt recovery agencies, roughly three-quarters for council tax and a quarter for parking fines.** Scottish authorities dominate particularly the council tax table (12 of the top 21), but across English councils the variations are again sufficiently striking to arouse genuine curiosity. Why should Liverpool (140,000 council tax referrals between 2007 and 2010) refer over 50 times as many cases as Kirklees, or Croydon (50,000) 20 times as many as Richmond upon Thames? Or Barnet (96,380) 5 times as many parking infringement cases as Manchester?

I'm no expert, and I've honestly no idea if I should be 'truly shocked' by any or all of these figures. I would be, if, as suggested by BBW, most or even many of these cases were 'for matters as trivial as the **late payment** of council taxes and parking fines' (my emphasis). However, I can read the Debt Collection and Recovery Policies that many councils now publish on their websites. They detail step by step the measures taken – reminders, ability-to-pay assessments, information on money and benefits advice services, consideration of attaching debt to earnings or benefits, etc. – before going to court for a Liability Order (totally unmentioned in the BBW report) for **non-payment**, not late payment, without which bailiffs may not be instructed. The process does not strike me as a trivial one, but again it should be questioned and kept under review. Non-payment, though, doesn't strike me as a 'trivial matter' either.

As for inadequate regulation of bailiffs, it is a notorious, longstanding problem, the solution to which must lie ultimately with central, rather than local, government. The Blair / Brown Administrations were shamefully remiss, even when they did finally get around to introducing the 2007 Tribunals, Courts and Enforcement Act. The Coalition parties know this, which is why the Coalition Programme for Government promised to 'provide more protection against aggressive bailiffs and unreasonable charging orders'. **If TPA / BBW could overcome their conviction that local government is the root of all evils, they could usefully join with Citizens Advice, Mind and similar organisations and find out why this commitment failed to make it into the Protection of Freedoms Bill.**

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