

Modernising and improving the administration of Council Tax

What impacts, if any, do you think moving to 12-month billing will have on local authority's cash flow and ability to pay precepting authorities? Please explain below.

The provision already exists to enable residents to pay their Council Tax bill over 12 months instead of 10, should they wish to do so, and there is sufficient flexibility in the current system to assist payers wanting to pay over 12 instalments (or longer). This 12-instalment option is already being utilised by many households that are struggling financially and/or find paying over 10 months challenging. Therefore, moving to a 12-month billing period as standard would not necessarily assist households further, as the provision already exists. This provision is heavily advertised locally on our Council Tax bills to promote awareness and transparency.

Furthermore, it is very likely many households have become accustomed to having a Council Tax payment break during February and March each year and actually prefer this. Automatically changing these households to a 12-month plan would then mean, in cases where households have a preference to remain on the current 10-month payment schedule, having to manually switch all these back to 10 months and rebilling, which would probably mean missing the initial April payment date and having to then reprofile their instalments accordingly. As such, we risk disrupting the large majority of people to aid a small minority of people, who can be assisted through existing legislative provisions anyway.

In our view, the current system of 10 instalments functions effectively for the vast majority of council taxpayers - the so-called 'silent' majority. Given that those who prefer 12 instalments already have the option to request this, it raises the question of whether a broader change is truly necessary. Many within this majority may perceive such a shift as unwarranted and an example of bureaucratic overreach.

An automatic switch to 12 instalments is also likely to generate multiple small debit cases, especially where we have a very transient population. Council Tax is calculated as a daily charge, billed annually but collected monthly. This means taxpayers are getting slightly ahead with the monthly instalments over 10 payments. This would not be the case with 12 instalments. If local authorities adopt a 12-month collection model and residents move out mid-year councils could be left with numerous small outstanding balances. These would either need to be actively pursued or written off - both of which place additional strain on local government finances and resources.

As currently proposed, these changes would place a significant administrative burden on South Oxfordshire District Council, offer no clear benefit to our taxpayers, and negatively impact cashflow. Recovery would almost certainly extend into the next financial year, and we anticipate a surge in customer enquiries questioning payments taken during what they perceive as their 'free months'. A more effective and less disruptive approach would be for the Government to invest in a targeted awareness campaign, ensuring residents are informed of their existing options. This would likely achieve the desired public messaging at a fraction of the cost and without undermining the efficiency of the current system.

From the council's perspective, moving to a 12-month billing would impact cashflow as it would reduce the council's monthly receipts and limit the possibility of collection against households defaulting on payments towards the end of the year (which could impact in-year collection). The council would also see a reduction in monthly interest payments, as the monthly receipts would be lower.

For South Oxfordshire District Council we expect the net collectable debit to be approximately £168m respectively for 2026. That's approximately £16.8m a month in instalments over 10 months. If instalments are extended to 12, that will be a 17% reduction per month, so South Oxfordshire District Council would get £2.8m less per instalment, per month. Also, if some of that money would be used for interest, then the Government needs to recognise this would be an additional loss of revenue for both authorities. Interest income is a significant element of income for many councils, some of which will have seen Government grant funding fall, and Council Tax income constrained by referendum limits. South Oxfordshire District Council urges the Government to fully consider and factor-in the full consequences of this proposal.

Overall, defaulting to 12 instalments will naturally reduce the cash within local authorities by a substantial amount (instalment income & interest) and because this would be a statutory change then it would constitute a new burden for councils that the Government would need to compensate them for.

The Government intends to change the default bill instalments from 10 months to 12 months. Do you agree with this approach?

No.

Please explain your response.

See response to first question.

What are your views on whether the proposed definition is consistent with the existing eligibility for the disregard? Please explain further

The proposed changes to the title and definition of the current 'severe mental impairment' disregard appear sensible – though not material. We are not seeing any great barriers associated with people applying for this discount/exemption class. There are delays with being able to make these discount awards because of the GP lag in signing the forms and we would suggest this is more of an issue than anything else.

It is worth noting that there are also other disregard definitions which should be considered for updates and are in need of revision (e.g. student/apprenticeship disregards).

Are you aware of any households facing barriers when accessing the severely mentally impaired disregard? Please describe.

Only with being able to get hold of their GP to sign their form. The severe mental impairment definition could be linked with the DWP, removing the burden from doctors. Mental Health services could also become more involved.

Do you believe the current eligibility criteria for apprentices and/or carers is appropriate? Please explain your reason.

The eligibility criteria for apprentices and carers are outdated for a number of reasons and in need of revision (e.g. the wage requirement of earning no more than £195 per week for apprentices

needs reviewing). However, it is worth noting that any changes to apprenticeship and/or carers disregards would likely lead to a reduction in revenue received by local authorities, which the Government would need to address.

What are your views on the current process for challenging a Council Tax band?

The current system is significantly outdated. When a taxpayer successfully challenges their Council Tax banding, the adjustment can be backdated all the way to the inception of Council Tax in 1993. This approach is problematic: the benefit should rightly go to the individual who initiated the appeal and currently occupies the property - not to previous residents from over three decades ago. Tracing former occupiers is extremely labour-intensive and often results in multiple credits that cannot be refunded, creating unnecessary administrative burden. A sensible solution would be to introduce a clear cut-off - such as limiting adjustments to the past six years or applying them only to the current account holder.

It also should not take as long as it currently takes for any banding challenge to be considered.

It is also notable that there has been no mention of a Council Tax revaluation, which is long overdue. Assigning bands to new builds based on hypothetical 1991 valuations is no longer fit for purpose. Furthermore, the inconsistent application of improvement indicators by the Valuation Office Agency (VOA) across South Oxfordshire District Council has led to inaccuracies in banding. These issues underscore the urgent need for a comprehensive revaluation to ensure fairness and accuracy across the system.

What changes, if any, should the Government consider to the Council Tax band challenge process?

As covered above, although it is acknowledged that the Council Tax list operates as an 'open list', allowing appeals to be backdated to its inception. This only reinforces the urgent need for a comprehensive revaluation and the establishment of a new list. Consideration should be given to closing the 1993 Council Tax list - similar to the approach taken with the 2017 rating list. This would bring greater clarity, fairness, and administrative efficiency to the system.

The delay in VOA challenge decisions must be addressed. The appeal process could align with that of NNDR: Check, Challenge, Appeal.

The Government is interested in changing regulations on when councils can request a full bill, or seek liability orders, to a more appropriate and proportionate timeframe. How long after a reminder notice, should full liability apply?

After 7 days as now.

Any notable increases in the time period relating to the collection and enforcement of Council Tax charges could create a financial barrier for councils, as in-year and arrears collection could be adversely affected. Increasing the time period would also delay action that councils can take against known and persistent defaulters who deliberately attempt to frustrate the legal recovery process (i.e. the difference between households that can't pay due to financial difficulties versus households that 'won't pay' e.g. the growing 'freeman of the land' movement). Other collection methods will become more important, as will the importance of households making contact with the council.

However, it is worth stating that South Oxfordshire District Council never issues recovery notices after 7 days. The initial reminder is more likely issued after at least 14 days, and any subsequent action/notice not being taken/issued until the following month. When working out recovery

timetables, South Oxfordshire District Council is somewhat dependent on the court dates it is given, because the council has to make sure that all the statutory dates within that are met.

Instead, it may be beneficial to place more focus on ways in which to encourage debtors to engage with councils, rather than focusing on the recovery timescales. This council nearly always reaches satisfactory outcomes when contact is made with the debtor – and this avoids additional fees and other enforcement action.

Are there any further steps councils should take before being able to charge for a full-year's bill? For example, offering alternative payment plans, providing further reminder notices or undertaking welfare checks?

- Offering alternative payment plans.
- Providing further reminder notices.
- Other.

It is relevant to point out that Government intends to remove some flexibility that councils otherwise would have should it change from 10 monthly instalments to 12. Currently councils can extend payment plans and utilise the months of February and March to assist with short-term financial difficulties households may face during the year. So, to reiterate points made previously, the idea that going from 10 to 12 instalments is a good thing is wrong; it removes the flexibility. It actually could cause more people ending up with a reminder and more people to end up with losing the right to pay in instalments.

Other steps that councils should take include: online portal, SMS messages, payment prompts, flexible arrangement and other repayment methods. These methods are all already used by South Oxfordshire District Council.

It is understood the main aim is to help those people that are struggling but actually we do that anyway.

What other ways do you think councils can support individuals when they miss a Council Tax payment?

The council already does a lot to support households who are struggling to keep up with Council Tax payments. This includes providing full transparency of upcoming bills via an online portal where households can manage their own Council Tax bills and advise the council of any financial difficulties which may impact ability to pay. In addition, the council employs a 'soft nudge' approach to engage with households and remind them of overdue payments in the hope of collecting payments before formal action is taken to recover unpaid bills.

Do you think there are any barriers to councils being able to support taxpayers?

Yes.

Access to HMRC data would allow us to further assist debtors and help minimise the number of cases being handed to Enforcement Agents. Attachment of Earnings (AOE) data will ensure debts do not spiral making the situation worse for households. It would also allow us to focus more on the 'won't pay'.

Do you agree that the Government should introduce a cap on the reasonable costs that a court can award for a council's costs for an application for a liability order?

No.

What do you think this cap should be set at?

Over £100.

The level of our costs is already justified. Capping costs could unfairly shift costs to compliant taxpayers. We must already demonstrate in court that the level of costs is reasonable and in line with the actual costs/expenses incurred in obtaining the liability order. It may be more appropriate to introduce clearer guidance on allowable costs or, if a cap were to be set, then it should be set at a realistic level to avoid loss of income, which in turn could impact on all taxpayers.

If a cap were to be introduced, then it would certainly need to be regularly reviewed.

Do you believe the current enforcement is proportionate in the context of Council Tax collection?

Yes.

Generally, yes, although as already covered, data sharing with HMRC could avoid any need for the more drastic 'last resort' enforcement measures being considered, such as committal, bankruptcy, or charging orders etc. A lot of media attention has arisen surrounding Council Tax enforcement, so anything to help remove Enforcement Agent intervention and their associated fees must surely be a good thing.

How else do you think Council Tax could be efficiently and fairly collected?

Utilise HMRC data as alternative methods to recover Council Tax debt, i.e. attachment from earning orders (as already covered in response to previous questions).

Do you have any views on anything else related to Council Tax administration which has not been covered in this consultation and call for evidence? Of so, please provide them here.

Liability should be examined; specifically, not having the duty on a taxpayer to let local authorities know when they move into a property or become liable for the tax. There is a duty to respond to a communication within 21 days but having that duty on a taxpayer to provide information should be implemented.

Do you have any views on whether any of the proposed changes in the consultation will have any disproportionate impacts on any particular groups with protected characteristics compared to others?

Any potential equalities impacts of the proposed changes should be fully explored and assessed by the Government as part of its policy-making process to ensure there is no disproportionate impact on those with a protected characteristic.