

# **Use and Effectiveness of Bailiffs to collect Council Tax arrears in both Neath Port Talbot & Swansea Local Authorities**



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## Introduction

Debt collection agencies and bailiffs are used by the local authorities in both Swansea and Neath Port Talbot (NPT) in order to collect council tax arrears. Throughout our work with clients in Swansea and Neath Port Talbot, advisors have noted what appeared to be an imbalance in the use of bailiff by the two local authorities in our region. Namely, Neath Port Talbot appeared to involve bailiffs much more frequently when collecting council tax arrears than Swansea council. In order to explore this, we looked into the level of council tax arrears in Wales generally, then reviewed council tax arrears cases dealt with by our local office to look for any significant differences between levels of arrears, use of bailiffs and the impact on council tax arrears between the two councils.

## National picture

According to Stats Wales, in 2020-21 there was a total of £79,929 outstanding council tax arrears on 31<sup>st</sup> March 2021. Neath Port Talbot reported arrears of £2,084 at this time, with the 6th lowest amount owed in arrears and only £278 more than the authority with the least arrears.<sup>1</sup> Swansea reported £6,706 with the third highest amount of arrears owed to a local authority, and only Carmarthenshire and Cardiff local authorities noting higher arrears. Total arrears across both local authorities was £8,790 split 24% to 76% between NPT and Swansea. Compared to the population split of 34%/66% this suggests that Neath Port Talbot has comparatively low council tax arrears.

## Survey of our cases

We reviewed all cases dealt with in our office related to council tax arrears over a three month period and found that of the 56 cases in total, 26 cases were with Neath Port Talbot, of which 18 (69%) were passed onto bailiffs compared to only 3 out of 30 in Swansea (10%). 46% of cases recorded were regarding Neath Port Talbot council and 54% from Swansea. We would normally expect both overall rates of arrears and proportions passed to bailiffs to more closely match the population split between the two local authorities and would anticipate a higher proportion of clients from Swansea if this were the case. A possible reason for this discrepancy is the way in which clients access our services. Clients come to us through a number of ways, for example through partner organisations and referrals from their local council and, of course, of their own accord. It's difficult to pinpoint exactly how the surveyed cases arose since some clients will have had many previous interactions with us; however it's important to note that this could be a factor in the disproportionate figures seen. Another way to look at the statistics is to consider that perhaps clients are more likely to seek our services once bailiffs have been involved. If bailiff use is in fact higher in Neath Port Talbot then this theory would also explain the higher than expected number of clients from the local authority.

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<sup>1</sup><https://statswales.gov.wales/Catalogue/Local-Government/Finance/Council-Tax/Collection/arrearsofcounciltax-by-billingauthority>

It was immediately clear from the results that in the cases dealt with by our advisers over this period, Neath Port Talbot appeared to refer debt to bailiffs much more often. It can be seen that of the 26 cases with Neath Port Talbot, 18 (69%) were passed onto bailiffs compared to only 3 out of 30 in Swansea (10%). It also became apparent that Swansea council appeared to favour attachment of earnings and deductions from benefits over bailiffs. This meant that in our sample Swansea council were more likely to set up automatic deductions from clients benefits or earnings, avoiding the stress of involving bailiffs for the client and guaranteeing recovery for the local authority. Additionally, in cases where bailiffs had been involved, Swansea council were much more likely to work with us and place holds on debts / bailiffs while we advised a client. This in turn allows us to work closely with clients to assess their situation and hopefully set up a repayment plan which is reasonable and sustainable for our clients over time. For the local authorities, this also makes recovery more likely as clients have manageable monthly repayments which they're able to maintain.

	NPT	Swansea	Total combined
Total	26	30	56
Bailiffs no.	18	3	21
Bailiffs %	69%	10%	
Attachment of earnings no.	3	6	9
Attachment of earnings %	12%	20%	

In order to understand the council's approach we also looked briefly at the clients' benefits status to address whether they were receiving any benefits from the council. This is relevant because in order to distribute the benefits, the council would have known the clients' full circumstances and any benefits / earnings the clients were receiving. This in turn would mean that it would have been easier for the council to obtain an attachment of earnings or benefits in order to collect the council tax arrears since they already know this information. We found that in both cases, a third of the cases with bailiff involvement were in receipt of benefits from the council which could have made it easier for an attachment of earnings or benefits order to be obtained. In Swansea, the third represented only 1 of 3 cases and in Neath Port Talbot this meant that we identified 6 out of the 18 cases, as seen below.

	NPT	Swansea
number of cases with bailiffs	18	3
Number of cases where deductions may have been possible	6	1
Percentage	33.33%	33.33%

Of course there will have been other factors in the decision to collect the arrears and it may not have been possible to generate attachment of earnings or benefits orders for all of the above cases. The numbers merely reflect cases identified in our research that potentially could have been collected alternatively and without the use of bailiffs. We decided to include this factor since deductions from benefits or income is arguably a more effective way to collect for the council as it's automatic and can't be locked out or avoided as bailiffs can. In addition to this added efficiency for the council, it also means that clients avoid the stress and added fees that come with bailiff visits.

More research is needed to understand the extent of the arrears of individual cases as they come to us. This work does not consider that perhaps more clients in Swansea are seeking our support earlier in the process than in Neath Port Talbot or something similar which could influence these figures.

### The local authorities websites

Following these results we decided to look at the Neath Port Talbot and Swansea council tax websites to understand what information and / or advice they provide for clients who find themselves in debt.<sup>2</sup> Neath Port Talbot's website houses basic information regarding what notices a client may be sent and explains that they will collect debts owed through attachment of earnings, attachments of benefits or through a bailiff firm. It also goes on to add at the end of the page that they may also consider placing a charging order on an individual's house or making them bankrupt. They do also provide a link to a few organisations such as Stepchange who can advise clients on managing debt. Swansea council's website<sup>3</sup> however, encourages clients to contact them and notes that they'll do their best to set up arrangements that work for everyone (as well as including information regarding the process for collection). It also houses more information with regards to where clients can seek advice or support with debt and signposts clients to organisations ranging from Asylum Justice to Maggie's and National Debtline.

<sup>2</sup> <https://www.npt.gov.uk/1716#contents3>

<sup>3</sup> <https://www.swansea.gov.uk/problemspayingcounciltax>

## Conclusion

It would appear from our sample that Neath Port Talbot council appears to rely on bailiffs to collect council tax arrears more often than Swansea however it isn't quite clear why.

As we also noted above there are other options and alternative debt collection routes for councils to take for example an attachment of earnings or benefits order. And whilst this may not be an easy task to accomplish where clients are non-responsive and won't declare their earnings or return the appropriate paperwork, we identified several cases where the councils should have had prior knowledge of this due to benefits received by the clients. In these situations, a more effective way of recovering the debt for the council could be to generate an attachment of earnings or benefits order as it's automatically taken before money reaches the clients and can't be avoided like the bailiffs. With this benefit to the council there also comes the benefit for the client of avoiding interactions with bailiffs and the stress and fees that come with them.

We understand that there will be some instances where bailiff use appears to be the only option for example when clients are refusing contact and the council have no knowledge of income or benefits. However it doesn't seem that these are the only situations in which local authorities are choosing to use bailiffs. It could be more effective for local authorities to attempt other approaches ahead of resorting to bailiff use to increase the likelihood of recovering their arrears as well as for the sake of our clients.