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Council Tax Administration: Government Response To Consultation

1 Summary and Purpose of Report

- 1.1 This report updates Members on the Government’s response to the consultation on modernising and improving the administration of Council Tax.
- 1.2 The response sets out a number of intended changes to the Council Tax system, including changes to statutory instalment arrangements, taxpayer communications, Council Tax disregards, collection and enforcement processes, liability order costs, and data sharing.
- 1.3 The report also highlights additional information contained within [Council Tax Information Letter 3/2026](#), including matters arising from the [Renters’ Rights Act 2025](#) and the council tax premiums framework.
- 1.4 This report is for information only and there are no decisions for Members to take at this stage.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Council Tax is a major source of funding for local government and the effective administration, billing and collection of Council Tax is a core statutory function. Changes to the national framework for billing, recovery, discounts and communication with taxpayers may have an impact on the Council’s operational arrangements, customer communications, collection performance and future financial planning.

3 Introduction and Background

- 3.1 Members may recall that a Government consultation on modernising and improving the administration of Council Tax was reported to this Committee in 2025.
- 3.2 The consultation considered a range of issues including the statutory instalment scheme, information provided to taxpayers, Council Tax disregards, the process for challenging Council Tax bands, collection and enforcement arrangements, and liability order costs.
- 3.3 The Council submitted a response to the consultation, which was agreed by the Cabinet Member for Finance, Waste and Technical Services.
- 3.4 On 15 April 2026, the Ministry of Housing, Communities and Local Government published its response to the consultation. The response sets out the Government's intended approach to a number of changes, some of which are expected to be implemented through secondary legislation.
- 3.5 Council Tax Information Letter 3/2026 was also issued on 15 April 2026 and provides additional information on the consultation response and other related matters.
- 3.6 The government's response to the consultation is set out below.

4 Changes To Council Tax Billing

- 4.1 The Government intends to amend regulations so that Council Tax is billed over 12 monthly instalments rather than the current 10 instalments by default.
- 4.2 To assist with transition, from April 2027 any new liable taxpayers will be placed on 12 monthly instalments by default. From April 2028, default 12-month billing will apply more widely to all households.
- 4.3 The Government has confirmed that taxpayers will retain the right to request 10-monthly billing where this is preferred.
- 4.4 This change will require updates to internal billing processes and system updates. Communication with residents and how to offer the right to retain the current 10 instalment plan will require careful consideration and may require additional resources.

5 Council Tax Information and Taxpayer Support

- 5.1 The Government has indicated that it will publish best practice guidance setting out expectations on how councils should communicate Council Tax information and available support to taxpayers.

- 5.2 The response recognises that Council Tax information needs to be clear, accurate and accessible, including information on how Council Tax is used, how bills can be paid, and what support is available to residents experiencing financial difficulty.
- 5.3 It will be necessary to review existing Council Tax webpages, bill inserts, recovery notices and customer communications once the Government's best practice guidance is available.

6 Severe Mental Impairment Disregard

- 6.1 The Government intends to make legislative changes to amend the name and definition of the Severe Mental Impairment disregard when Parliamentary time allows.
- 6.2 The Government has stated that taxpayers who currently qualify for, or receive, this disregard will not be reassessed because of the changes.
- 6.3 The Government will work with local authorities to produce a recommended universal application form, intended to provide a clearer and more consistent route for accessing support. The form will not be mandatory, and councils will still be able to offer local application processes where appropriate, but councils will be expected to consider applications made through the universal form.
- 6.4 The Government also intends to consider further guidance on certification, including who can provide certification and how the certification process should operate in practice.

7 Other Council Tax Disregards

- 7.1 The Government has noted concerns that the earnings threshold for the apprentice disregard and the carer disregard may no longer reflect current circumstances.
- 7.2 No immediate changes have been confirmed. However, the Government has stated that it will explore the feasibility of changes ahead of the next Spending Review, expected from 2029/30, recognising that any widening of disregards could have cost implications for local government.

8 Challenging Council Tax Bands

- 8.1 The Government has confirmed that it will engage with the Valuation Office Agency and the Valuation Tribunal Service on how the Council Tax band challenge process may be improved.
- 8.2 This work will be considered alongside the proposed High Value Council Tax Surcharge, which is due to be introduced from April 2028. Further consultation is expected in due course.

9 Collection and Enforcement

- 9.1 The Government intends to extend the timeframe before a person loses the right to pay by instalments until at least 63 days after the first missed payment. This means that formal enforcement will not begin until at least three payments have been missed.
- 9.2 The Government also intends to set out statutory steps that councils must take before formal enforcement action. These steps have not yet been finalised and the Government has stated that it will consult with councils on the detail, including reminder notices, engagement, support and signposting to advice services.
- 9.3 These changes are expected to be introduced through secondary legislation from April 2027.

10 Liability Order Costs

- 10.1 The Government intends to introduce a cap of £100 on the costs that councils can charge for seeking a liability order.
- 10.2 The current charge rendered for a Liability Order granted by the Magistrates is £110; £60 at the point of the service of the summons and a further £50 at the liability order hearing. This covers the administrative costs of both the Council and associated court fees.
- 10.3 Further consideration will be needed once the detailed legislation is available, including the impact on the Council's current recovery processes and any associated income or cost recovery assumptions.

11 Attachment of earnings and data sharing

- 11.1 The Government has confirmed that it will engage further with stakeholders on deduction rates associated with attachment of earnings orders.
- 11.2 It also intends to launch a third data sharing pilot, building on previous pilots involving local authority data, HMRC employment data and DWP benefits data. The aim is to determine the best approach before any wider roll-out to local authorities.
- 11.3 Any future data sharing arrangements will need to be considered carefully from a data protection and information governance perspective.

12 Council Tax Information Letter 3/2026 and Renters' Rights Act 2025

- 12.1 Council Tax Information Letter 3/2026 also includes information relating to the Renters' Rights Act 2025.

- 12.2 The Act is beginning to have effect in England from 1 May 2026. The Government has confirmed that provision has been made to ensure that Council Tax liability remains with the tenant after fixed term tenancies are abolished.
- 12.3 The information letter also explains that regulations have been laid to address the Class H exception (actively marketed to let) from Council Tax premiums. The amendment is intended to ensure that the exception can apply again after the property has been subject to an assured tenancy.

13 Financial and Value for Money Considerations

- 13.1 At this stage the full financial impact of the proposed changes cannot be quantified.
- 13.2 The move to default 12-month billing will affect Council Tax cashflow, as income from taxpayers moving from 10-monthly to 12-monthly instalments will be collected over a longer period. The overall amount due will not change, but the timing of receipts may be affected.
- 13.3 This also affects the Council's ability to collect effectively as those residents who, under the 10-month scheme have two months' leeway should they need to rearrange their instalments, will lose that option by default.
- 13.4 The proposed extension of the instalment protection period to at least 63 days after the first missed payment may also affect the timing of recovery action and collection performance. This will need to be monitored once the detail of the legislation and statutory pre-enforcement steps is known.
- 13.5 The proposed £100 cap on liability order costs may have a financial impact because this is lower than the current level of costs requested at the Liability Order hearing by the Council.
- 13.6 There may also be implementation costs associated with system changes, staff training, revised documentation, website updates and additional customer communications. The Government has indicated that it will undertake a New Burdens assessment ahead of implementation.

14 Risk Assessment

- 14.1 There is a risk that changes to statutory billing and recovery arrangements could affect collection performance, cashflow and recovery timescales.
- 14.2 There is also a risk that system suppliers may need to make changes to support the new billing and recovery requirements. Officers will continue to monitor national guidance, software supplier updates and implementation timescales.

- 14.3 Failure to update customer communications, website information and recovery documentation in line with legislative changes could create legal, reputational and customer service risks.
- 14.4 These risks will be managed through continued monitoring of Government announcements, liaison with software providers, review of recovery processes, staff training and updated communications for residents.

15 Legal Implications

- 15.1 Council Tax is administered within the framework of the Local Government Finance Act 1992 and associated regulations.
- 15.2 The Government has indicated that several of the changes will be introduced through secondary legislation. Once the detailed legislation is published, the Council will need to ensure that its billing, recovery and administrative processes remain compliant.
- 15.3 The proposed changes to liability order costs, instalment arrangements and pre-enforcement steps will require careful review once the final regulations and guidance are available.

16 Consultation and Communications

- 16.1 The Government response follows a national consultation exercise on modernising and improving the administration of Council Tax.
- 16.2 The Council submitted a response to the consultation, which was agreed by the Cabinet Member for Finance, Waste and Technical Services.
- 16.3 Further communication with residents will be required as the changes are implemented, particularly in relation to the move to default 12-month billing and the continued right to request 10-monthly billing.
- 16.4 Existing webpages, bill information and recovery will need to be reviewed once the Government's best practice guidance and detailed regulations are available.

17 Implementation

- 17.1 A detailed implementation plan will be developed once the relevant legislation, statutory guidance and best practice guidance are published.
- 17.2 The first major change is expected from April 2027, when new liable taxpayers will move to default 12-month billing and changes to collection and enforcement are expected to come into effect. Wider default 12-month billing is expected from April 2028.

18 Cross Cutting Issues

18.1 Equalities and Diversity

18.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

18.1.2 The Government has indicated that the proposed changes are intended to improve support for taxpayers, particularly vulnerable taxpayers and those experiencing financial difficulty.

18.1.3 The changes to the Severe Mental Impairment disregard, the proposed universal application form, and the additional pre-enforcement safeguards may have a positive impact for some residents with protected characteristics.

18.1.4 The Council will need to ensure that any future changes to communications, billing and recovery processes remain accessible to all residents, including those who may be digitally excluded, disabled or vulnerable.

Background Papers	None
Annexes	None