Council tax shake-up to protect the most vulnerable households

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More time for vulnerable people to pay their bill after missing one month’s payment.

Vulnerable people will have more time and support to settle their outstanding council tax bills under reforms to make the system fairer announced by the government.

Ministers have today (April 15) confirmed changes will be made to the administration of bills, which have been left unchanged since 1993 and have become outdated and left people facing unnecessary stress and anxiety.

Under the current system, missing one monthly payment can leave people facing financial ruin as they become liable to pay the entire outstanding sum in a single payment just two weeks later.

This will change from next year with households given 63 days, roughly two months, to settle their bill and a requirement for councils to work with them on a sustainable repayment plan.

Billing for council tax will also be shifted to 12-month payments by default, rather than the current 10 months, and capping the costs which councils can charge when seeking a liability order – how councils recover overdue bills – to £100.

Local Government Secretary Steve Reed said:

> Too many families are facing aggressive enforcement action, with people left terrified of bailiffs knocking on the door because one month’s council tax bill was missed.
>
> We will stop this and make the system fairer by supporting families who fall behind. I want to thank Martin Lewis and his charity for their tireless campaigning, shining a light on this crucial issue affecting millions of people.

Minister for Local Government Alison McGovern said:

> We know the way council tax is run is outdated and confusing and has stopped some of the most vulnerable people from accessing the support they need.
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> Our changes will cut through the complexity and make sure that council tax is fit for the 21st century.

This follows on from Money Saving Expert Martin Lewis’ campaign with his Money and Mental Health Policy Institute charity to reform the system and escalation that can happen when someone falls behind with their council tax payments.

Martin Lewis, Founder and Chair of the Money and Mental Health Policy Institute and MoneySavingExpert, said:

> Council Tax debt collection is so aggressive it'd make banks blush. It's the most vicious and damaging form of legal debt collection out there - causing counterproductive misery for millions. We've spent the last 18 months campaigning hard to change this hideous system, and having seen so much pain caused by it, I'm genuinely moved by this huge first step towards making things better.

> Currently, in England, if you miss a monthly payment, many councils, usually within three weeks, demand payment for the entire year. How people who can't find a month's money are expected to find a year's I don't know. Yet if they can't pay, within just three more weeks, they are often taken to court, have 'admin costs' added, and soon see bailiffs sent in. No commercial firm would be allowed to do anything close - constituents are treated worse than customers.

> The new rule from next April means councils must wait two months, not three weeks, to ask for a year's money, and the 'admin costs' will be capped at £100. In a perfect world, it would be even longer and the lower cap would apply, but this is still a hugely welcome change to a 33-year-old process. For councils too, it is worth remembering that this grotesque system is often catastrophic for people's finances and wellbeing, leaving many needing more help and support, and ultimately the same council having to pick up the pieces.

Proportionate action will continue to be taken against those who avoid paying council tax, but these reforms will make sure there is more help and support available for people in genuine hardship.

Payments for council tax will be automatically shifted to 12 months by default, but households who continue to wish to pay over 10 months will be able to do so. It means struggling households will be able to spread the annual cost across a longer period.

The government will also update the name and definition of the Severely Mentally Impaired council tax discount when parliamentary time allows, removing the stigma that puts off vulnerable people from seeking the support they are entitled to. Work will be undertaken in partnership with disability charities and local authorities to design a standardised application form and reduce barriers to make the process clearer and improve access to this support.

These reforms build on the wider changes the government has taken to fix the foundations of local government, so that it can once again be an engine of growth This programme on local government reform will ensure that local people can continue to benefit from high quality services.

This includes introducing the first multi-year financial settlement in a decade, giving councils the certainty they need to plan ahead and transform services, with a 24.3% increase in Core Spending Power for local authorities and nine in ten councils receiving funding that broadly matches their need – up from three in ten, with the government ensuring taxpayers are getting value for money and better services.

For more information

- These reforms are part of a response to a consultation to modernise and improve the administration of council tax that was launched in June 2025.
- The consultation response will set out intentions to further explore the feasibility of changes to the apprentice and carers' council tax disregard and new forms of support ahead of the next Spending Review.
- Opportunities to further consult on ways to improve how council tax band challenges, alongside the High Value Council Tax Surcharge, which will be published in due course.
- The majority of these reforms will be delivered from 2027/28, alongside a series of guidance, with continued engagement with councils and a new burdens assessment to ensure local authorities are appropriately funded.
- The existing council tax billing processes are prescribed by the Council Tax (Administration and Enforcement) Regulations 1992.

On the 63-day liability period:

- The government has powers to prescribe steps councils must take before a person loses the right to pay in instalments before moving to formal enforcement – this typically being sending reminder notices and giving households time to respond to those notices.
- We will work with councils on developing these steps – focussing on the content and frequency of reminder notices
- We will publish non-statutory guidance on the further steps which councils should consider in this period.

https://www.gov.uk/government/news/council-tax-shake-up-to-protect-the-most-vulnerable-households