"Accepted Manuscript" version of Joseph Spooner, 'The Local Austere Creditor' in Saul Schwartz (ed.), *Oppressed by Debt: Government and the Justice System as a Creditor of the Poor* (Routledge 2022)

The Local Austere Creditor

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Eric Pickles, Secretary of State for Communities and Local Government, 2010-2015:

Local government is a massive part of public expenditure. It has lived for years on unsustained growth, unsustainable public finance. People blame the bankers [for the country's economic woes] but I think big government is just as much to blame as the big banks.(Hetherington & Butler, 2011)

Alexei Sayle, Comedian:

Austerity is the idea that the 2008 financial crash was caused by Wolverhampton having too many libraries.(Sayle, 2019)

Introduction

How does the Global Financial Crisis of 2007-2008 lead to English local authorities sending bailiffs to a million doorsteps to press low-income households into paying local government taxes? A decade after this crisis, and just before the arrival of Covid-19, the most common problem debt in the UK was not sub-prime mortgages, payday loans, or credit card debt, but rather council tax arrears – debts arising from unpaid local taxes(Citizens Advice Bureau, 2016; Derricourt et al., 2019; London Assembly, Economy Committee, 2015). Just prior to the Covid-19 crisis, council tax arrears had become a £3.2 billion problem; and its scale

[1] Associate Professor, LSE Law School. I send sincere thanks to Prof Saul Schwartz for his wonderful work as editor of *Oppressed by Debt*, and the significant assistance he provided in advising on this chapter. I also thank Dr Mia Gray for comments on an earlier draft, as well as participants at the 2018 Law and Society Association Collaborative Research Network on Household Finance.

has only increased with large reductions in local authority income suffered through the lockdowns and economic crash of 2020 (Citizens Advice, 2020, p. 2). One advice agency estimates that over two million UK households are in council tax debt, with potentially over a million more falling into arrears in the first three months since the initial lockdown (Citizens Advice, 2020, p. 3). Parliamentary and government audit reports identify local authorities as the most zealous of debt collectors (House of Commons Treasury Committee, 2018; National Audit Office, 2018b) who adopt heavy handed tactics in pursuit of tax debts, including those owed by low-income households. During the year 2018-19, local authorities resorted to court action for the collection of council tax debt on 2.3 million occasions (Citizens Advice, 2020, p. 1). Councils deployed bailiffs or enforcement agents – who are empowered to visit a debtor’s home to enforce payment and seize assets – 1.4 million times (Citizens Advice, 2020, p. 1; Money Advice Trust, 2019, p. 7). Local authorities are disproportionately high users of bankruptcy petitions against defaulting residents. Almost one hundred people per year are *imprisoned* for non-payment of council taxes(Daws, 2019). The number of people subjected to committal proceedings or suspended committal orders reached almost 900 in 2016/17,(Derricourt et al., 2019, p. 15) and the rarity of committal to prison does not prevent the threat of the ultimate sanction of imprisonment from hanging over the entire process of council tax collection (Derricourt et al., 2019, p. 15).

Historically, local government “has been the main instrument of service delivery in the British Welfare State” (Midwinter & Monaghan, 1995, p. 143). This raises the question of how local authorities have been transformed into hardened creditors from past “pioneers of welfare provision”(Crewe, 2016). How has austerity converted social safety nets into snares for vulnerable citizens? The story of council tax debt in the UK offers substantial insight into efforts to trace how austerity policies[2] involve the downward and outward transmission of budgetary cuts, until they reach the level of financial hardship for individual households (James, 2020). Several authors have shown that State governments' fiscal retrenchment through austerity has frequently involved the devolution of risk and responsibility, and the downloading of the task of cutting budgets from higher to lower levels of government (Peck, 2012, p. 631). Peck describes a process of "scalar dumping" under which US federal and state governments shift the primary burden of implementing austerity cuts to local authorities and agencies (Peck, 2012, p. 632). Cooper discusses how the neoliberal "remaking" of US state and local finance has involved a "paradoxical ballooning of municipal and personal debt" while limits are placed on central government expenditure (Cooper, 2021). As tax-deprived local authorities increasingly rely on alternative (and regressive) income sources such as user fees and fines, this form of austerity "ends up transferring the fiscal burdens of the state downwards, constituting the income and asset-poor as both permanent defaulters on the public fisc and revenue-generators of last resort"(Cooper, 2021). Gray and Barford illustrate how under UK austerity policies, the greatest proportional cut in public expenditure has fallen on local government, reshaping "the relationship between central and local government in Britain,

[2] Blyth describes austerity as 'a form of voluntary deflation in which the economy adjusts through the reduction of wages, prices, and public spending to restore competitiveness, which is (supposedly) best achieved by cutting the state's budget, debts, and deficits.' Similarly, Schui notes that while 'the term austerity is often used to denote public spending cuts in general', its 'main rationale' is 'to restore balance in government finances and regain economy dynamism and competitiveness', by cutting government expenditure (primarily consumption, rather than investment, spending) and lowering labour costs (wages): (Blyth, 2013, p. 2; Schui, 2015, p. 2)

shrinking the capacity of the local state, increasing inequality between local governments, and intensifying territorial injustice" (Gray & Barford, 2018, p. 558). Financial pressure on local government has in turn been passed onto local citizens, as authorities squeeze residents ever more fiercely in their efforts to maximise funds (James & Kirwan, n.d., p. 7).

This development represents a transformation in the relationship between local government and (primarily low-income) citizens. As "the social contract between the state and citizen gets rewritten"(Gray & Barford, 2018, p. 558), its terms increasingly come to resemble those of a debt contract. This chapter explores the origins of cuts imposed on local authority budgets by UK central government austerity policies, before considering how these developments have created a new problem of debts owed to local government. It next considers the intensive debt collection methods adopted by local authorities, while asking the extent to which these approaches have been driven by budgetary pressures imposed on local governments, and how their effects have been distributed throughout the country. The chapter aims to understand these trends in the context of financialisation and the centrality of the debt relation under neoliberalism, through which many contemporary relationships and interactions have been reduced to debtor-creditor dynamics, including those between government and citizen (Lazzarato & Jordan, 2012).

Local Authority Budgets and a Shrinking Local Safety Net

The impact of austerity policies on UK local government has been profound. For the UK coalition government which took office in 2010, local government was an important target for cuts aimed at fiscal consolidation and deficit reduction. Central government statements called on "every bit of the public sector" to "do their bit to pay off the budget deficit inherited from the previous administration", pointing out that local government "accounts for a quarter of all public spending" (Ministry of Housing, Communities & Local Government, 2013, p. 1).

As a result, national governments have reduced central funding to local authorities by almost half (in real terms) over the period from 2010-11 to 2017-18 (National Audit Office, 2018a, p. 4). This retrenchment in central government funding holds particular significance since the UK is one of the most centralised of advanced countries, with comparatively high levels of national fiscal control over local authorities (Crewe, 2016, p. 6; Gray & Barford, 2018, p. 546; Hatherley, 2020, pp. 9–10). Strict limits exist on local authorities' abilities to raise revenues through taxation, while central government has also historically controlled the extent to which local authorities can retain local revenues.[3] Meanwhile local councils are subject to duties and legal obligations set out in national legislation. Local authorities must balance their budgets and maintain reserve funds, and legislation prohibits them from running a deficit.(National Audit Office, 2018a, p. 43) The ability of local authorities to perform statutory services within the confines of their budgets is the measure of their financial sustainability, and overstepping the boundaries of sustainablility risks a takeover of the local authority by central government.(National Audit Office, 2018a, pp. 5, 53–55) Trends of the past decade have reached the point where increasing numbers of local authorities are overspending in their service provision and drawing on reserves to balance their books. A public oversight body, the National Audit Office, estimated even before the pandemic that approximately 30% of authorities were due to run out of reserve funds within the coming years (National Audit Office, 2018a, p. 51). When one local authority effectively "failed" and was taken over by central government in 2018, the National Audit Office warned that its financial characteristics were similar to those of an increasingly large number of authorities. The financial consequences of

[3] Central government, however, has been allocating greater abilities for local governments to retain locally-raised business taxes or "rates" over recent years: (Amin-Smith & Phillips, 2018)

the Covid-19 pandemic pushed Croydon, a borough in South London, into similar financial failure in late 2020 (Butler, 2020). Further local government failures may lie ahead.

Historical Perspectives on the Local Welfare State and Local Taxation

Historically, local authorities have played a central role in the UK welfare state, and have held responsibility for delivery of public services ranging from housing to healthcare, from education to child and adult care, from the provision of parks and transport to museums and libraries (Crewe, 2016; Hatherley, 2020). As the national welfare state expanded in the post-war period, many local authority initiatives became subsumed under nationalised public service provision (e.g., with public ownership of utilities and the foundation of the National Health Service). National legislation mandated other services for delivery by local authorities, removing local autonomy. A system of funding of local authorities developed involving a combination of local taxation and central government grants. Certain specific grants were dedicated to the provision by local authorities of mandated services, alongside general "block grants" which could be dispersed with a greater degree of local discretion (Midwinter & Monaghan, 1995, p. 142). This system has created a bifurcation of accountability under which local authorities must deliver services, but remain dependent on central government for funds to do so. Unsurprisingly, political controversies have arisen as to where responsibility ultimately lies for public service provision and accompanying costs (Midwinter & Monaghan, 1995, p. 142).

During the UK fiscal crisis of the 1970s, when the country was forced to obtain IMF support, central government funding was reduced and limits were placed on local government expenditure (Midwinter & Monaghan, 1995, p. 142). Later, Thatcher's Conservative Government arrived into office with a firm ideological commitment to reducing public expenditure and shrinking government (Midwinter & Monaghan, 1995, p. 143). It also held a perspective that its ambitions for reshaping the economy along free market lines could be best achieved through the use of centralised state power (free from the dissent of local governments who might hold competing political values) (Crewe, 2016). Gamble memorably described the approach as a model of "the free economy and strong state" (Gamble, 1988). Problems were posed for this government by local authorities seen to tax and spend at excessive rates, under the authorisation and approval of their local electorates (Lee, 1988, p. 167). Thatcher's government promptly reduced grants to local government before also introducing "capping" powers under which central government could restrict the ability of local authorities to spend and raise revenue (Midwinter & Monaghan, 1995, p. 143; Sandford, 2019, p. 4). It went further in replacing the previous local taxation system of "rates" with a new flat poll tax, which would widen the tax base dramatically by requiring all voters to pay a community charge to fund local services. Voter opposition to this measure was widespread and visceral, and ultimately the poll tax "became regarded as the biggest public policy fiasco of the 20th century"(Midwinter & Monaghan, 1995, p. 144), contributing heavily to the downfall of Prime Minister Thatcher. The subsequent Major Conservative Government introduced a new Council Tax system, payable by each household and based on banded property values, which importantly involved rebates of up to 100% for low-income households (Local Government Finance Act 1992). Government presented this tax as involving both a personal and property aspect, and initial analyses emphasised the property component (Midwinter & Monaghan, 1995, p. 145). As time has passed (and the valuations on which the tax was based have fallen out-of-date), the tax has become increasingly disconnected from property values and has moved much closer to becoming a poll tax (Corlett & Gardiner, 2018). The tax has regressive features, and when council tax rates are measured against property values, someone living in a £100,000 property pays, on average, an effective tax rate five times higher than someone living in a property worth £1 million. Aside from council tax, local authorities continued to collect business taxes, though from 1990 until 2013 these taxes were set nationally. On collection by local authorities these taxes were pooled and sent to central government, for local redistribution according to a centrally-determined formula (Gray & Barford, 2018, p. 547). Alongside funding through this taxation system, central government was to continue to provide grants in the traditional manner, to ensure local provision of nationally-valued services. This involved a "fiscal equalisation" model through which local authorities of greater need or lesser resources could receive central government support, allowing them to provide similar levels of services compared to well-resourced authorities (Amin-Smith & Phillips, 2018, p. 2; Midwinter & Monaghan, 1995, p. 146).

Austerity and the Reduction in Central Funding of Local Authorities

The past decade has seen "genuinely revolutionary change" in English local government finance (Smith, Phillips, Simpson, et al., 2016). This has included drastic reductions in central government grants to local governments, a restructuring of the limits on local government revenue-raising, a localisation of taxation exemptions for low-income households ("council tax benefit"), and increased local retention of business taxes. In aggregate, between 2010-11 and 2017-18, central government reduced its funding of local authorities by approximately 49% (National Audit Office, 2018a, p. 4). When government funding is considered alongside funding raised locally through council tax, these changes represent a real reduction in local authority spending power of almost 29%. Alongside direct cuts to block grants, the reshaping of local government funding also involved new limitations on local taxation, and the shifting to local government of responsibility for exemptions from taxation for low-income households. These measures embody certain ideological positions central to austerity policies – a belief in small government, a faith in competition as the optimal means of social and economic organisation, and an idea of a need to ensure "fairness" between "tax producers" and "tax consumers".

These threads are visible, for example, in the move from a system of direct capping of council budgets to a scheme under which local authorities must put any proposed rises in council tax above a certain threshold (set at 2% for general spending in 2021-22) to a local referendum (Sandford, 2019). Cooper has documented how the project of local taxation referenda holds particular significance for the remaking of the economy under neoliberal thought (Cooper, 2021). The idea of subjecting council tax rises to local referenda had been promoted by certain Conservatives since the early 1980s. This grew from a desire to replicate California's "Proposition 13" position under which local government cannot raise taxes without winning support for the tax increase in a referendum (Lee, 1988). Though unsuccessful at that time, the idea was reanimated by the Coalition Government of 2010 (Sandford, 2019, p. 5). A first aspect of the referendum-approval approach for raising taxes is its compatibility with ambitions of small-government and low taxation. The costs of holding a referendum are often disproportionately high compared to the additional revenue a referendum-approved tax increase might raise, dissuading authorities from taking this step (Crewe, 2016; Sandford, 2019, p. 7). Meanwhile the prospect of a majority of voters deciding to raise their own taxes appears slim, and observers of the 1980s proposals suggest government support for this system rested largely on confidence that tax increases would be readily voted down (Lee, 1988, p. 169). As Cooper notes of the US experience, "the mere threat of a voter referendum on public spending appears to have permanently altered the landscape of local and state politics, orienting much of the electoral debate around questions of fiscal overreach and persuading candidates that new spending initiatives are too hot to touch" (Cooper, 2021).

The referendum approach allows central government to appear to advance ideas of localism and deference to local democracy (Lee, 1988, p. 170), all while achieving its preferred ultimate outcome of depressed taxation and expenditure.[4] The model of local autonomy underlying this process is a competitive one, as seen in local fiscal consolidation measures in other countries over the past decade of austerity.(Peck, 2012) Local responsibility for taxation offers the theoretical opportunity for local authorities and their residents to become "masters of their own destiny"(Local Government Association, n.d.) by deciding on their level of taxation and so on their "competitiveness". Regions might, for example, choose to reduce business taxes and attract development. The creative destruction of competition might also spur UK councils, consistently with those of other countries (Cooper, 2018, 2020; Roberts, 2014), to adopt innovative ways of raising revenue from alternative sources (Local Government Association, 2017). In this way austerity's budget cuts go hand-in-hand with the commercialisation of local government agencies (Local Government Association, 2017). Cuts to local government budgets are sold as opportunities for "cutting edge" councils to innovate in finding savings and "redesigning services to make them more efficient and sustainable" (Ministry of Housing, Communities & Local Government, 2013, p. 2). The Local Government Association now provides rankings of "best practice commercialisation" across local authorities (Local Government Association, n.d.). Central government launched an award for local authorities who demonstrated innovative ways of "radically overhauling how they do business" (Lewis, 2013).

[4] As argued by an opponent of the Coalition Government's localisation plans, "if the agency is not there in order to make those changes, if there is not the necessary financial devolution, and if there is the current extent of cuts to local government services, then many of the aims and wishes for devolution of power to local government are meaningless." (Whitehead, 2011)

Consistent with developments in other countries, and the plans of early neoliberal thinkers (Cooper, 2021), these innovations have primarily involved movement towards "user fee" models in relation to public service provision. Significant increases in revenue raised from sales, fees, and charges mean "that a greater share of the cost of service provision now falls on the service user"(National Audit Office, 2018a, p. 32). As just one example, local authority profits from parking fees, charges, and fines have increased by over 40% in the years from 2013-14 to 2018-19 (RAC Foundation, 2019). Under the pressure to deliver "more with less" in the face of central government cuts and inability to raise taxes, even progressive local authority figures now raise arguments "indistinguishable from those of public choice economists to justify both the inevitability and greater efficiency of consumption-sensitive charges" (Cooper, 2021). Council leaders mimic central government language of "tough decisions" and "living within our means" (Crewe, 2016). Covid-19 has exposed the fragility of this strategy, as lockdowns and reduced social activity have deprived councils of revenue from parking services, museums, and leisure centres (Butler, 2020a).

A further theme underlying these developments is a conception of fairness in taxation, and the leveraging of a divide between the (apparent majority) of "tax producer" residents of a local authority and the (apparent minority) of "tax consumer" residents. Cooper has shown how a similar division was a driving force behind the tax revolt that led to restrictions on local governments' tax-raising power across the US (Cooper, 2021). Historically, complaints regarding local government funding in the UK have included the objection that an overly small tax base was paying for services used by others. Memorably, this sense of injustice even drove one (Conservative) London borough to sue the (Labour-led) Greater London Council in the UK's highest court when it introduced a "Fares Fair" policy of subsidised public transport fares (Griffiths, 1982; Hatherley, 2020, pp. 113–114). Conservative reform efforts of the early 1980s followed public choice economic ideas that since a large majority of voters did not pay the business taxes used to fund local governments, this majority could continually vote to impose higher taxes on the rate-paying minority (Midwinter & Monaghan, 1995, pp. 143–144). This reasoning was behind the introduction of the ill-fated and quickly abandoned poll tax – effectively a flat tax imposed on all electors. Austerity policies of the 2010s expound similar ideas of fairness as between taxpayers and recipients of public services – Prime Minister Cameron could not have been clearer in his repeated use of "strivers and shirkers" rhetoric (Jowit, 2013; Patrick, 2016; Valentine & Harris, 2014).

Further reforms under the Coalition Government's austerity agenda, which most directly contributed to problems of debt owed to local government, involved the removal of the national council tax benefit scheme. The flagship legislation of the Coalition Government's cuts to social welfare benefits was the *Welfare Reform Act 2012*. One feature of this legislation was the abolition of Council Tax Benefit, a national social transfer payment that had effectively paid local council tax on behalf of low-income households (Wilson & Murphy, 2017, p. 3). The benefit was replaced by a system under which local authorities were obliged to put in place individual Council Tax Reduction Schemes to support low-income groups in respect of their council tax liability. Central government accompanied this change with an effective 10% reduction in central funding to local authorities during the first year of the new council tax benefit system (Wilson & Murphy, 2017, p. 9). Local authorities were to fund support schemes through central government's new measures allowing local authorities to retain a certain share of business rates raised in their own localities (Wilson & Murphy, 2017, p. 8). According to the Coalition, these measures would give local authorities "a greater stake in the economic future of their local area" and a "financial stake in the provision of support for council tax" (Ministry of Housing, Communities & Local Government, 2011). Local activities were clearly intended to support national "workfare" policies, as central government claimed that this "reform [would] create stronger incentives for councils to get people back into work and so support the positive work incentives that will be introduced through the Government's plans for [welfare reform]"(Ministry of Housing, Communities & Local Government, 2011). Aims of deficit reduction were clear, as central government set the target of a 10% reduction in the national Council Tax Benefit bill ("saving" the country £500m), while councils were to be given control in determining how they would best manage this reduction in accordance with local need.

Variation in Local Government Responses and Regional Inequality

The flip-side of a system that had redistributed resources to the areas in greatest need is that these areas become subject to the greatest precarity when budgetary cuts are made (Gray & Barford, 2018, p. 546). Flat cuts to local government funding create a "postcode lottery" of geographic inequality. Areas where central government grants make up the largest proportion of budgets are the areas where local authorities have cut service spending most severely (Gray & Barford, 2018, p. 553).

This regional inequality seems baked into the tendency of neoliberalism to download responsibility and fiscal pressures, given that local ability to manage is "uneven at best" (Peck, 2012, p. 632). Across English local government, different approaches have been selected from options of cutting (or rationing) service provision, drawing down reserves, and raising income from alternative sources (e.g., service fees and fines) (Gray & Barford, 2018, p. 551; National Audit Office, 2018a, pp. 25–42). Reductions in spending on services have broadly fallen most severely in the most deprived local authority areas (Gray & Barford, 2018, p. 553). While local authorities remain obliged to provide a minimum level of statutorily-mandated services, evaluations have raised concerns about reduced quality even among the services which continue to be provided (Gray & Barford, 2018, p. 556; National Audit Office, 2018a, pp. 36–42). Non-mandatory discretionary services have been decimated across many local authority areas (Gray & Barford, 2018, pp. 554–557). These effects are exacerbated by the manner in which cuts to national welfare provision under austerity policies raise demand for services in deprived areas. For example, the UK National Audit Office has linked substantial increases in homelessness over the past decade to cuts in national welfare provision, placing greater demand on local authorities' statutory duty to provide accommodation (Comptroller and Auditor General, 2017).

Together these measures have challenged the distributive nature of the system of local government finance. As contemporary government continues to re-evaluate the future of local authority finance through a "Fair Funding Review", the key question is the extent to which the system "prioritises redistribution between councils, or financial incentives for councils to improve their own socio-economic lot" (Amin-Smith & Phillips, 2018, p. 2). Central government measures so far evidence a clear desire to lean towards competition over redistribution, consistent with the neoliberal remaking of the state, under which "[c]ompetition – between individuals, between firms, between territorial entities (cities, regions, nations, regional groupings) – is held to be a primary virtue"(Harvey, 2007, p. 65). The effect of central government austerity policies is therefore unequally felt throughout the country, based on local politics, institutional capacity, and socio-economic environments (Peck, 2012, p. 633). Options for revenue-raising are limited in the deprived areas which lack the means to become "masters of their own destinies",(Peck, 2012, p. 633) necessarily leading to territorial injustice (Gray & Barford, 2018, p. 558). Indeed politicians promoting the post-crisis localisation agenda seemed to see this very injustice as a virtue, highlighting that "some communities will flourish and fly with new-found freedoms and rights, while others without resources, leadership capacity and social capital may be left untouched and probably further behind" (Ward, 2011). If these changes to local government finance foresaw entire regions falling adrift, this raises inevitable questions as to the outcomes for the households left behind.

Local Authority Debt Collection

Council Tax Liability and the Creation of New Government Debtors

As could be predicted when these measures were announced,(Pennycook & Hurrell, 2013) the removal of the national Council Tax Benefit and its replacement with a range of local measures has contributed to substantial financial difficulties for a large number of low-income households (Ashton et al., 2016; Ayrton, 2016; House of Commons Work and Pensions Committee, 2016). Almost every local authority reduced the support provided to low-income households compared to the prior regime, through steps such as removing rebates and reducing exemption categories, or requiring even the poorest households to make a minimum payment. Large numbers of households became liable to pay council tax for the first time. One estimate suggests an average 24% drop in support for 3.6 million households in England who had been eligible for assistance under the Council Tax Benefit (Adam et al., 2019). Support schemes became increasingly harsh over time as local authorities felt the pinch of accumulated decreases in funding. Increases in council tax (within the restrictions allowed by the referendum regime described above) added to burdens for low-income households. One review found that after five years of the new system, two million families were adversely affected, with an average additional annual tax liability of £191 in 2017-18 (Ayrton & Long, 2017). Understandably, levels of council tax arrears rose as council tax liability grew, while collection rates began to fall for the first time in thirty years (Ayrton, 2016). Arrears rates were highest among local authorities which introduced the harshest support schemes, and particularly those which set the highest minimum payments for low-income households. One estimate suggests that a minimum payment floor of more than 8.5% led to an average 30-40% increase in enquiries to debt advice agencies regarding council tax (Adam et al., 2014).

By 2018/19, council tax arrears had grown to £3.2 billion (Citizens Advice, 2020, p. 2), with one debt advice agency estimating that over 2.2 million households, or 10% of the taxable population, are in arrears (Derricourt et al., 2019, p. 6). Council tax debt is very much discriminate in its impact, being especially prevalent among households in the weakest financial condition. Major advice agency Citizens Advice reports that its clients presenting council tax problems are more likely than other debt clients to have multiple problem debts (90% of council tax clients had other debt problems), and to have a "negative budget" (Matin & Lane, 2020) – a situation where a household's basic living costs exceed its maximum income (42% of council tax clients had negative budgets) (Citizens Advice, 2020, p. 1). The average client with council debt problems was living on a financial knife-edge, with just £7 available each month after paying for essentials. Almost half of council tax clients also are experiencing problems related to the social welfare system (Derricourt et al., 2019, p. 7). The Covid-19 crisis has exacerbated these trends of inequality. A very high proportion (79%) of Citizens Advice clients reporting council tax debt had seen substantial drops in income due to the effects of Covid-19, while high numbers were also in the categories of key workers (63%) or medically vulnerable (65%) (Citizens Advice, 2020, p. 1). The average annual council tax bill was £1,142 in 2019 (Derricourt et al., 2019, p. 4), representing 5% of annual income for households in the lowest income decile (Derricourt et al., 2019, p. 4).

Council Tax Collection: "the most zealous and unsympathetic of creditors"[5]

A number of features of council tax create particularly severe debt problems. Rigid regulations on council tax liability specify that if a household misses a single instalment, the annual tax bill becomes payable in full (if payment is not made within fourteen days) (Council

[5] The words of a House of Commons committee in describing local authorities' approaches to debt collection (House of Commons Treasury Committee, 2018, p. 16)

Tax (Administration and Enforcement) Regulations 1992/613, n.d., para. 23). In an average situation, a default in paying a due instalment of, say, £167 would make a household liable immediately to pay a sum of £1671 (Derricourt et al., 2019, p. 13). If the taxpayer does not make payment (in full or by arranging a repayment plan), the next step under relevant legislation is for the local authority to seek a liability order from a court to authorise collection (costing the taxpayer a further £100 approximately) (Derricourt et al., 2019, p. 13). The most common next step is for local authorities to pass the debt for collection to an enforcement agent or bailiff, again with the addition of bailiff's fees (on average around £300). Beyond bailiffs, local authorities also use bankruptcy as a debt collection tool, at a rate far exceeding its use by private creditors. The unique power of imprisonment also adds to the menace of council collection activity, and local authorities do not hesitate to use the threat of committal to prison in correspondence with defaulting taxpayers, even if actual imprisonment is rare (Derricourt et al., 2019, p. 15).

Austere Creditor at the Door: Local Authority Use of Bailiffs

Just as budgetary pressures have produced a variety of local authority responses, methods for collecting council tax debt vary significantly across England. A major debt advice agency, the Money Advice Trust, has documented considerable variation in the debt enforcement practices of local authorities (Money Advice Trust, 2019). Using data obtained via Freedom of Information requests, the Trust compiled a database of local authority collection practices, most notably detailing the number of bailiff cases in each local government area (over the period 2018/19). The data show both the overall number of cases and the number of cases related to council tax arrears.

I focus here only the "council tax bailiff cases". To produce "council tax bailiff cases per 1,000 of population," I combined this variable with the UK Office of National Statistics

(ONS) data on local authority population estimates (*Estimates of the Population for the UK, England and Wales, Scotland and Northern Ireland - Office for National Statistics*, 2020). This produced a picture of considerable variation throughout the country, with some councils referring few if any council tax cases to bailiffs (for example in the London Borough of Hammersmith and Fulham), while the data show a high of almost 97 annual council tax bailiff cases per 1,000 population (in the London Borough of Barking and Dagenham).

I then correlated the council tax bailiff cases with variables contained in two additional datasets. First, the Institute of Fiscal Studies’ (IFS) dataset on local government finance provided two new variables: (1) the percentage decline in local government spending from 2009-10 to 2016-17; and (2) the proportion of a local authority unit’s budget composed of central government funding in 2009-10 (Smith, Phillips, & Simpson, 2016). Second, the UK Government *Indices of Deprivation* (IMD) dataset provided a ranking of the deprivation experienced in each local government authority (Ministry of Housing, Communities & Local Government, 2019).

Ultimately I constructed, for each of 110 local government area units, four variables:

- council tax bailiff cases per 1,000 of population
- percentage decline in spending from 2009-10 to 2016-17
- budget dependency on central government grants in 2009-10
- the IMD ranking of multiple deprivation

Each of the three independent variables is positively correlated with council tax bailiff cases, meaning than the local authorities most severely affected by austerity policies were more like to employ bailiffs to collect debts. To distinguish among the three variables, I conducted a multiple regression of council tax bailiff use per 1000 on the other three variables. While the model was limited in its predictive power, with just over 25% of the variation in council tax bailiff cases explained by the three independent variables, it revealed a statistically significant relationship between council tax bailiff cases and the multiple deprivation ranking. The regression results suggest that an increase of one standard deviation in an area’s IMD average rank leads to an increase of just over half a standard deviation in council tax bailiff case per 1,000 of population. This means, for example, that if Leeds looked more like Liverpool in terms of deprivation, Leeds would see 8 more cases per 1,000 inhabitants, or over 6,300 more council tax bailiff cases per year.

Regulatory Responses to Bailiff Use

Over a number of recent years, politicians, campaigners, and policymakers have repeatedly drawn attention to the problems of council tax debt and accompanying disproportionate collection activities. Debt advice and related charities have joined forces to advance a major campaign for fundamental reform in the regulation of bailiffs (*Taking Control | The Campaign for Bailiff Reform*, n.d.). There appears to be widespread recognition that local authorities can be over-zealous in debt collection (House of Commons Treasury Committee, 2018), and rank ‘among the most unhelpful types of creditor’ (StepChange Debt Charity, 2015, p. 2). Government is conducting reviews of bailiff action more generally (Ministry of Justice, 2018), and government debt collection more specifically (Cabinet Office, 2020). Central government, through the Department for Communities and Local Government, has published guidance on local authority debt collection (Department for Communities and Local Government, 2013). Some charities report greater engagement from local authorities, and improvements in debt collection practices (Money Advice Trust, 2019, p. 5). Reform efforts move slowly, however, and intensive practices such as bailiff use continue to increase (Money Advice Trust, 2019, p. 9).

Legal and regulatory measures appear to offer little protection against trends of increasingly aggressive debt collection for households suffering from council tax debt. One potential avenue of redress might be the Local Government Ombudsman (LGO), the body responsible for determining complaints against local authorities. I analyzed LGO decisions for the year 2019 which showed 282 decisions mentioning bailiffs, of which 82 are categorised by the LGO as relating to "council tax" or "council tax support".[6] Just 22 (27%) of these 82 complaints were upheld by the LGO, which rejected 46 cases after initial enquiries, and made a substantive decision against the complainant in 14 cases. The success rates of bailiff and council tax complaints is much lower than the overall levels of complaints upheld across all categories (61%), and in the broad category of "benefits and tax" (65%). Cursory examination of these cases shows the LGO offering considerable leeway towards local authorities in their collection activities. Decisions appear ready to make general statements of principle such as "it is unlikely we would find fault with the Council for passing the debt to bailiffs… [t]he law allowed it to do so" (*19 002 678 London Borough of Brent*, 2019), and "[t]here is no ban on councils referring debts to bailiffs when a person is vulnerable" (*19 004 064 Bath and North East Somerset Council*, 2019). This snapshot view could of course be enhanced by more systematic analysis of LGO decisions relating to council tax collection.[7] For now, a simple review serves to support and highlight the point advanced by campaigners that the regulatory control and scrutiny of local authorities in their financial activities falls significantly below consumer protection standards offered by financial regulation regimes applying to commercial lenders and debt collectors (Derricourt et al., 2019; StepChange Debt Charity, 2015). One can't help but notice that the light-touch approach of the LGO contrasts with the multi-million-pound redress payments which the Financial Conduct Authority has secured for customers of private

[6] A large number of cases mentioning bailiffs relate to collection activities for parking charges and fines.

[7] See a model of similar analysis in (Foohey, 2017)

firms in respect of misconduct in debt collection practices.[8] The pattern of local authorities collecting debt zealously might fit with trends of "growing privatisation and commercialisation of certain functions of the state" (Roberts, 2014, p. 681). In this case such commercialisation seems to have arisen without the usual responsibility and regulatory controls which police private markets.

Bankruptcy

Local authorities' intense debt collection efforts extend to the deployment of bankruptcy to collect council tax. This recasts as a debt collection tool a procedure which could otherwise act as a safety net of last resort for financially troubled households (Spooner, 2019, Chapters 3, 6). English bankruptcy law has a complicated history and somewhat of a split personality, balancing alternative roles as a remedy for creditors seeking to recover sums owed, and for debtors seeking relief from unpayable debts (Spooner, 2019, Chapter 3). Creditors' continued invocation of bankruptcy through the creditor petition procedure remains an oddity of English law (Kilborn & Walters, 2013, p. 123). This procedure allows an individual creditor to force an insolvent individual into bankruptcy against her will, in the expectation that she has some assets available which the court will order to be sold to pay her creditors. In other words, bankruptcy can be used by creditors in this way as a debt recovery tool, rather than invoked by financially troubled individuals as a form of protection against debt collection. The 30% of English bankruptcies initiated by creditors contrasts strongly with the fact that European consumer debt resolution procedures are generally only instigated by debtors, and fewer than

[8] There have been many examples of such fines and compensation orders in recent years: (*FCA Reaches Agreement with HFO Services Limited, Roxburghe (UK) Limited and HFO Capital Limited*, 2015; *HSBC Agrees to Extend Redress Scheme for Customers Impacted by Historical Debt Collection Practices*, 2019; *Payday Lender Cash Genie to Provide £20 Million Redress to over 92,000 Customers*, 2015)

0.1% of Chapter 7 bankruptcies in the USA arise from creditor petitions (Block-Lieb, 1991; Kilborn & Walters, 2013, p. 124). Government creditors play a large role in keeping this aspect of English law alive, with limited available research suggesting that tax and local government authorities are responsible for around 40% of creditor petitions (Kilborn & Walters, 2013, p. 143). Limited data are published on local authorities' use of bankruptcy, but the available evidence suggests that it is significant. One study by an accounting firm found that 32% of local authorities used bankruptcy in their debt collection practices in 2013-14, an increase from 20% of local authorities in 2009-10 (Finch, n.d.). A reading of LGO complaints involving debt collection gives the impression that it is standard practice for authorities to mention the threat of bankruptcy when seeking repayment.

When invoked by debtors in need, bankruptcy can offer a financial lifeline and a safety net against the risks inherent in a financialised, debt-dependent economy (Spooner, 2017, 2019). Bankruptcy discharges debts of an over-indebted individual, offering a fresh start and a chance to begin a new financial life free from debt burdens. Debt relief can reduce the social costs associated with over-indebtedness, and in turn benefit the wider society and economy, as well as individuals whose debts are cancelled. The debt relief of bankruptcy, however, comes at considerable cost. Debtors entering bankruptcy lose materially and in terms of their autonomy, as non-essential assets are surrendered and a trustee takes control of their financial affairs.[9] Involuntary bankruptcy adds considerably to individuals' debt burdens, as bankruptcy petitions alone involve costs of well over £1,000 (*Stratford-on-Avon District Council v Clarke*, 2015), and bankruptcy administration costs can range from £30,000 to over £100,000 (Citizens

[9] For example, a debtor loses her right to bring an appeal or judicial review claim on entering bankruptcy: (*Baljinder Singh [[2010] UKUT 174 (TCC)*, 2010; *Heath v Tang [1993] 1 W.L.R. 1421*, 1993)

Advice Bureau, 2012, pp. 11–12). Entering bankruptcy can impact stress levels and credit histories (Citizens Advice Bureau, 2012, pp. 9–14). Perhaps most significantly, an individual entering bankruptcy faces considerable risk of losing her home. For homeowners, little substantive protection is offered and the home is counted among the range of non-essential assets sold to repay creditors. For renters, recent case law has established that bankruptcy offers little, if any, protection against eviction (and in fact may in some cases spur landlords to commence eviction proceedings) (Spooner, 2017). The use of bankruptcy petitions as a debt collection tool by local authorities is disproportionate in many, if not most, cases. This was accepted by the Local Government Ombudsman in a 2011 report, which cautioned that authorities face liability for maladministration unless they follow appropriate procedures before deciding that bankruptcy is fair and proportionate, based on the facts of a given case.(Local Government Ombudsman, 2011)

Despite this guidance, local authorities continue to use bankruptcy as a debt collection tool, with limited intervention from decisions of courts or the Local Government Ombudsman. In the leading court case, the Court of Appeal upheld the freedom of local authorities to use bankruptcy to recover council tax arrears, holding that it is not a disproportionate collection method despite its severe consequences for the taxpayer (Briggs, 2010; *Griffin v Wakefield MDC*, 2000). The Court of Appeal felt reassured that local authorities "are as a rule very reluctant to invoke bankruptcy as a means of enforcement", in comparison to their relatively frequent threats of committal to prison for non-payment (*Griffin v Wakefield MDC*, 2000, para. 7). The court was satisfied that bankruptcy was less draconian than imprisonment, and could not object "to the use of a procedure which is permitted by statute and regulations "(*Griffin v Wakefield MDC*, 2000, para. 8). The Court of Appeal has subsequently affirmed this position, stating that "it is not essential… that the local authority should choose one remedy rather than another, and in any event it must have some measure of discretion to choose the appropriate course" (*Lonergan v Gedling Borough Council [2009] EWCA Civ 1569*, 2009, para. 32). Subsequent bankruptcy court decisions have similarly upheld local authority practices, and offered a robust defence of their freedom to take any debt collection actions authorised by law, even if these hold severe consequences for tax payers (Spooner, 2019, pp. 194–198). The local authority is treated just as any creditor, entitled to take all legal steps to recover its debts. Questions of maladministration or whether higher standards might be expected of local government than other creditors do not seem to arise for the bankruptcy court.

Local Government Ombudsman decisions do not advance much further beyond this position. Results from previous research show limited success for complaints raised against councils' use of bankruptcy (Spooner, 2019, pp. 198–200). Most notably, the Ombudsman office refuses to interfere with local authority actions where a judicial remedy is available, which would include cases in which a tax payer could potentially challenge the creditor's petition in a bankruptcy court. This position results in a situation where the Ombudsman will not intervene to address maladministration when court proceedings are underway; while bankruptcy courts will not police maladministration, and tend to treat creditors (private and public) as entitled to a bankruptcy order whenever statutory formalities are satisfied. As government branches increasingly adopt the identity of commercial creditors, local authorities seem to leverage their position as part-public/part-private actors, slipping between public law and private law control. They benefit from treatment just as a private creditor when bringing bankruptcy proceedings, as courts will not look beyond their formal rights to take advantage of legal options open to them to collect their debts. The LGO defers to judicial process rather than embracing its unique powers to scrutinise the exercise of public authority. Meanwhile in their debt collection activities, local authorities remain free from the regulatory responsibilities to which commercial creditors are subjected.

Conclusions on Local Government Debt Collection

Austerity policies apparently follow the logic that There Is No Alternative (TINA) but to reduce public debt through fiscal consolidation (Blyth, 2013, pp. 98–99). Peck discusses how in the post-crisis environment of austerity, steps to shrink government activity (and restore balance sheets) become "inevitabilized" (Peck, 2012, p. 630). Court and LGO decisions upholding local authorities' intensive debt collection activities seem to have absorbed this sense of inevitability, seeing no alternative for local authorities but to take all available actions in order to chase tax "which it is the local authority's duty to collect" (*Griffin v Wakefield MDC*, 2000, para. 8). Local authorities are seen to be "making do", "doing more with less" and coping as they can with an unquestioned crisis. The possibility does not seem open to hold it unacceptable for local authorities to send bailiffs to the door of low-income households who do not pay newly-imposed local taxes, or to threaten homeowners with bankruptcy. Principles of fairness, forbearance and due consideration, and proportionality – which underpin the regulation of private sector debt collection[10] – are apparent luxuries unavailable in times of austerity. Here we see support for the late David Graeber's observation that debt has the "capacity to turn morality into a matter of impersonal arithmetic – and by doing so, to justify things that would otherwise seem outrageous or obscene" (Graeber, 2012, p. 24). The logic of debt allowed little institutional resistance to the flow of austerity from state balance sheets to

[10] These principles are contained in the Financial Conduct Authority regulatory handbook: (CONC 7.3 Treatment of Customers in Default or Arrears (Including Repossessions): Lenders, Owners and Debt Collectors - FCA Handbook, 2020, p. 3)

the doorsteps and tables of low-income citizens, with courts and regulatory bodies waving through increasingly coercive debt collection practices.

Even further, this logic suggests that in times of austerity it might be simply *unfair* were local authorities *not* to use its most powerful tools against defaulting households. A recent government statement of “fairness” in debt management emphasises that the concept involves “fairness to those who do pay on time” and requires government to take “a proportionate response to those who do not” (Cabinet Office, 2020, p. 5). This requires that “[g]overnment has to have the right tools to identify and enforce against people who are in debt as a result of fraud or who engage in persistent default and serious non-compliance”, since their “actions harm society and reduce funding for public services.” Similarly, in its guidance to local councils on how best to manage funding cuts, the first step proposed by government was that councils do “all they can to reduce fraud under council tax reduction schemes” (Ministry of Housing, Communities & Local Government, 2013, p. 2). Measures such as “tackling fraud” and “clawing back money from benefit cheats” feature high on central government’s list of “50 ways to save” (Ministry of Housing, Communities & Local Government, 2012). This advice operates under an apparent assumption that there is a large sum of money being siphoned away by hordes of fraudsters, which can be readily tapped to fill budgetary gaps. When households defaulting on council tax are viewed in this way, aggression in debt collection might seem the only way to ensure fairness to taxpayers (Ministry of Housing, Communities & Local Government & Pickles, 2013).

While it may be unrealistic to expect adjudicatory bodies to move beyond the inevitability of current local government finance arrangements and to question the bigger picture, less leeway can be given to policymakers tasked with reviewing government debt collection practices. It is therefore notable that even where policymakers give consideration to whether government creditors are overstepping thresholds, it seems off-limits to enquire about the wider economic and political circumstances which have produced this position. The current consultation on fairness in government debt collection drafts its terms of reference in strikingly defensive language, asking respondents to "note [that] this call for evidence is about the management of debt, not issues you believe may contribute to creating problem debt" (Cabinet Office, 2020, p. 5). Other issues causative of problem debt are neither examined nor mentioned, apparently taken simply as existing and unchangeable facts – whether these involve reductions in local authority funding, removal of tax exemptions for low-income families, an outdated and effectively flat local tax, or the wider context of wage stagnation and a shrinking welfare state.

Conclusions

Prior theoretical literature has linked the dramatic rise of household debt levels over recent decades to the neoliberal project of reducing the economic role of government, and to a concomitant growth in inequality. Theories of "loans for wages" explain increasing debt as substituting for stagnating or falling incomes (wages and social transfers) among most of the population, as households borrow to make ends meet and maintain the aggregate demand necessary for economic growth (Barba & Pivetti, 2009; Crouch, 2009). Certain authors describe the "credit/welfare state trade-off", under which households turn to financial markets and debt as a means of filling gaps and addressing instability in household budgets related to a shrinking Welfare State (Montgomerie, 2013; Prasad, 2012, pp. 227–245; Soederberg, 2014, p. 89). Others go further in explaining both reductions in public spending, and the financialisation that has involved mass household debt expansion, as part of a single project. Adkins in this way argues that 'austerity… must be understood to be part of – and not an outcome of – the expansion of finance and the enrolment of populations in the economy of debt'(Adkins, 2018, p. 77).

Building on these perspectives, this chapter advances beyond them in illustrating how austerity has expanded the logic and economy of debt even further. Local governments are subjected to market discipline and forced, to varying degrees, to impose the logic of financial markets on citizens whose relationship with local government could previously exist in the domain of the welfare state, not entirely within the realm of markets. Beyond merely diverting households to financial markets to meet needs previously funded by government, austerity has in fact created new debts owed to governments by low-income households, generating new creditor-debtor relationships, replacing connections of government and citizen. This chapter has shown one way in which costs of public debt reduction can manifest in financial hardship for low-income households. Further work is needed to examine all links in the chain between cuts to local authority funding and aggressive local government debt collection, and undoubtedly there is nuance to be found in how different authorities have responded to similar challenges. Questions arise as to the extent to which the logic and aims of austerity have been internalised by some willing local authorities, or rather have been forced upon other local governments unprepared to cast their citizens as debtors. Austerity might be "ultimately concerned with off-loading costs, displacing responsibility; it is about making *others* pay the price of fiscal retrenchment"(Peck, 2012, p. 632). This chapter has sought to present one story of where these costs hit home.

Statistical Appendix

In the text, I summarize my analysis of the use of bailiffs to collect council taxes in each local authority. The Money Advice Trust collected and reported, for each local authority, the number of "council tax bailiff cases". This appendix provides more detail about how that analysis was conducted.

The first step was to divide the absolute number of council tax bailiff cases by the population of the local authority, drawn from UK Office of National Statistics (ONS) data, to arrive as the number of council tax bailiff cases per 1000 of population.

Across the 110 local authorities used in my analysis, the average number of council tax bailiff cases per 1000 of population was 30.6 with a standard deviation of 16.8. The minimum was zero in Hammersmith & Fulham and the maximum was 96.7 in Barking & Dagenham.

Were there any factors that were closely associated with the use of bailiffs to collect council taxes? To address this question, I collected, for each of the 110 local authorities, information on three variables: (1) the percentage by which grants to local authorities was cut between 2009-2010 and 2016-2017; (2) the proportion of local authority spending that was financed by central government grants in 2010 and (3) a measure of material deprivation.

Cuts to Spending from 2009-2010 to 2016-2017 and Central Government Grants

The Institute of Fiscal Studies (IFS) has compiled a dataset on local government finance in the UK. That dataset provided the first two variables above: cuts to local government spending over the period from 2009-10 to 2016-17, as well as the dependency of local authority budgets on central government grants (measured as the proportion of a local authority unit's budget composed of central government funding in 2009-10).

Combining the IFS data with the data from the Money Advice Trust on council tax bailiff visits and from the Index of Multiple Deprivation (IMD, discussed below) required the reconciliation of the different units of analysis used across the different datasets. As explained by the IFS, multiple authorities can offer services to a single area in England, such as where a district and county council have overlapping areas of responsibility. (Smith, Phillips, & Simpson, 2016) The IFS addressed this complexity by treating all areas of England as if a single authority held responsibility, combining and splitting spending budgets accordingly. Where county and district council spending overlapped geographically, this spending was allocated to the smaller district councils. Combined authority spending was also divided among the member authorities. I have used the 112 local government units produced by this process as my units of analysis, which involved removing other local government units contained in the Money Advice Trust and IMD datasets. Structural changes to local government units in the years 2019 to 2020 also necessitated some data cleaning, as some datasets used the boundaries existing prior to these changes while others used the new boundaries. Where there were discrepancies between the local government areas across these databases, I removed the areas in question.[11] I also removed the outlier of the City of London because it is a unique local government area

[11] Most of the areas I removed were lower-tier authorities not included among the 112 IFS units; one of the areas fell within these 112 units, however, and was removed.

in many ways (e.g., its structure as a corporation, its tiny population but enormous workforce, the concentration of extraordinary levels of financial, legal, and other business activity in a small area).

Table A1 describes the two variables used from the IFS data set. The mean percentage cut in spending from 2009-2010 to 2016-2017 was 25.9% with a standard deviation of 9.2 percentage points; the minimum percentage cut was 8% in Bracknell Forest Council with a maximum of 46% in Westminster City Council. The mean proportion of spending financed by the central government was 62.7% with a standard deviation of 12 percentage points; the minimum was 28% in Wokingham Borough Council and the maximum was 86% in Westminster City Council.

	% Cut 2009-10 to 2016-17	% of Local Budget composed of Central Govt Funding
Mean	25.9	62.69
Median	26.5	64
Standard Deviation	9.2	12.23
Minimum	8	28
Maximum	46	86

Deprivation

The UK Government *Indices of Deprivation* database compiles data in respect of various tiers of geographical units, across seven “domains of deprivation” – income deprivation, employment deprivation, education skills and training deprivation, health deprivation and disability, crime, barriers to housing and services, and living environment deprivation. The database also provides an Index of Multiple Deprivation for each area based on the average score across each measure of deprivation.

These scores do not directly correspond to the proportion of a population of a given area experiencing deprivation; that is, a score of 20 in an area does not imply exactly twice the level of deprivation of an area scoring 10. Instead, the scores involve a weighting and an exponential transformation, allowing an inflation of scores at the most deprived end of the distribution. This enables the most deprived areas to be most easily identified and shows more variation in the deprivation scores for these areas. Based on measures across different "domains" of deprivation, each local authority is ranked from most to least deprived overall, with a higher ranking indicating a higher level of deprivation (Ministry of Housing, Communities & Local Government, 2019). According to the guidance documentation accompanying the dataset, the rankings, rather than the scores, are more suitable for statistical analysis and I therefore used the rankings in this analysis. The rankings range from 1 to 317, but for the reasons outlined above, I am including only 100 local authority areas in my analysis. I retain, however, the original ranking number for each authority included in my study (i.e., the 100 local authorities in my study are not necessarily ranked from 1 to 100). As Table A2 indicates, the average ranking was 106 with a standard deviation of 86. Blackpool Council was ranked at number 1, while Wokingham Borough Council was ranked 316.

	Indices of Material Deprivation Rankings
Mean	106.24
Median	89
Standard Deviation	85.86
Minimum	1
Maximum	316

[Insert Table A2 here]

Results

The main result here is that council tax bailiff cases are highly correlated with material deprivation — the higher a local authority is ranked in deprivation, the higher the number of its council tax bailiff cases. The correlation coefficient is 0.52. Council tax bailiff cases are also positively correlated with cuts to spending (0.24) and with the proportion of spending funded by the central government (0.34).

[Table A3 Here]

Table A3

Correlations		Council tax bailiff use per 1k of population

	Council tax bailiff use per 1k of population	1
	% Cut 2009-10 to 2016-17	0.24
	% of Local Budget composed of Central Govt Funding	0.341583908
	IMD Average Score	0.517924019

To see if the deprivation ranking was positively correlated with council tax bailiff cases when the other two variables are statistically held constant, I ran a linear regression of council tax bailiff cases on the other three variables. The results appear in Table A4. In the regression, only deprivation is related to council tax bailiff cases; the coefficients on the other two variables are not different from zero. A one standard deviation increase in the deprivation ranking – an increase of 86 places – leads to an increase of 0.5 standard deviations in council tax cases per 1000 population. This means that if Leeds had looked more like Liverpool in terms of deprivation, Leeds would see approximately 8 more cases per 1,000 inhabitants, or over 6,300 more council tax bailiff cases per year.

Further analysis of these datasets, and the addition of further variables, might explain more about the debt collection practices of local authorities. For now, it is concerning to find that rates of bailiff use increase with higher levels of local deprivation.

[Table A4 here]

Table 2: Results of multiple regression: relationship between council tax bailiff use per 1,000 of population, and (a) cuts to local authority service spending (2009-10 to 2016-17) (IFS dataset); (b) dependence of local authority on central government funding (2009); and (c) Indices of Material Deprivation average rank		
Variable	Coefficient	Significance (p-values)
% Cut to local authority service spending, 2009-10 to 2016-17	0.12	0.54
Dependence on central government funding	-0.14	0.5

IMD average rank	-0.11	<0.001

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