

## Appendix 1: Methodology & Analysis

This note sets out the analysis undertaken for the *Ban the bailiffs: Ending the use of bailiffs for council tax debt* briefing.

### Understanding Society:

Many of the statistics quoted in the briefing are taken from analysis of the UK Household Longitudinal Study (Understanding Society).

The Study is based at the [Institute for Social and Economic Research](#) at the [University of Essex](#). As a longitudinal survey, Understanding Society shows how life in the UK is changing and what stays the same over many years. The sample size for the Study is large, allowing researchers to investigate the experiences of different sub-groups and ethnic minorities over time.

In this paper, we use waves 1 to 14, which were carried out between 2009-2011 and 2022-2024. Fieldwork for each wave in Understanding Society is carried out over the course of 24 months, which is why dates quotes are over the course of 2 years.

In-year analysis refers to Wave 14, which contains more than 20,000 households. More detail on the study and all waves used can be found at <https://www.understandingsociety.ac.uk/>.

We have linked household-level data to individuals living in those households at the time the survey was collected.

All data are weighted. Where time series analysis has been conducted, we have used cross-sectional weights for the corresponding year rather than relying on a single longitudinal weight.

Analysis was conducted using R.

### Variables

The following variables were used:

Variable	Variable Label
fihhmnet1_dv	total household net income - no deductions
ieqmoecd_dv	Modified OECD equivalence scale
xphsdct	Problems paying Council Tax
racel_dv	Ethnic group incorp. all waves, codings, modes and bhps
agegr10_dv	Age group (age_dv): 10 year intervals
sex_dv	Sex, derived
tenure_dv	housing tenure

matdepf	Material deprivation: savings
matdepi	Material deprivation: money for self
xphsdb	2+ months late with housing payment?
scghq2_dv	Subjective wellbeing (GHQ): Caseness

### Calculated variables

#### *Income*

All income figures quoted relate to equivalised household income.

A new variable ehnetinc1 (equivalised household net income) was created by dividing the variable for *total household net income – no deductions* by the variable for *modified OECD equivalence scale*.

This method is taken from guidance provided by the University of Essex in their Introduction to Understanding Society using R course.

#### *Poverty*

Being in poverty is defined in this paper as having a net household equivalised income that is less than 60% of the UK median income.

This was calculated using the ehnetinc1 variable calculated for equivalised household net income. Survey participants were assigned a value of 1 or 0, depending on whether their household income was above or below the threshold of 60% median income.

#### *Mental Health*

Whether someone had a mental health problem or not followed a method set out by the Money and Mental Health Policy Institute in their research paper [Always on your mind](#).

Using the subjective wellbeing (GHQ): Caseness variable, survey participants were assigned a value of 1 or 0 depending on whether they had a GHQ-12 score of 4 or higher. A score of 4 or higher would indicate a person having a mental health problem. This is in line with common practice in academic literature.

### **Population level figures:**

Population level figures are calculated using ONS produced *UK Mid-Year Population Estimates*. An “eligible” population was calculated by including only people aged 18+.

For the number of people in council tax arrears for the understanding society wave 2022-2024, the Mid Year Estimate for 2023 was used. For the previous wave, the Mid Year Estimate for 2022 was used.

Year	Population	Source
2022	53,655,366	<a href="https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland/ukpopulationestimates1838to2023/ukpopulationestimates183820231.xlsx">https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland/ukpopulationestimates1838to2023/ukpopulationestimates183820231.xlsx</a>
2023	54,196,443	<a href="https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland/mid2023/mye23tablesuk.xlsx">https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland/mid2023/mye23tablesuk.xlsx</a>

### UK-wide Council Tax Arrears

To produce a figure of £7.5 billion for council tax arrears across the country, we used the following sources:

Country	Amount	Source
England	£6.0bn	<a href="https://www.gov.uk/government/statistics/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2023-to-2024/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2023-to-2024">https://www.gov.uk/government/statistics/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2023-to-2024/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2023-to-2024</a>
Wales	£138mn	<a href="https://statswales.gov.wales/Catalogue/Local-Government/Finance/Council-Tax/Collection/arrearsofcounciltax-by-billingauthority">https://statswales.gov.wales/Catalogue/Local-Government/Finance/Council-Tax/Collection/arrearsofcounciltax-by-billingauthority</a>
Scotland	£1.4bn	<a href="https://www.gov.scot/publications/council-tax-collection-statistics-2023-24/pages/3/">https://www.gov.scot/publications/council-tax-collection-statistics-2023-24/pages/3/</a>

Northern Irish residents are taxed through the “Rates” system rather than Council Tax. For this reason, we have not included arrears for this in our calculation.

### Cost of bailiff modelling:

This modelling draws on analysis from the National Audit Office report [Tackling Problem Debt](#).

Based on their modelling, the report states:

Modelled effect of being in problem debt	Increased likelihood	Estimated number of people this translates to	Estimated annual taxpayer costs identified	Estimated annual cost to the overall UK economy
Model 1: More likely to experience anxiety or depression	7.76%	81,000	£24 million Cost to health services, based on estimate that 39% of those with common mental health disorders seek treatment	£900 million Based on academic estimates of the economic costs of anxiety and depression, including use of various public services, informal care,

				and lost employment
Model 2: More likely to move into, or remain in, state-subsidised housing	2.85%	23,000	£224 million Comprises cost of maintaining and administering state-subsidised housing (£83 million) and opportunity cost from not charging market rates to private renters (£141 million)	N/A State-subsidised housing is considered economically beneficial by addressing other problems
<b>Total estimated financial impact in these areas</b>			<b>£248 million</b>	<b>£900 million</b>

Using these figures, we calculated a per person cost to the taxpayer and to the overall UK economy by dividing the relevant estimated costs by the number of people affected. We calculated the likelihood of this affecting an over-indebted person by dividing the total over-indebted population by the number affected under each NAO model.

We then applied these numbers to the population affected by bailiff activity for council tax debt, taken from the 2022/23 [Stop the Knock](#) dataset.

	Percentage impacted	Number of people impacted	Additional cost to health services, per person (£)	Additional per person cost to the wider economy: social care & employment etc. (£)	Additional cost for housing support, per person (£)	Total cost to taxpayer (£)	Total cost to the wider economy (£)	Total cost to the taxpayer and wider economy (£)
Number of bailiff referrals (2022/23)		1,340,509						
Number of people affected	1	1,340,509						
Model 1: More likely to experience anxiety or depression	0.98%	13083.36784	759.00	3,458.00		9,930,276.19	45,242,285.99	55,172,562.18
Model 2: More likely to move into, or remain in, state-subsidised housing	0.28%	3713.20993			739.00	36,162,951.51		36,162,951.51
<b>Total Cost</b>						<b>46,093,227.70</b>	<b>45,242,285.99</b>	<b>91,335,513.69</b>

### Assumptions

Our assumption in this model is that people affected by bailiff action will be affected at the same rate as the general population of overindebted people. This is a fair

assumption as the NAO define over-indebtedness as “when someone becomes unable to pay their debts or other household bills”. Anyone experiencing any form of bailiff action must, by definition, be behind on a debt or other household bill.

### *Conservative Estimate*

Our modelling likely underestimates the true scale of the cost to the taxpayer and the wider economy:

1. **Severity of over-indebtedness:** People experiencing bailiff action are likely to be deeply over-indebted. As we outline in the briefing, bailiff action is associated with significant mental health harms, and those in council tax debt are more likely to be behind on housing payments. Therefore, we expect this population to account for a disproportionate share of the economic impact identified by the NAO.
2. **Modelling limitations:** The NAO themselves acknowledge their modelling likely undercounts the negative impacts of problem debt:

“The modelled likelihoods are statistically significant with a high level of precision (99% confidence at  $\pm 2\%$ ). However, there are additional uncertainties, in particular arising from the fact that survey respondents often under-report on issues such as debt, potential inaccuracies in extrapolating to the full population, and biases in how we control for un-measured factors. These uncertainties cannot be quantified, but they are all expected to bias our estimate lower, which is in keeping with our conservative approach to estimating the effects.”
3. **Underestimated household impact:** We have assumed that one bailiff referral means one person has been affected. However, this discounts the impact that a bailiff referral can have on the entire household. As a [Ministry of Justice Equality Impact Assessment](#) finds, enforcement action may negatively impact on other household members, particularly children. Our modelling does not take this into account.
4. **Feedback effects:** Finally, as the report identifies, bailiffs may exacerbate all the problems identified in this modelling, by demanding immediate payment, adding additional fees and charges, worsening mental health. Our model does not account for any feedback effects that may be caused by bailiff action.