



voice of the collections industry

# Ten key discussions in the debate around modernising public sector collections

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# Summary

This CSA Discussion Paper seeks to spark a wider policy conversation about where public sector recoveries and collections could evolve over the coming few years, encouraging the exchange of views on ten questions where we believe more debate is merited.

1. Is cross-government data sharing working as it should?
2. Why is there a reluctance to embrace modern communications technology?
3. How can we address the gap in consumer education and awareness?
4. Enforcement options across Government departments vary – but why can't they be options for all departments?
5. What should be considered in the next review of the Fairness Charter?
6. Will we see a universal Priority Services Register, or equivalent?
7. Should government payments form part of a consumer's credit record?
8. Is there value for the government in debt sale?
9. Can we modernise Government financial rules to invest in collections capability?
10. Is it time for a new approach to commercial collections and business debt recovery?





## Background

As the Government launches its Debt Management Strategy<sup>1</sup> for 2026 and beyond, we consider ten discussion points that could be key in modernising public sector collections.

With over £50 billion in unpaid taxes, penalties and overpayments owed to central government, the renewed Government Debt Management Strategy sets out the Government's approach to recovering what is due, building on the achievements of the 2023-26 Strategy. Considerable funding has been committed toward improving the recovery of central government debt, with the Chancellor investing in the recruitment of thousands more compliance staff in HM Revenue and Customs (HMRC) and bolstering its existing partnerships with collection agencies. These investments are expected to generate substantial returns in debt repayments. But could there be other, potentially more efficient ways to improve recovery? That is the overarching question we pose, flowing from the ten discussion points considered in this paper.

Gaps in funding for central (and local) government have a knock-on effect on the delivery of crucial taxpayer-funded services, so there is sense in exploring all avenues for improving and modernising collections in the public sector. Debt recovery in the public sector demands a delicate balance between employing the necessary measures to bring in critical funding for essential services, while also providing support and forbearance to those in financial difficulties. Many of the debts due to government will be owed by some of the most vulnerable people in the country, so striking the right balance is key.

Stakeholders across the sector dedicate considerable time and energy to identifying how best to strike that balance. The work of organisations and bodies - including the Government Debt Management Function (GDMF), the Institute of Revenues, Rating and Valuation (IRRV), Local Authority Civil Enforcement Forum (LACEF), the Civil Enforcement Association (CIVEA) and the Enforcement Conduct Board (ECB) - has delivered dramatic improvements in the effectiveness and fairness of debt recovery across central and local government, and stakeholders remain committed to continued progress. In that spirit, we consider here ten talking points in the modernisation of public sector collections, questions whose answers could be the key to further progress.

We welcome further discussion on these matters with our colleagues across the collections sector and commit to providing support where possible.

1. [Government Debt Management Function: Government Debt Management Strategy 2026-2030 \(March 2026\)](#)

# 1. Is cross-government data sharing working as it should?

The Digital Economy Act 2017 (DEA) greatly opened up the potential for cross-government data sharing in support of debt recovery and fraud prevention. The register of information sharing agreements under the DEA<sup>2</sup> shows that there have been more than 500 information sharing arrangements explored or established since the Act came into force, many of which concern debt- and fraud-related information exchanges.

In the years since the Act came into force, more and more government departments have taken up the opportunity to explore the opportunities that could come from accessing data in other areas of government. The signs are that these data sharing arrangements have been successful in enhancing the work of other departments, enabling them not just to better combat fraud or recover debts to the public purse, but to also more effectively identify members of the public that may need more support. There have been reports in the media<sup>3</sup> of the successes stemming from improved data sharing across government, particularly on the fraud prevention side, as well as positive results reported in a review of the DEA powers<sup>4</sup>. Such successes make a strong case that cross-government data sharing is working with increasing effectiveness.

Debt- and fraud-related data sharing is subject to review by the DEA Review Board before it can proceed to either a pilot or business-as-usual

(BAU) sharing arrangement. A Code of Practice governs the data sharing arrangements and, for debt-related data sharing, there is an additional set of 'Fairness Principles' in place to ensure that individuals are not treated unfairly as a result, or as part, of the data sharing.

The DEA Review Board appears to provide essential friction and scrutiny to ensure that data sharing is fit-for-purpose, that it meets the legal requirements, and that key elements, such as the Fairness Principles and metrics for success, have been given appropriate consideration by those applying for data access. The volume of data sharing arrangements documented in the register would suggest that it is not acting as an unreasonable barrier to establishing these arrangements.

However, could more be done to facilitate mass data sharing between local authorities and central government. The cross-government sharing of information to support local authority recovery processes has been subject to several pilots, as reported in the Three Year Review of the DEA Powers from 2023, but widespread sharing remains elusive. On the one hand, these are complex data sharing arrangements – local authorities have their own processes and can often be quite distinct from one another, so it is not the same as approving sharing between two distinct entities. On the other hand, the ultimate goal of

the data sharing remains the same and requiring multiple pilots, gradually expanding the group involved, across many years, limits the potential success of the arrangement. Some consideration should perhaps be given to whether a swifter process might be viable.

The DEA Code of Practice is subject to periodic review<sup>5</sup>. When that review is carried out, it may be an opportune moment to consider whether there is room for improvement, particularly in terms of facilitating swifter information-sharing arrangements without sacrificing essential scrutiny.

2. [UK Government: Register of information sharing agreements under chapters 1, 2, 3 and 4 of part 5 of the Digital Economy Act 2017 \(accessed January 2026\)](#)

3. [BBC: "AI tool used to recover £500m lost to fraud, government says" \(24 September 2025\) - "The savings have been made by cross-referencing information held by different government departments, as well as using a new AI tool."](#)

4. [Cabinet Office: The Statutory Review of the Debt and Fraud Powers of the Digital Economy Act \(2017\) \(6 February 2024\)](#)

5. [UK Government: Code of Practice for public authorities disclosing information under Chapters 1, 3 and 4 \(Public Service Delivery, Debt and Fraud\) of Part 5 of the Digital Economy Act 2017 \(accessed January 2026\)](#)

## 2. Is there a reluctance to embrace modern communications technology?

While the private sector has long made the most of modern communication tools to engage with customers, there appears to be a nervousness about doing so within the public sector. Certainly, within central government departments, we are aware of a reluctance to communicate with customers electronically.

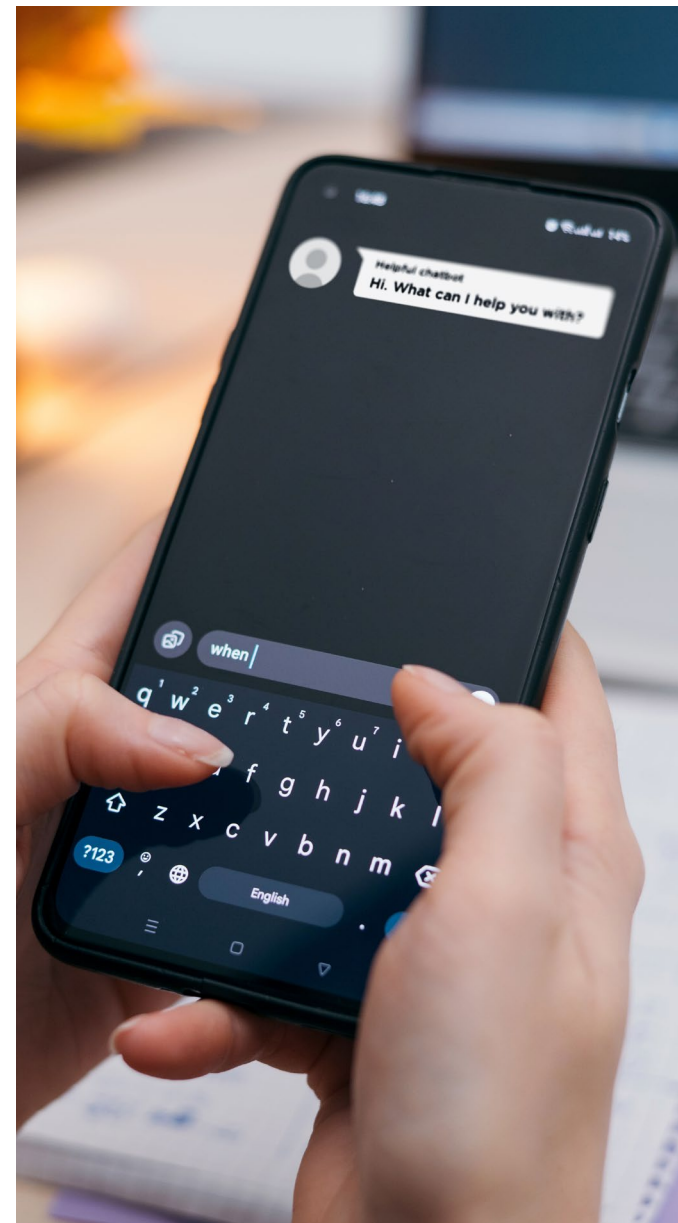
The aversion to email communications may, in part, be explained by the frequency with which the Government features in scam communications. In 2022, the National Cyber Security Centre (NCSC) reported<sup>6</sup> that HMRC was in the top three most impersonated Government brands in scam communications. This may drive some understandable hesitation around embracing email communications, if it risks such scams appearing more plausible to recipients.

It is worth noting, however, that the Government is not alone in having its brands used for malign purposes. Scams and misinformation are rife across many sectors, especially financial services. Responding to this by prohibiting the use of one of the most common tools for day-to-day communications is perhaps not the most constructive approach. Email may carry risk – but every other major sector in the UK has found a way to mitigate those risks. Not just in terms of building essential safeguards but also in terms of messaging. For example, the banking sector's widely publicised campaign Take Five to Stop Fraud<sup>7</sup>, as well as the incorporation of frequent

reminders throughout consumer interactions about the risks of scams and fraud, have helped to make consumers more wary about what to expect from their banks. Perhaps an initial step for Government to consider could be incorporating similar notices into its interactions with individuals, to help build awareness of what Government emails could / would look like, what they will and won't send via email, and what they will and won't ever ask for.

A further possible issue is the fear that permitting consumers to interact electronically could open the floodgates and lead to unmanageable levels of contact, as opposed to some of the more traditional contact methods, such as telephone and post, which create some friction in the process. In other sectors, however, we would probably call this a 'sludge practice'. Technology has come a long way, and managing huge volumes of correspondence can be ably achieved with modern digital solutions, with many highly capable of triaging large-volume communications now that AI can assimilate and summarise free-form dialogue with customers.

Digital communications – whether it's chatbots, web chat, email or self-service portals – are widely used in our daily lives. Many taxpayers might reasonably wonder why they can communicate with the vast majority of their creditors by email, but not the Government. Particularly when the consequences for failing to pay Government can potentially be more severe than those for failing to pay other creditors.



6. [National Cyber Security Centre: "NCSC reveals top government email impersonation scams taken down in 2022" \(30 December 2022\)](#)

7. [UK Finance: Take Five to Stop Fraud \(accessed February 2026\)](#)

### 3. How can we address the gap in consumer education and awareness?

“ There is plenty of information available to adults, much of it from consumer bodies and debt advice charities, not to mention many creditors, collection agencies and debt purchasers.”

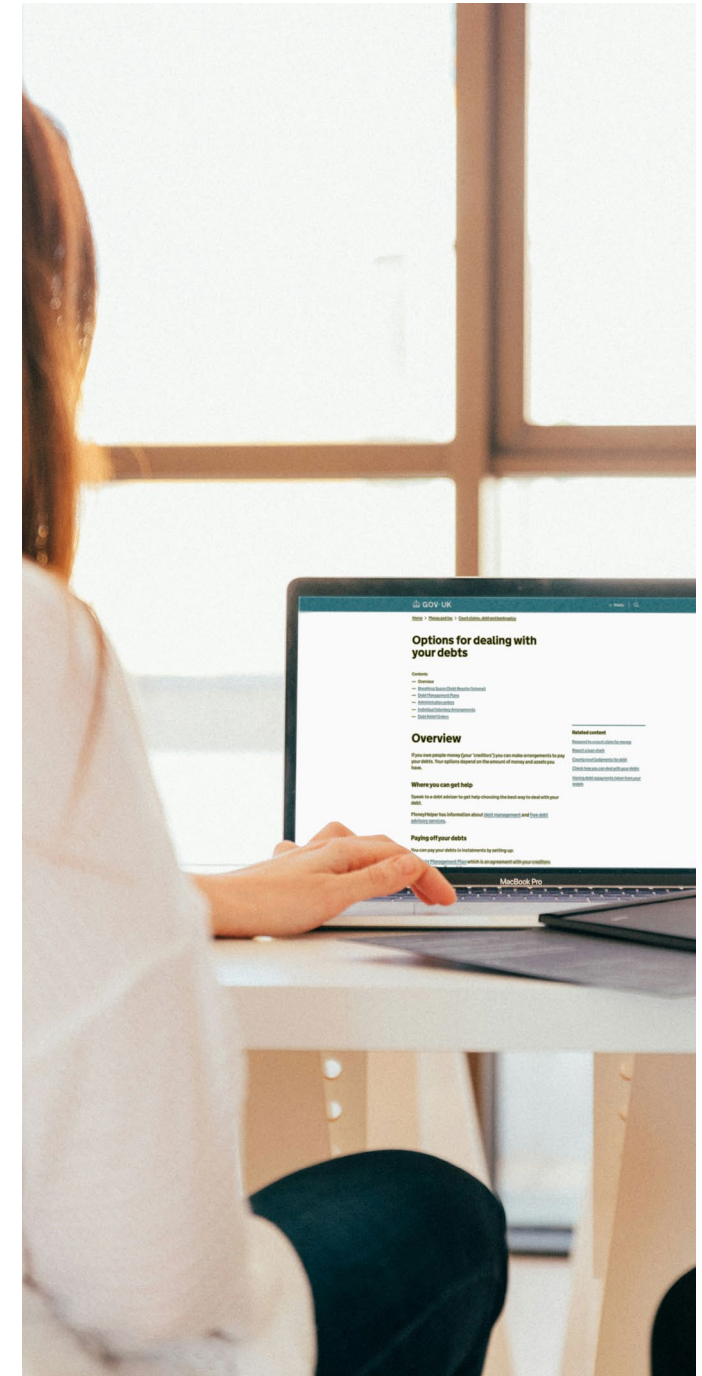
We have talked in the past about the importance of improving financial education in the UK. We were pleased to see the 2025 announcement that the Government would be incorporating financial education into the national curriculum. However, there remains a gap in financial education provision for adults.

Delivering financial education to children and young people theoretically presents less of a challenge, given there is an obvious forum and opportunity to do so while they are studying in school, college or university. There is no such equivalent for adults, which makes tackling the gap far trickier. But it is adults who perhaps need it most, as that education gap affects their lives now.

There is plenty of information available to adults, much of it from consumer bodies and debt advice charities, not to mention many creditors, collection agencies and debt purchasers. That information aims to support consumers in arrears and help them better understand the process and their options. It has an important role to play - but it tends to only be encountered once an individual is already in financial difficulties.

The type of education we would especially like to see is preventative - supporting adults to better understand the range of financial decisions they will encounter, the jargon they may face, and the options available to them.

In the context of money owed to government, there is arguably a need for education around taxes, benefits and access to support. This could focus on giving individuals a reasonable grasp of the Government's revenue and expenditure process, and a clear understanding of the purpose of taxes, the benefits they deliver, the problems that arise when people do not contribute, and the support available when someone cannot contribute. A priority area in the Government's Debt Strategy 2026-2030 is taking steps to prevent the build-up of debt; education could play a key role in such preventative actions. **Could an organisation like the Money and Pensions Service (MaPS), for example, be tasked with exploring initiatives that would focus on debt prevention, such as adult education programmes?**



## 4. Should the same enforcement powers be available to each Government department?

“As a counterpoint, the broader use of such powers would place potentially significant burdens on private sector organisations, such as banks, raising also moral issues of intrusiveness and circumventing what could otherwise be the role of the courts in mandating payments, so an expansion of their use may not be welcomed outside of government.”

In a recent consultation from the Department for Work and Pensions (DWP), views were sought on Codes of Practice governing how the DWP would exercise some new powers. Those powers include obtaining information about individuals from their banks to determine whether they are eligible for benefits, being able to deduct monies directly from an individual's bank account where they owe money to the DWP where there is persistent non-payment and non-engagement, and in extreme circumstances, being able to apply for the disqualification of individuals' driving licences.

The new powers represent innovative approaches to preventing fraud and managing debt. But they also raise the question of why such powers would be restricted to DWP and not available across government (and, arguably, beyond). Provided use of such powers was contingent on implementing essential safeguards, as well as a commitment that any such enforcement should be a last resort, would it not be viable to extend the use to other departments? Perhaps accompanied by some data sharing and public reporting across government about use of those powers, so that they can be suitably scrutinised by the public and ministers.

As a counterpoint, the broader use of such powers would place potentially significant burdens on private sector organisations, such as banks, raising also moral issues of intrusiveness and circumventing what could otherwise be the role of the courts in mandating payments, so an

expansion of their use may not be welcomed outside of government.

Innovation in the tools and powers of enforcement merit further exploration, as many of the existing processes have been around for a long time and there could be value in considering whether modern society offers different levers, different approaches, different technology that could support enforcement.

## 5. What should be considered in the next review of the Fairness Charter?

The Fairness Charter was first published in March 2024, and it committed all Government departments to certain minimum expectations around how they would provide fair treatment of consumers. The Treasury's Government Debt Management Function (GDMF) and the 'Fairness Group' they coordinate, comprising key industry stakeholders, played a crucial part in developing the Charter and securing buy-in across central government.

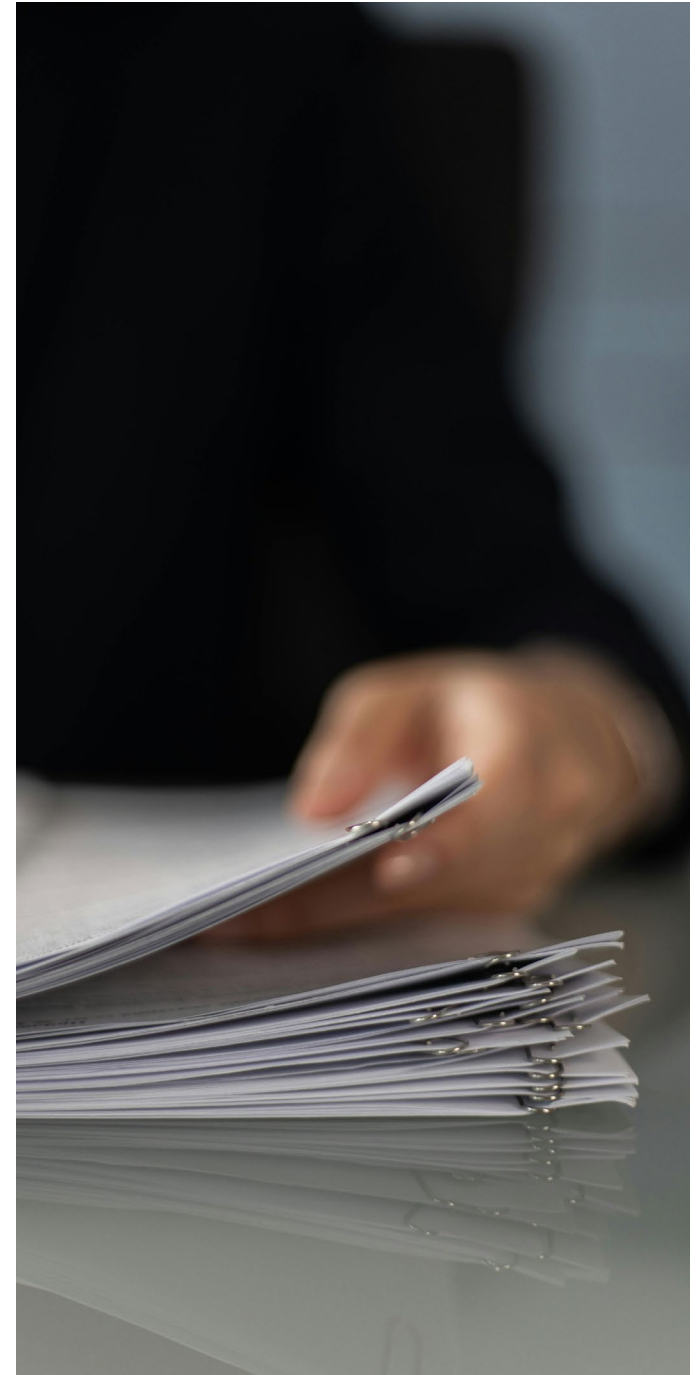
The Charter is expected to be reviewed annually. At the time of writing, we are not aware that it has been reviewed, so it is likely on the horizon. With that in mind, it would probably be useful for central government departments to begin feeding into GDMF their experiences with meeting the expectations of the Charter and where they may need additional support. Having now spent two years working to the standards set by the Charter, it may also be an opportune time for Government to consider whether there is scope to bolster the Charter, to more firmly commit departments to standards in the recovery of debt.

For example, could the Charter set expectations around dispute and complaint handling? Could it set expectations where Government departments have outsourced recovery, including how that outsourcing is communicated to individuals? With question marks surrounding the use of electronic communications in Government debt recovery, could the Charter set minimum standards for communicating with those in debt – and how they should be able to communicate with each department? Government could find inspiration in the CSA's own Code of Practice or the FCA's Consumer Credit Sourcebook. There

are also learnings to be found in the wide-ranging measures taken by financial services firms to meet the high bar set by the FCA's Consumer Duty, especially where consumer understanding and consumer support is concerned.

It is also worth considering whether there would be value in local government also being in scope of the Fairness Charter. A set of consistently applicable standards across both central and local government would support the public sector as a whole in pushing back against allegations of inconsistency and would give individuals some clear expectations about their interactions with the government.

But it is not as simple as just expanding the scope. There would inevitably be questions around oversight and implementation of the Charter – potentially a role the Ministry of Housing, Communities and Local Government (MHCLG) should consider. While there would be concerns about the application of the Fairness Charter creating some additional administrative burden for local government, these are good practices which really ought to be met by all corners of the public sector.



## 6. Will we see a universal Priority Services Register, or equivalent?

In May 2024, the Department for Business and Trade (DBT) published ‘Smarter regulation: delivering a regulatory environment for innovation, investment and growth’<sup>8</sup>, a white paper setting out various plans to improve the UK regulatory landscape. Among the plans announced in that paper was a commitment to create a “Share Once Support Register”, a register that would bring together the current Priority Service Registers and equivalents across the utility sector. It tasked Ofgem with leading a working group on research and development.

When the prospect of a universal PSR was first floated, we encouraged the Government to take the opportunity to develop a genuine ‘tell us once’ solution, a register that consumers could use to share and record information about vulnerabilities without having to do so multiple times across all of their creditors. We pointed out that a Government-backed solution would be better placed to navigate the data protection concerns that tend to crop up when ‘tell us once’ solutions are discussed, not to mention it could also mandate data contribution by creditors, ensuring that consumers could legitimately report their vulnerability to a single source.

The ‘Share Once Support Register’, as proposed, had some fairly significant flaws, in that it would not, strictly speaking, have been a ‘tell us once’ solution, given that it would have omitted major

creditor sectors like financial services and central and local government. It would, nevertheless, have been a step in the right direction.

Disappointingly, in early 2025, Ofgem revealed that work had been paused “while DBT consider their next steps”<sup>9</sup>. DBT does not appear to have revisited this work since that announcement, although a recent paper<sup>10</sup> from the Money and Mental Health Policy Institute (MMHPI) has called on Government to revisit that work, so it may yet be revived.

In the meantime, however, private sector initiatives have stepped up to support vulnerable customers in recording their circumstances and providing this information to creditors. While there have been a number of organisations supporting these initiatives and working with the providers, the concern remains that these are not truly ‘tell us once’ if a consumer is reliant on their creditor using a particular service if they are to be saved the burden of reporting multiple times.

Given the stalled progress on the ‘Share Once Support Register’, the prospect that we will see a centralised universal PSR any time soon is remote. If Government has no appetite to develop its own ‘Priority Services Register’ solution, perhaps it should take a closer look at what is happening among private sector providers and explore how it could instead support and endorse them to build

their offerings into something that can work even more effectively for firms and individuals, ensuring that vulnerability can be easily documented, verified and reflected in the way creditors deal with individuals. Could the Government, for example, explore an approach similar to that which currently exists in the reporting of credit information?

We are already seeing the FCA take steps to mandate the sharing of credit information to certain ‘designated’ credit reference agencies; could something similar work for the sharing of vulnerability data among creditors? Government might want to consider bringing together key stakeholders to explore the barriers and the opportunities.

8. [Department for Business and Trade: Smarter regulation: delivering a regulatory environment for innovation, investment and growth \(16 May 2024\)](#)

9. [Ofgem: Consumer Vulnerability Strategy Refresh: Consultation response summary \(April 2025\)](#)

10. [Money and Mental Health Policy Institute: Stuck on repeat \(March 2026\)](#)

## 7. Should government payments form part of a consumer's credit record?

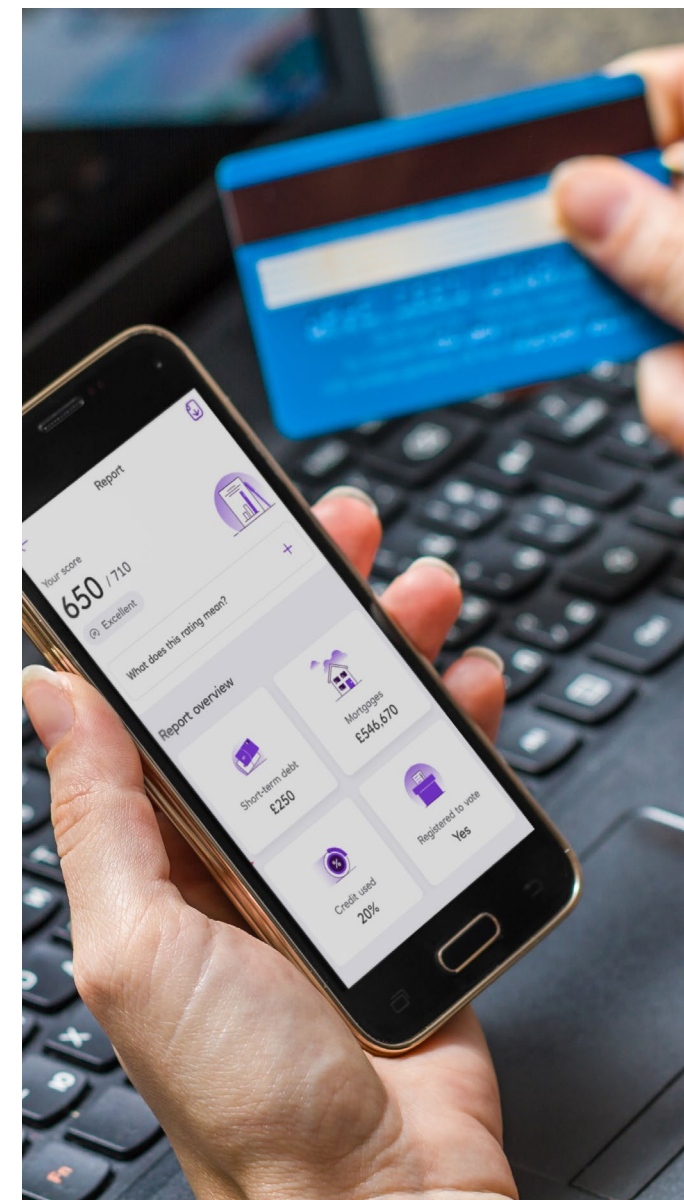
Data from a range of creditors, including financial services firms, energy suppliers and communications service providers, is currently reported on consumers' credit files. This information can help to paint a broad picture of a consumer's financial commitments. For lenders, it is particularly helpful in assessing whether an applicant for credit is likely to be able to repay what they have borrowed – thereby making more accurate judgements on lending sustainability and affordability.

Given the role that credit files can play in lending decisions, many people with a poor credit history or no credit history whatsoever can find it difficult to borrow. There are a variety of products available these days that support consumers to build up a healthier credit history, with a view to gaining access to other credit products that they may not be approved for. The credit reference agencies (CRAs) also allow for rental data to be reported, which can also bolster individuals' credit files.

At present, neither central nor local government provide data to the CRAs regarding consumers' payments to government. However, like rental data, the reporting of some government payment data could potentially help in building up a picture of an individual's ability to pay. Not all government debt would naturally lend itself to that kind of reporting, but there could be scope for some of the more regular payments to be reported.

Fears have been voiced<sup>11</sup> that consumers can become preoccupied with their credit scores<sup>12</sup> to their own detriment, prioritising the wrong payments so that they can retain a healthier score while damage is happening elsewhere on non-reported debts. Allowing for the reporting of currently non-reported payments, such as those to government, could a) enable consumers to build up a stronger credit history and b) create a stronger incentive for those with multiple debts to approach their situation holistically, rather than focusing on those doing the most 'damage' to their credit file.

Questions may arise around the suitability of such payments to the existing credit reporting framework, not to mention whether it would introduce an administrative burden on government departments and local authorities. Nevertheless, a more accurate credit file could in the long run be of benefit to both consumers and public sector departments and creditors departments and local authorities. Nevertheless, a more accurate credit file could in the long run be of benefit to both consumers and public sector departments and creditors.



11. [Centre for Responsible Credit: Credit score marketing needs urgent reform \(January 2026\)](#)

12. Unlike some countries, the UK does not have a single credit scoring system; each CRA scores consumers on their own metrics and that scoring is just one facet of the data being considered by a prospective lender.

## 8. Is there value for the government in debt sale?

“As a counterpoint, the broader use of such powers would place potentially significant burdens on private sector organisations, such as banks, raising also moral issues of intrusiveness and circumventing what could otherwise be the role of the courts in mandating payments, so an expansion of their use may not be welcomed outside of government.”

Money owed to central government is in excess of £50 billion. Council tax debt was last reported to stand at £6.6 billion. The Government is investing considerable sums to reduce these figures – recruiting more staff, spending more on specialist outsourcing, enhancing the consumer-facing technology. But one idea that rarely comes up for discussion is the potential for selling the rights to recover public sector debts.

In 2017 and 2018, the UK Government carried out sales of two student loan debt portfolios, raising £1.7 and £1.9 billion respectively for the Government. In a review of the debt sale, HMT reported that the two sales strengthened the public finances at the time and achieved value for money. A House of Commons Briefing Paper on the subject, however, highlights several counterpoints to the narrative of HMT’s 2020 assessment. Changes by the Office for National Statistics (ONS) to the accounting treatment of student loans, which would have meant sales had a negative impact on public sector net borrowing, ultimately prompted the Government to cease further sales.

The secondary market in other sectors, particularly financial services, enables sellers to access an immediate capital return. It also cuts in-house administrative costs on debt recovery. At the same time, it affords consumers access to support and forbearance that may not have been available previously, with debt purchasers in a stronger position to arrange sustainable repayment arrangements and to consider settlement offers.

Government debts are not the same as debts in other sectors. Where firms in the private sector may be comfortable writing off debt in return for an immediate injection of capital, government departments have a duty to taxpayers to ensure that all pay their fair share and contribute equally. Debt sale involves a trade-off – accepting a reduced return in exchange for it being immediate and also saving downstream costs on further recovery. Would taxpayers be open to that trade-off if they knew that it would contribute to the delivery of government services? Or would taxpayers feel they were somehow being ‘short-changed’ of the full face value of sums owed?

**Across the 32 government departments, there may well be batches of unpaid debt which could benefit from debt sale without carrying the same risk as the average consumer government debt.** Government departments can always approach this tentatively, exploring pilot debt sale arrangements to better understand how it would work, the financial benefit that they could be looking at versus what they stand to gain by retaining the debts, and the reputational challenges they may face. The Treasury should consider further work to understand the cost-benefit position of government debt sale versus retaining debt for collection.

13. [HM Treasury: Review of the student loan sale programme \(11 March 2020\)](#)

14. [House of Commons Library: Briefing paper: Update on the sale of student loans \(16 September 2020\)](#)

## 9. Can we modernise Government financial rules to invest in collections capability?

As with many public services, the normal practice of central Government accounting on an annual basis through the controlled Departmental Expenditure Limit (DEL) process can sometimes make the management of ongoing of commission-oriented services a challenge. The annual “use it or lose it” situation can cap commissions for certain services, such as debt collection, even if those services generate flows of welcome new revenues into the Treasury. Some departments across Government will employ specialist collections agencies to collect certain types of debt owed, but if these are on a commission budget basis within a single financial year there can be a perverse incentive to slow down or stop processes once limits are approached, even if significant ‘uncollected’ sums remain available.

It is a well-known challenge for the Treasury to attempt to orientate service provision around positive outcomes and the multi-year settlements in the Spending Review process have been part of the solution to correct for this. Capital underspends, unplanned ‘rushes’ to spend before year-ends and other disincentives are all facets of public spending management that the Treasury rightly has aimed to move away from.

There are potential models for flexible commissioning that the Treasury and departments might wish to explore further. For instance, certain types of volatile or demand-led spending fall under ‘Annual Managed Expenditure’ (AME) processes not subject to the same rigid annual limits as DEL. Commission for debt collection

services could therefore theoretically be regarded as “negative AME”, offsetting the revenue it brings in, and allowing the budget to scale automatically with the volume of collections. Similarly, as is seen in certain Driver and Vehicle Licensing Agency (DVLA) activities, costs can be absorbed through fee income, and departments could be allowed to operate on a ‘net-expenditure’ basis, with commissions taken as a percentage of total revenues collected, creating a more beneficial self-funding process, linking the cap of spend to yield. We urge the Government to explore this across different departments.



## 10. Is it time for a new approach to commercial collections and business debt recovery?

“ A deeper partnership across the public sector between commercial collections specialists and in-house collections activities could yield significant benefits for the public purse.

With the majority of some departmental debts owed by businesses to the public sector – especially taxes and levies – there is a need for Government to modernise its approach to the collection of arrears from the full array of businesses, SMEs and sole traders. This is particularly necessary when corporate insolvencies and ‘phoenixing’ can mean obligations to make repayments are often avoided. The value of refining the approach to recovery of commercial debt was illustrated recently, with the Financial Times reporting the collection of an extra £16 billion from businesses by HMRC after it took “a more hands-on approach”.

Private sector commercial collections specialisms focus on a more sophisticated approach to recovering sums from businesses that have failed to make payments. HM Revenue and Customs (HMRC) has trialled some private sector specialist partnerships on aged debts in order to release in-house teams to spend time on more complex cases. A deeper partnership across the public sector between commercial collections specialists and in-house collections activities could yield significant benefits for the public purse.



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