

COUNCIL TAX SERVICE IMPROVEMENT PLAN

1 SUMMARY

- 1.1 Members to consider specific elements of the Council Tax Service Improvement Plan as they relate to policy decisions of the Council

2 INTRODUCTION

- 2.1 Members adopted the Council Tax Improvement Plan in July 2003 and review it on a six-monthly basis. In April 2005 they identified seven elements of the Plan which required detailed examination. This report addresses those issues.
- 2.2 The following items were originally identified by the Committee as having medium or low priority status. The number shown in the first column relates to the element in the Action Plan.

No.	Element	Ranking
2.1	The Billing Authority operates an incentive scheme for early lump sum payments	Low
3.13	Customers can pay at the post office using a swipe card	Medium
3.14	Customers can pay by Pay Point	Medium
8.1	Reminders are issued within 15 working days of the installment becoming overdue	Low
8.2	A summons is issued within 15 working days of the first reminder if the account has not been brought up to date	Low
9.2	The Authority prosecutes if a Request for Information Notice is not returned	Low

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| 9.5 | Employers who fail to set up attachments (to earnings) are prosecuted | Low |
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3 DETAILED CONSIDERATION

- 3.1 The following paragraphs explore the arguments for and against each of the elements described above. Where elements of the plan are inter-related they have been combined.

Prompt Payment Discount (Element 2.1)

- 3.2 Local authorities can offer a prompt payments discount for Council Tax payers who settle their bills in full by a prescribed date (usually around 15 April). This Council abandoned prompt payment discount (for General Rate) in April 1981.
- 3.3 The cost of the discount has to be borne by the General Fund and recharged by levying a slightly higher Council Tax. The arguments against granting a discount are as valid today as they were in 1981

They are:-

- Costs falling on those who cannot afford to pay in one lump sum
- Arguments about the actual date of receipt of the payment
- Good collection record anyway
- High proportion of payers adopting Direct Debiting
- With small balances falling due after the granting of Council Tax Benefit the taxpayer might have paid in a lump sum anyway.

Swipe Card and Pay Point (Elements 3.13 and 3.14)

- 3.4 The Council already offers an extensive range of payment options, fully considered by this Committee in 2004 when payment books were withdrawn. The use of external agencies slows down the cash receipting process and card production companies generally have a minimum order level. This causes time delays when issuing cards (as experienced with Housing Rent collection) when alternative payment methods have to be issued – payment books!
- 3.5 The issue of swipe card would not compliment the Council's e-Government strategy when more modern electronic payment methods exist. Concerns are also expressed about the cost of card production, loss of cards by taxpayers and the transaction charge.

Recovery Cycles (Elements 8.1 and 8.2)

- 3.6 Rochford has an excellent Council Tax collection record which has always reflected top quartile performance. This has been achieved by having a balanced recovery protocol triggering early intervention where required. Except where taxpayers opt to pay by Direct Debit all instalments fall due on 1st of the month. Reminder notices for missed instalments would generally be sent very early in the second month allowing a range of between 21-25 days to elapse before the reminder is sent. This has proved an effective period which treads a fine path between sending out large numbers of reminders and having to deal with the calls and correspondence this generates, and allowing two months arrears to accrue.
- 3.7 Similarly, by tightening the criteria on the issue date of summonses the Council would need to have additional resources to deal with the customer contact this would generate.
- 3.8 These policies were last reviewed in 2002/03 when the Recovery and Enforcement Protocol was agreed. Magistrates Court time has also been geared around this framework.
- 3.9 There are over 33,000 Council Tax accounts. Annually, the Recovery and Enforcement Team issue around 4460 Reminder Notices, 1960 Final Notices and 814 Summonses. The Head of Service estimates that there would be around a 35% to 45% uplift in these figures and associated costs if the recovery cycle was tightened.

Information Request and Attachments to Earnings (Elements 9.2 and 9.5)

- 3.10 Attachment to Earnings is a mechanism for the recovery of Council Tax although not frequently used by this Authority (111 in 2004/05). The process requires the co-operation of the recalcitrant taxpayer in divulging their employment details and the Co-operation of that employer in making deductions. Generally speaking the Council receives good co-operation on both counts.
- 3.11 Should refusal be experienced, then the Council can prosecute the offender or offending employer. A successful prosecution will result in a Magistrates fine at Level 2 (currently £500). The fine goes to the Exchequer and not the Council although the Council bears the cost of prosecution. It is therefore not a course of action the Head of Service would recommend. In any case where the taxpayer fails to co-operate the Council would instruct a bailiff to execute distraint.

4 FINANCIAL AND RESOURCE IMPLICATIONS

- 4.1 The origins of the Action Plan were from the CIPFA Guidance on Council Tax Collection, which aimed to improve efficiency, increase collection rates and 'smarten' procedures. It is very difficult to assess the financial impact or undertake an efficiency impact assessment on the seven elements under

review. However, it is important for Members to have some broad guidance so that a value judgment can be made. This is best achieved in the matrix below:

Element	Ranked	Cost in comparison with result	Impact on Collection or efficiency of Service
2.1 Lump Sum Discount	Low	Neutral	Minimal
3.13 Swipe Cards	Medium	High	Minimal
3.14 Pay Point	Medium	High	Minimal
8.1 Reminders	Low	Medium	Will improve cash flow but probably be offset by additional resources needed to deal with customer contacts
8.2 Summonses	Low	Medium	As 8.1 above
9.2 Prosecutes for Information Notices	Low	High	No effects
9.5 Prosecutes for Attachments	Low	High	No effects

5 RISK IMPLICATIONS

- 5.1 The CIPFA Guidance is a model for all Local Authorities whether large or small, and is not tailored for poor or well performing services. It therefore includes a number of elements which larger metropolitan Authorities with poor collection rates might want to consider. As indicated in the opening paragraphs of this report, Rochford has an enviable collection record on Council Tax. If the proposals set out in the guidance now under consideration in this report were to be adopted, then any efficiency savings achieved would

probably be swallowed by additional costs or additional fines income would be generated for the Exchequer.

6 RECOMMENDATION

6.1 It is proposed that the Committee **RESOLVES**

That no action be taken on the seven elements of the Action Plan under consideration in this report.

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Background Papers:-

CIPFA Guidance

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