

## COUNCIL TAX PAYMENT METHODS

### 1 SUMMARY

- 1.1 Members to consider the report of the Head of Revenue and Housing Management on current Council Tax Payment Methods and a proposed customer consultation exercise.

### 2 INTRODUCTION

- 2.1 Council Tax represents a major source of income for Rochford District Council, Essex County Council and the other precepting authorities. In 2004/05, the Revenue and Benefit Team will be collecting £37.5 million.
- 2.2 Rochford offers one of the widest ranges of payment methods of any local authority (See Appendix 1). Over the years, like most commercial enterprises there has been a gradual migration to electronic payment methods and the Council currently enjoys just over 78% direct debit penetration on 'live' accounts. This is a major contribution to Rochford achieving its e-Government target.
- 2.3 The split on the various payment methods is as follows:-

#### Number of Payers in each payment type

Standing Order payers	18
Staff Salary deductions	29
Instalment books	6,402
Direct Debit payers	<u>23,393</u>
	<u>29,842</u>
Exempt and maximum benefit cases	3,791
TOTAL COUNCIL TAX ACCOUNTS	<u><u>33,633</u></u>

- 2.4 Research has shown that those taking instalment books use a variety of methods of payment. Concern at the high costs of instalment book production and transaction charges led to the management decision to wean payers off instalment books and this year's distribution contained only six giro slips to cover the period up to September. Payers were advised to seek alternative payment methods for the remainder of the year. The intention is to provide no instalment books in March 2005 for the 2005/06 billing.
- 2.5 This exercise is estimated to save the Council up to £22,000 based on customers currently using the cheapest payment method (30p per transaction). Members are reminded that as the billing authority, the cost of collection falls

entirely on the Council with no contribution being made by the precepting authorities.

### 3 ELECTRONIC PAYMENT METHODS

- 3.1 Members will recall that three years ago the decision was taken to withdraw weekly rent payment books (similar to Council Tax instalment books) and to substitute these with an electronic swipe card saving the Housing Revenue Account around £21,000 in bank charges and £4,000 in print production costs.
- 3.2 Contrary to some expectations, rent collection actually increased during the year of change and has been maintained at around 99% in subsequent years.
- 3.3 The note in the Council Tax instalment book drawing customers' attention to its withdrawal encouraged the take up of Direct Debiting and the Head of Service is pleased to advise Members that the 'sign-up' rate on Direct Debiting is running at about 200 customers per week above normal levels. This is very encouraging news.
- 3.4 Since July 2003, customers have also had the option to make payments online via the website or over the telephone. Again, this is a contributory element to meeting e-government targets.

### 4 ACTUAL USE OF PAYMENT VOUCHERS

- 4.1 Payment vouchers can be used for three payment methods:-
- a. to accompany a cheque sent in by post - *unnecessary as the account number can be written on the back of the cheque.*
  - b. to accompany a cheque or cash dropped into the Handitill at Rochford or Rayleigh - *rarely used as payers have to write account details on the envelope*
  - c. to facilitate payment at a bank or post office counter - *unnecessary as these organisations often provide paying-in vouchers on the counter.*
- 4.2 Further analysis has shown that a very low level of instalment vouchers are actually used bearing in mind that in any tax year around 64,000 are issued:-

Postal Transactions	4300
Handitill	6200
Bank Giro System	9200

Similar reviews have taken place in other Essex authorities (see appendix 2) revealing that for 2004/05, of those local authorities that responded, only two still issue payment books. Chelmsford Borough Council, which achieved

higher collection rates than Rochford in 1998/99, 2001/02 and 2002/03, have never provided instalment books for Council Tax collection.

## **5 PROPOSED SURVEY**

5.1 The Head of Service proposes to conduct a random 10% survey of those still using instalment books to ensure there is a full appreciation that:-

- Monthly payment facilities still exist
- Instalment payment books will no longer be issued,

and to

- ask customers whether they feel the Council provides a sufficiently wide range of opportunities to pay.

5.2 If a survey is approved at this meeting, the results should be ready for reporting in September 2004.

## **6 FINANCIAL AND RESOURCE IMPLICATIONS**

6.1 The cost of the survey will be around £460 in direct print and postal costs, plus staff time to analyse the results, all of which can be met from the existing budget.

## **7 RECOMMENDATION**

It is proposed that the Committee **RESOLVES**

- (1) To endorse the cost saving initiative to cease the issue of Council Tax instalment books.
- (2) To undertake a customer survey of Council Tax Payment methods.
- (3) To continue with publicity to encourage taxpayers to adopt electronic forms of payment.

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**Council Tax Payment Methods****Appendix 1**

Direct Debit	- A 'once only' authority for the Council to collect money from the Council Tax payers bank account.
Standing Order	- Renewable annually by the Council Tax payers in line with instalments due
Automatic Teller Machine	- (ATM) – Available at Civic Suite, Rayleigh and Council Offices, Rochford. Council Tax Payer completes an envelope with account details and encloses cash or cheque.
By Post	- Council Tax Payer posts cheque to Council to receipt.
On Line Payment	- Council Tax Payer uses RDC Website to transfer money from their bank or credit card account.
Telephone Payment	- Council Tax Payers phone with their payment details which are debited from their bank or credit card accounts.
'Right Moves' Agency	- Council Tax Payers in Hullbridge (no post office) can pay over the counter at 'Right Moves' Estate Agents.
Using own Bank	- By completing a bank giro credit slip from their own cheque book or from the bank counter(no charge). Some banks are starting to phase out credit slips
Using any Bank	- As above (charge made).
Using Council's Bank	- Co-operative Bank do not make a charge but there is not a full branch in the District.
At Post Office	- By completing a post office girobank slip (charge made by Alliance and Leicester Building Society who administer the scheme).
Co-operative Office in Rayleigh	- An 'over the counter' payment service.

## Analysis of Essex Authorities

## Appendix 2

Basildon	Issue an 'ALLPAY' card for payment at the Post Office. Issue customers with a piece of card which can be stamped by cashiers at Council offices.
Castle Point	Have for the last 8 years issued 10 payment slips with the annual bill but have indicated that, like Rochford, this is the last year of issue.
Brentwood	Issue up to 12 vouchers which are perforated on A4 sheets of paper.
Tendring	The annual bill has a blank space on the back for a receipting record.
Uttlesford	Don't issue any stationery for payment. If a customer pays at the Council Office the cashier will issue a receipting card for them to bring each time they pay.
Colchester	Do not issue stationery and abolished payment books 11 years ago.
Thurrock	Do issue payment books for those that want them. However, customers who move into the area during the year will get transcash vouchers for payment at the Post Office only.
Chelmsford	Issue an A4 sheet of paper which is perforated into 12 vouchers.
Braintree	Issue payment books only if specifically requested. Back of the annual bill will be stamped if payment made at Council offices.
Epping Forest	Issue 10 vouchers with the annual bill.
Maldon	No response but web site only mentions direct debit as a way to pay.
Southend	No response to enquiry
Harlow	No response to enquiry.