

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Council : 26 November 2008

Subject : Council Tax Instalment Date

1. Purpose

- 1.1 The purpose of this report is to recommend to Council the proposals for council tax instalment dates for the financial year 2009/10 and beyond.

2. Background

- 2.1 On 28 November 2007, the Corporate and Efficient Governance Committee agreed to change the council tax instalment date from the 28th of the month to the 1st of the month with effect from 1 April 2008.
- 2.2 In October 2008, Council asked that a report be submitted regarding a more flexible payment method to be effective from 1 April 2009.
- 2.3 The Council's budget for 2008/09 assumes a council tax collection rate of 97%. Within this assumption there is a target of 93% to be collected within the first year.

3. Main Issues

- 3.1 Council tax payments are due in 10 monthly instalments during the year. At present, instalments are due on the 1st of each month from April to January. Taxpayers opting to pay by direct debit can choose to pay on the 1st, 15th or 28th of each month.
- 3.2 The main reason for moving the instalment date forward was to improve the council tax collection performance. Moving to the 1st of the month would allow more time for recovery action during the year. At present, 23 out of 32 Scottish councils have a 1st of the month instalment date. In addition, recent council tax benchmarking exercises have indicated that a direct relationship exists between high direct debit uptake and high council tax collection levels.
- 3.3 As at 31 October 2008 the council tax collection performance for 2008/09 was 3% ahead of the performance at the same time last year. Although the majority of this improvement is attributed to quicker collections rather than an absolute increase in collection levels, the Council is benefitting from improved cash flows during the year. In addition, almost 3,000 households have signed up to pay by direct debit since the new scheme was introduced.
- 3.4 It should, however, be noted that, for persons in receipt of benefit who opted not to take up the later instalment date available for payment by direct debit, there was a short lead in time to have their first instalment paid by 1 April.

- 3.5** The motion approved by Council in October asks that taxpayers in receipt of benefit are moved on to a later instalment date so as to allow time for taxpayers to receive their state benefit prior to the council tax instalment date. At present there are approximately 14,000 households in receipt of Council tax benefit. This figure represent about 32% of all households.
- 3.6** There would be difficulties with automatically moving all households in receipt of state benefits onto a later instalment date. The difficulties involved would be in respect of persons moving in and out of benefit and also due to the fact that not all state benefits would trigger an entitlement to council tax benefit. It would be possible, however, to include a notice on annual bills indicating the availability of the later instalment date upon application to the Council. Publicity material would be issued to all households advising of the application process whereby upon submitting evidence of current benefit entitlement, taxpayers would be allocated a later instalment date.
- 3.7** Accommodating a later instalment date for persons in receipt of state benefit would also be in accordance with the Council's corporate debt policy as it would seek to minimise the imposition of penalties for late payment. It should be noted that the latest monthly instalment date would be the 28th of each month.
- 3.8** There are also accounts available with credit unions that enable customers to set up direct debits. This would enable customers to take advantage of the later instalment date available to direct debit payers. It should be noted that there is a substantial number of households in receipt of council tax benefit who have already taken up the direct debit option.

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** The Council's budget assumes a council tax collection rate of 97%.
- 5.2** The availability of a later instalment date for persons in receipt of state benefit would seek to reduce the potential for penalties imposed for late payment.

6. Risk Analysis

- 6.1** The Council's collection target contained within the 2008/09 general services budget is for a life time collection rate of 97.00%. Within this target there is an assumption that 93.00% will be collected within the first year. Failure to achieve the 97.00% collection target would have an adverse affect upon the financial resources available to the Council.

7. Conclusions

- 7.1** The 2008/09 in-year collection rate for council tax is on track to meet the target performance levels. The earlier instalment date has enhanced the Council's cash flow and almost 3,000 households have signed up for direct debit payments since the introduction of the new scheme.
- 7.2** Some households in receipt of state benefit have experienced difficulty with the transition to the earlier instalment date. Information will be passed to households regarding the availability of a later instalment date and also the facility to pay their council tax through a credit union.

8. Recommendations

8.1 Committee is invited to agree the following:

- a) the 1st of the month remains as the standard instalment date,**
- b) Instalment dates of 1st, 15th and 28th of the month remain available to direct debit payers, and**
- c) households in receipt of state benefit are advised of the availability of an instalment date of the 28th of the month.**

Joyce White
Executive Director of Corporate Services
Date: November 2008

Wards Affected:	All Wards
Appendix:	None
Background Papers:	Corporate and Efficient Governance Committee 28 November 2007 Change to Council Tax Billing Date
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