
Report To:	Policy & Resources Committee	Date: 13th August 2013
Report By:	Chief Financial Officer	Report No: FIN/49/13/AP/LA
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Subject:	Methods of Council Tax Payment	

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval for the Council to cease accepting payments by Standing Order for Council Tax with effect from the financial year 2014/15.

2.0 SUMMARY

- 2.1 As technology evolves it is important that the Council regularly reviews the methods it makes available for customers to interact with the Council. One high volume area relates to the payment of Council Tax.
- 2.2 Currently less than half the Councils in Scotland now accept payment by Standing Order as there are cheaper, more efficient alternatives which are also less prone to error.
- 2.3 At a time when the Service has seen significant reductions in its Council Tax billing and collection resource it is clear that the Council cannot guarantee that there will not be errors in those small number of cases where payment is made by Standing Orders and in addition to the time spent in trying to avoid the errors, time is then spent in interacting with customers who are understandably unhappy with the level of service provided by the Council.
- 2.4 It is proposed therefore that the Council stops accepting payments by Standing Orders with effect from the financial year 2014/15. The Council is however asked to note that by that time it will be able to accept online payments for Council Tax thus opening up a further route for customers to use.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee approve the cessation of the acceptance of Standing Orders as a method of payment for Council Tax with effect from the financial year 2014/15.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council currently accepts payment of Council Tax from a variety of methods including Direct Debit, Standing Order, Cheque & Cash and over the phone.
- 4.2 As technology evolves and society changes the way that it interacts with public authorities, it is important that the Council regularly reviews and modernises the ways in which customers interact with the Council.
- 4.3 The value and volume of payments via Standing Orders for Council Tax have gradually reduced over the years with the figures for 2012/13 being that approximately 500 households were paying by Standing Orders which total payments of £620,000. This equates to 1.7% of all Council Tax income.

5.0 CURRENT POSITION

- 5.1 Payments by Standing Orders require a significant amount of manual intervention to avoid errors. Given the significant reductions in the size of the Council Tax team in recent years the Service cannot fully guarantee that errors (which requires manual checks to avoid) will not occur. Appendix 1 lists the work rounds for Standing Orders and compares this with Direct Debits.
- 5.2 When errors occur understandably customers are annoyed and will often complain and this then takes further staff time investigating the error, trying to explain the nature of the error to the customer and rectifying the error made.
- 5.3 What is not known is the number of Standing Order payers who receive Council Tax reminders in error but do not complain. As the Council is striving to improve levels of customer service it is not ideal to have a method of payment which is unreliable.
- 5.4 The Finance Service carried out a survey of the 32 Local Authorities in Scotland the results of which are attached as appendix 2. From this it can be seen that whilst all 32 Councils accept payment by Direct Debit and 30 Councils accept payment online or over the phone only 14 continue to accept payment by Standing Orders. This reflects not only the wider changes in the use of Standing Orders but also the technical complexities of using Standing Orders for a high volume, recurring payment such as Council Tax.

6.0 PROPOSALS

- 6.1 It is proposed that from the financial year 2014/15 the Council no longer accepts payment for Council Tax by Standing Order. By making a decision now the Committee allows the Finance Service sufficient time to communicate with those households who currently pay by Standing Orders and encourage them to move to Direct Debit.
- 6.2 In the event that there is a reluctance to move to Direct Debit then the Council still will accept payment over the phone or at the Customer Service Centre. In addition the Council will be in a position to accept online payments for Council Tax by 2014 thus offering a further route for customers to pay their Council Tax.

7.0 CONCLUSIONS

- 7.1 The use of Standing Orders to pay Council Tax causes technical difficulties which the Council is unable to resolve. At a time when there is significant pressure on budgets and for processes to be as streamlined and efficient as possible, this situation is not sustainable.

- 7.2 By the Committee taking a decision now to cease the acceptance of Standing Orders for the payment of Council Tax from 2014/15 it gives a 6 month period for customers to consider their options and officers will give full support and advice to customers in this regard.

8.0 IMPLICATION

- 8.1 Financial – Whilst there will be some concern that there may be a drop off in Council Tax payments as a result of withdrawing Standing Orders this is not considered to be a high risk to the Council as those customers who pay by Standing clearly have a desire to pay their Council Tax and with the correct support and advice will continue to do so from 2014/15.
- 8.2 Legal – There is no legal requirement for the Council to offer Standing Order as a method of payment to the Council.

9.0 REPOPULATION

- 9.1 The move by the Council to accept online payments and specifically online payments for Council Tax can only be viewed positively by individuals considering moving to the Council area. This will bring the Council in line with the vast majority of other Councils in Scotland and open the doors for further improvements in Customer Service.

Standing Orders

Advantages

- Customers retain full control of payments
- Council is receiving a payment

Disadvantages

- Requires to be renewed annually
- Need to ensure amount/reference numbers are correct
- Any changes need to be advised to the bank
- Payments to be received by 7th of the month

Problems for the Council

- High level of incorrect reference numbers
- Payments made to wrong years/wrong amount
- Insufficient time often left before 7th payment date for changes to be made
- Automated recovery processes need to be adapted for extra manual checks
- All this takes time and despite best efforts can lead to errors

Direct Debits

Advantages

- Easy to set up, convenient and safe
- Automatically renewed annually and backed by the Direct Debit Guarantee
- Choice of payment dates
- Changes automatically implemented and notified in advance
- Can be set up over the phone
- Lowest cost of transaction of all methods

Disadvantages

- Perceived lack of control by customer

Problems for Council

- None

Appendix 2

Name of Council					COUNCIL OFFICES	INTERNET BANKING
	DD	SO	ON-LINE	PHONE		
Aberdeen City	✓	✓	✓	✓	✓	
Aberdeenshire	✓		✓	✓	✓	✓
Angus	✓	✓				
Argyll & Bute	✓		✓	✓	✓	
Clackmannanshire	✓		✓	✓	✓	
Dumfries & Galloway	✓		✓	✓	✓	✓
Dundee City	✓		✓	✓	✓	✓
East Ayrshire	✓	✓	✓	✓	✓	
East Dunbartonshire	✓	✓	✓	✓	✓	
East Lothian	✓		✓	✓	✓	
East Renfrewshire	✓		✓	✓	✓	
Edinburgh City	✓		✓	✓		
Eilean Siar	✓		✓	✓	✓	
Falkirk	✓		✓	✓	✓	
Fife	✓		✓	✓	✓	✓
Glasgow City	✓		✓	✓	✓	
Highland	✓	✓	✓	✓	✓	✓
Inverclyde	✓	✓		✓	✓	
Midlothian	✓		✓	✓	✓	
Moray	✓	✓	✓	✓	✓	
North Ayrshire	✓	✓	✓	✓	✓	
North Lanarkshire	✓	✓	✓	✓	✓	✓
Orkney	✓		✓	✓	✓	
Perth & Kinross	✓	✓	✓	✓	✓	
Renfrewshire	✓	✓	✓	✓	✓	
Scottish Borders	✓		✓			
Shetland Islands	✓		✓	✓	✓	
South Ayrshire	✓	✓	✓	✓	✓	
South Lanarkshire	✓	✓	✓	✓	✓	
Stirling	✓		✓	✓	✓	✓
West Dunbartonshire	✓		✓	✓	✓	
West Lothian	✓	✓	✓	✓	✓	