

REPORT TO: THE MORAY COUNCIL ON 11 FEBRUARY 2010

**SUBJECT: COUNCIL TAX – ADMINISTRATION AND ENFORCEMENT
POLICIES 2010-11**

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 This report invites the council to determine for the next financial year, 2010-11, the policies which will govern the conduct of Council Tax administration and enforcement in this year.
- 1.2 This report is submitted to the council in terms of the council's Administrative Scheme relating to the administration of the levy, collection and payment of Council Tax.

2. RECOMMENDATION

- 2.1 It is recommended that, for the next financial year, 2010-11, the council:
- (a) offer cheque, direct debit, payment-card, and standing order as the methods by which Council Tax demand-notices may be paid;
 - (b) agree that the monthly-instalment payment-date for non-direct debit methods of payment in the months April 2010 to January 2011, inclusive, shall be the first day of each month;
 - (c) agree that monthly-instalment payment-date for direct debit methods of payment due in the months April 2010 to January 2011, inclusive, shall be the fifth, fifteenth or twenty-fifth day of each month;
 - (d) agree the monthly-instalment payment-date for direct debit methods of payment in the months April 2010 to March 2011, inclusive, shall be the fifth, fifteenth or twenty-fifth day of each month;
 - (e) agree that the following additional non-monthly instalment-profiles be made available, and limited, to Council Tax-payers choosing to pay by direct debit:
 - i. a weekly instalment-profile, the first payment-date being on 2nd April, 2010, and thereafter being payable weekly on each subsequent Friday;

- ii. a fortnightly instalment-profile, the first payment-date being on 8th April, 2010, and thereafter being payable fortnightly on alternating Thursdays;
 - iii. a quarterly instalment-profile, with payment-dates on 30th May, 30th August, 30th November, 2010, and 28th February, 2011;
 - iv. a half-yearly instalment-profile, with payment-dates on 30th May, and on 30th November, 2010;
 - v. an annual instalment-profile, with a payment-date on 30th June, 2010.
- (f) agree that the date for a single annual payment by non-direct debit methods of payment shall be 1st April, 2010;
- (g) agree that any demand-notice issued after the last instalment on the account's statutory instalment-profile has become payable shall be payable in full fourteen days after its date of issue;
- (h) agree to instigate recovery-action against debtors whom have failed to make payment of one of the monthly-instalments printed on their Council Tax demand-notice seven working days after the unpaid monthly-instalment's payment-date has passed.

3. BACKGROUND

3.1 Introduction

3.1.1 The council, as the statutory Council Tax levying authority for Moray, has discretionary powers to determine policy on a number of aspects of the administration of Council Tax.

3.1.2 The principal items to be determined prior to the commencement of each financial year are the methods and the dates Council Tax demand-notices may be paid.

3.1.3 To assist in the determination of the appropriate methods of payment and the payment-dates which may be made available, the current practice in respect of each of these issues is outlined in detail in the following points.

3.2 Council Tax Administration

3.2.1 In terms of Schedule I, Part I, Regulation 21 of the Council Tax (Administration and Enforcement) (Scotland) Regulations 1992, subsequently amended by Regulation 6 of the Council Tax (Administration and Enforcement) (Scotland) Amendment (No.2) Regulations 2000, Council Tax demand-notices for any financial year are payable by ten monthly instalments.

- 3.2.2 The first instalment is payable in April and the final instalment in the following January. The payment-date falls due for payment on the date in each month determined by the levying authority.
- 3.2.3 The methods of payment currently made available are:
- (a) cheque;
 - (b) direct debit;
 - (c) payment-card;
 - (d) standing order.
- 3.2.4 The monthly-instalment payment-dates currently made available are:
- (a) cheque, payment-card and standing order: first day of each month in which an instalment is payable;
 - (b) direct debit: fifth, fifteenth, or twenty-fifth day of each month (as chosen by the Council Tax-payer) in which an instalment is payable.
- 3.2.5 In addition to the payment-dates listed in the preceding point, 3.2.4, above, for Council Tax-payers who chose to pay by direct debit, the following additional payment-profiles are also made available:
- (a) weekly instalment-profile (fifty-two payments, due on each Friday);
 - (b) fortnightly instalment-profile (twenty-six payments, due on alternating Thursdays);
 - (c) twelve-monthly instalment-profile (twelve payments, due monthly April to March, inclusive);
 - (d) quarterly instalment-profile (four payments, due on the last day of May, August, November and February);
 - (e) half-yearly instalment-profile (two payments, due on the last day of May and November);
 - (f) annual instalment-profile (one payment due on the last day of June).
- 3.2.6 Some Council Tax-payers who do not choose to pay by direct debit may want to make payment of their Council Tax demand-notices in a single payment; for those who wish to do so, the payment day is currently 1st April.
- 3.2.7 Any Council Tax demand-notice issued after the last statutory instalment-date passes is payable in full fourteen days after its date of issue.

3.3 Direct Debit

- 3.3.1 Direct debit is the most cost-effective method by which the Council may ingather the Council Tax income-stream due to it. It offers considerable cost-savings over all other payment methods and is, consequently, the Council's preferred payment method.
- 3.3.2 In recognition of the efficiencies and cost-savings which accrue through maximization of payment by direct debit, the Council has taken a number of steps over recent years to promote its uptake.
- 3.3.3 One of the steps that has been taken to promote direct debit is to offer those Council Taxpayers who opt to pay by this method an enhanced menu of instalment-profiles, thereby permitting them to select one which best conforms to their personal and financial circumstances.
- 3.3.4 These steps have yielded significant results. At 31st December, 2009, 68.3% of Council Tax accounts were paid by direct debit.
- 3.3.5 There remains scope, nevertheless, to improve take-up, which continues to be lowest amongst Council Tax-payers residing in Band A and Band B properties, as this continues to represent the most efficient and most cost-effective manner in which Council Tax monies may be collected.

3.4 Council Tax Enforcement Policy

- 3.4.1 The council has a duty to promptly ingather the Council Taxes due to it. The fundamental mechanism by which it may achieve this outcome is to quickly expose debtors with instalment-arrears to enforcement-action.
- 3.4.2 Effective enforcement-action requires, in practice, the issue of reminder-notices once an instalment's payment-date has passed and, if this proves ineffective, to obtain a Summary Warrant for any unpaid reminder-notices. In each instance this action should be taken promptly once an amount falls into arrears.
- 3.4.3 In the current financial year, 2009-10, the council continued its policy of promptly instigating enforcement-action against Council Tax-debtors. This meant, in practice, enforcement-action to recover an unpaid instalment began seven working days after it had fallen due for payment.
- 3.4.4 This is an effective policy. The council's in-year Council Tax collection performance placed it in the upper quartile of Scottish local authorities at 31st March 2009 and it is projected to repeat this performance at the end of the current financial year, 2009-10. It is, therefore, considered prudent to continue with the policy in the year ahead.

- 3.4.5 It should be noted that prompt enforcement-action will not be at the detriment of debtors seeking to make payment. Revenues Section staff are mindful of the challenging financial circumstances faced by some members of the community during a recession in which household-incomes are being placed under significant stress. Staff will deal sympathetically with any enquiries, using the opportunity presented by enforcement-action, to assist debtors to understand the need to make payment of their instalments on the due-date and to offer mutually-acceptable payment plans which take cognisance of enquirers' personal and financial circumstances.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

The manner in which Council Tax is currently administered is in line with the working principles identified in the Corporate Plan regarding sound financial management.

(b) Policy and Legal

No policy or legal implications arise from the content of this report.

(c) Resources (Financial, Risks, Staffing and Property)

The current arrangements for the administration, and the enforcement, of Council Tax, as outlined in this Report, allows the council to ingather this income-stream in an efficient and a cost-effective basis.

(d) Consultations

No consultation has been carried out in the preparation of this Report.

5. CONCLUSION

- 5.1 The council is asked to accept the recommendations contained in this report, thereby ensuring that the administration and enforcement of the Council Taxes due to the council in the next financial year, 2010-11, is conducted in an efficient and cost-effective manner.

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Background Papers:

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