

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 30 NOVEMBER 2000

COUNCIL TAX PAYMENT DATE

Report by Director of Finance

1 PURPOSE OF REPORT

- 1.1 This report proposes changing the Council Tax payment date to take advantage of the provisions of new legislation designed to improve councils' collection performance.

2 BACKGROUND

- 2.1 A number of reports have been commissioned about the effectiveness of councils on collection of council tax. These have made a number of suggestions on legal measures which could be taken to assist councils. One of these was to allow billing and collection of council tax to commence from 1 April rather than 1 May. The benefit of this is that follow-up procedures can be initiated earlier and a greater proportion of council tax should be collected during the year it is billed. This measure is a statutory performance indicator for the council.
- 2.2 From 1996/97 to 1999/00 the payment date for council tax in East Ayrshire was 28 May. Last year the date was brought forward to 1 May. In addition to allowing earlier follow up of non-payers, this will save £85,000 in debt charges in the current year due to earlier receipt of cash.
- 2.3 Given that the legislative change was requested by councils to aid collection performance, most councils have decided to move the due date for the first council tax payment for 2001/02 into April and as a result, the common council tax setting day recommended by CoSLA has been brought forward by one month.

3 PROPOSAL

- 3.1 It is proposed that the payment date be brought forward from 1 May to 1 April. Payment is due in ten monthly instalments and the effect of this for taxpayers is illustrated below:

Date	Current Arrangement	Proposed Arrangement
1 January 2000	9 th payment 00/01	9 th payment 00/01
1 February 2001	10 th payment 00/01	10 th payment 00/01
1 March 2001	No payment	No payment
1 April 2001	No payment	1 st payment 01/02
1 May 2001	1 st payment 01/02	2 nd payment 01/02

4 DIRECT DEBIT PAYMENTS

- 4.1 The ability to bill from 1 April is intended to allow councils to initiate follow-up action at an earlier date in the financial year and thus improve in-year collection performance. When a direct debit is not paid by the bank, notification of non-payment is received within three days. Where a payment is made by other means it can take much longer to identify that no payment will be made for the month. It is proposed therefore in recognition of the cost and administrative benefits for the council, that those opting to pay by the Council's preferred method of direct debit should have the option of paying either on the 15th or on the 28th of each month commencing in April.

5 TIMESCALE

- 5.1 Work is currently in hand to schedule the production of bills for 2001/02 and it would be helpful if a decision on the acceptability of these proposals could be made now.

6 FINANCIAL IMPLICATIONS

- 6.1 Depending on the numbers switching to direct debit, savings in financing charges in the region of £30,000 per annum may be achieved by the change. In addition, based on reports by the Accounts Commission and others, in year collection performance should also improve.

7 RECOMMENDATIONS

It is recommended that Members:

- 7.1 approve the change in the first payment date for Council Tax from 1 May to 1 April;
- 7.3 otherwise note the contents of this report.

Alex McPhee
Director of Finance

AMcP/DMW
12 November 2000

LIST OF BACKGROUND PAPERS NIL

Members wishing further information should contact Alex McPhee, Director of Finance, Tel: (01563) 576300.

AGENDA