

REPORT

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: SCOTTISH EXECUTIVE SOCIAL RESEARCH PAPER – IMPROVING COUNCIL TAX RATES IN SCOTLAND
From: DIRECTOR OF FINANCE		
Date: 25 August 2006	Ref: AC/BC	

1 Introduction

- 1.1 This report details the findings from the study commissioned by the Scottish Executive into the factors accounting for the differences in collection between Scotland compared to England and Wales, and recommend best practice which could promote higher collection rates in Scotland. The report was issued on 20 July 2006.

2 Background

- 2.1 The research paper 'Improving Council Tax Collection Rates in Scotland', builds on the earlier reviews of this area, eg, 'It Pays To Pay' (2000), which identified a range of attitudinal, structural, and environmental factors underlying the collection rate across Scotland.
- 2.2 The research has been based on various statistical analysis of collection levels and other data, case studies within 6 Local Authorities, and interviews of a sample of 'non-payers'.

3 Research Outcomes

- 3.1 The Council Tax recovery mechanisms in Scotland are different and generally weaker than those available in England & Wales. This is evidenced through the availability to exercise powers in relation to powers to seize goods/property and committal powers.
- 3.2 In Scotland there is a requirement to bill and collect Water charges along with Council Tax. These charges are regressive and non-payment is statistically explained by factors of income deprivation and demographics. The main drivers of variation in collection rates are poverty, deprivation, unemployment, benefit status and transitory residence.

3.3 The qualitative research from Council officials and independent money advisors identifies reasons for non-payment including:-

- The difficulties of Water and Sewerage charges liability and the interaction with the Benefit system.
- The high level of transient populations in private renting.
- The difficulties of individuals moving in and out of Benefit.
- The growing incidence of multiple debts with Council Tax being a low priority.
- Elements of avoidance behaviour by payees.

3.4 The research also canvassed views from a sample of non-payers identifying issues, which in part, mirror those detailed in paragraph 3.3.

- Financial hardship caused in meeting the liability due.
- Changes in circumstances such as illness, redundancy, etc.

3.5 There was a generally positive response about contact with Local Authority Revenue and Benefit staff. Money advice information was not often sought and there was a low level of knowledge of this service in particular, and Council services in general, funded by the payment of Council Tax.

3.6 There are a number of process and managerial approaches which were also identified within the research to impact on collection rates:-

- Specialist arrears teams
- Early billing
- Maximise Direct Debit take-up.
- Maximise Council Tax Benefit take-up.
- Quantitative targets.
- Customer focus skills.

3.7 The research paper made a number of recommendations for national policy:-

- Modify discount on water-sewerage charges to be in line with Benefit system allowable deductions.
- Review Council Tax Banding structure in the context of revaluation.
- Enable deductions from all State Benefits.
- By-pass Summary Warrant stage for rollover Benefit deduction cases.
- Access to HMRC information.

3.8 Best practice proposed for Local Authorities is detailed below:-

- Promotion of Direct Debit, telephone and other flexible payment methods. NLC has an above average level of Direct Debits given our deprivation levels and offers a full range of payment methods including Post Office, PayPoint, Telephone, Internet, etc.
- Early billing and payment/reminder timetable. NLC advanced payment date to April in line with legislation flexibility and schedules reminders a week following payment date.
- Speed in processing Council Tax enquiries and Benefit claims. NLC processing of Benefit claims is in the top quarter nationally and the processing of correspondence is achieving a response of over 95% within 1 working week.
- Targeting of recovery initiatives. NLC have a dedicated Recovery Team which engages in a variety of focussed recoveries and monitors arrangements to repay debt.
- Staff training, performance targets, and feedback both ways on performance and 'what works'. NLC operates a performance development review scheme which incorporates an identification of work and personal targets, identification of training needs and reviews of performance. Regular team meetings afford an opportunity to inform staff and allow staff to contribute to the processes of billing and recovery.
- Regular communication and review of relevant agencies/contracts. NLC operates its collection activity in conjunction with our Sheriff Officers. There are regular reviews of performance and the contract is subject to competitive tendering, ensuring that the service is appropriate, flexible, and effective.
- Benefit check to ensure Council Tax Benefit take-up and income maximisation. NLC participates in data matching with DWP to identify Benefit entitlement and potential fraud. In addition there are links to Money Advice services and Benefits Agency to aid claimants full entitlement to Benefits.

4 Conclusion

- 4.1 The research was undertaken to aid the understanding and influence authorities' collection activities. The recently published performance for 2005/06 highlighted a Scottish average collection of 93.4%. North Lanarkshire Council's performance in 2005/06 was 94.2% which is 0.8% better than the average.
- 4.2 The previous studies on Council Tax collection identified 3 'Family Groupings' within Scotland, reflecting the factors detailed in paragraph 3.2, of deprivation and demographics. NLC is in the bottom grouping, 'Family Group C', which is characterised with high deprivation and population density having adverse influence on collection.

Within our Family Group for 2005/06, our performance of 94.2%, exceeded the *Family Group* average of 91.4%, and we were the 3rd best authority of the 9 Councils.

- 4.3 The ongoing efforts being undertaken in both Council Tax and Benefits to address the best practice proposals detailed in paragraph 3.8, contribute to the continuing improvements being delivered in collection performance. There is a separate report to the Committee detailing current performance.

5 Recommendation

5.1 The Committee is asked to note the report.

A handwritten signature in black ink, appearing to read 'Alister Cook', written in a cursive style.

Director of Finance

Background Papers are available in the Department.

Members wishing further information please contact Mr Brian Cook, Head of Revenue Services, Tel:- 01698 – 302801.