

**COUNCIL CABINET
19 NOVEMBER 2002**

ITEM 16

DERBY HOMES TENANTS – COUNCIL TAX PAYMENTS - PROPOSAL TO MOVE FROM WEEKLY TO MONTHLY PAYMENTS SYSTEM

Report of the Director of Finance and Director of Policy

SUMMARY OF REPORT

- 1.1 The report proposes to bring council tax payers living in council dwellings into line with other council tax payers in the City by moving their payment frequency from a weekly to a monthly system.
- 1.2 It proposes the revocation of the current council tax 'Part 11 Instalment Scheme' so that from 1 April 2003, council tenants start paying their council tax monthly in accordance with the Government's statutory scheme rather than weekly under the Council's existing local scheme.

OPTIONS CONSIDERED

2. Our weekly payments policy was originally agreed for council tenants in 1990 following the move from general rates which was collected as part of tenants' rent to community charge which had to be billed separately for rent. This policy was carried forward from community charge to council tax in 1993. Since then there has been a general move towards monthly payments systems for all household bills. This has, in the main, been driven by administrative efficiency savings and for the convenience of customer.

RECOMMENDATIONS

3. Cabinet is asked to revoke the Council Tax Instalment Scheme under Part 11 of Schedule 1 of the Council Tax (Administration and Enforcement) Regulations 1992. Such revocation to take effect for the financial year commencing 1 April 2003 and for all subsequent financial years. To agree that tenants be consulted through the network of Community Panel meetings.

REASONS FOR RECOMMENDATIONS

4. There will be significant benefits to the Council and council tax payers of Derby including council tenants. These are included below:

- 4.1 A consistent monthly payments service will be provided to all council tax payers.
- 4.2 All council tax payers including council tenants, will be allowed to continue paying their council tax weekly should they wish to do so.
- 4.3 Administrative systems and processes will be streamlined through the withdrawal of weekly payment cards and there will be an estimated saving of £20,000 on stationery costs.
- 4.4 There will be a reduction in the number of receipts taken at all Council cashiering counters allowing staff resource to be diverted to improved front line service to customers.
- 4.5 Council tax collection and recovery will become more efficient and council tax collection rates are very likely to improve in line with our 'Best Value Council' objective.
- 4.6 More tenants will opt for direct debit payments which will pave the way for increased take up when Derby Homes introduces a direct debit system for rent payments.

MATTERS FOR CONSIDERATION

5. Background

- 5.1 When the community charge was abolished and replaced with council tax in 1993, authorities were given the opportunity to adopt a separate payment routine for their tenants - the 'Part 11 Scheme'. This was intended to allow council tenants to pay their council tax at the same intervals as their rent. We resolved to opt into the scheme from April 1993. Council tenants are now encouraged to pay their rent fortnightly rather than weekly. When the direct debit payment system is introduced for rent, tenants will be encouraged to pay monthly.
- 5.2 The standard monthly payments scheme for council tax is ten monthly instalments from April to January each year with two 'free' months in February and March.
- 5.3 A number of administrative problems are being experienced with the weekly payments scheme that is causing some inconvenience for tenants. For example, tenants have to positively opt out of the weekly payments scheme before being able to take advantage of our council tax monthly direct debit system.

Drawbacks of the Existing Weekly Payments Scheme

- 5.4 The scheme is very rigid for tenants. For them to choose any of the alternative payment schemes available, they have to sign an 'opt out' form. This is a statutory requirement but is seen as bureaucratic by the tenants. A monthly payments system would be much simpler.
- 5.5 Alternative payment schemes are more efficient and more cost effective for the Council to administer.
- 5.6 Paying weekly for council tenants in full-time employment can be inconvenient as it requires more than four times the number of visits to a payment office than the monthly scheme.

Reasons for Change

- 5.7 Although the revoking of the Part 11 Scheme would withdraw the statutory right of tenants to pay weekly, we would still welcome weekly payments from those council tax payers who prefer to pay this way.
- 5.8 Having all council tax payers on the statutory monthly payments system will allow for a co-ordinated approach towards promoting direct debit, debit card payments and internet payments with Derby Homes. This will generate savings in administration costs.
- 5.9 By offering a wider range of payment methods, tenants will be able to choose a method more convenient to them. This will reduce the likelihood of them falling into arrears and improve the cash flow position of the Council.
- 5.10 By treating council tenants the same way as all council tax payers in Derby, we will be able to apply a consistent approach to collection and recovery of council tax payments. This will improve collection rates and reduce costs.

Publicity and Consultation

- 5.11 The proposed changes would be publicised through Derby Homes 'Housing News' and posters will be located at the Council House and all area housing offices. Publicity would also be included with all council tax bills.
- 5.12 Arrangements will also be made to consult tenants through the network of community panel meetings.

FINANCIAL IMPLICATIONS

6. Should the Part 11 Scheme be revoked, there could be a significant reduction in the number of council tax receipts paid through area offices. The management fee payable by the Council to Derby Homes should therefore be reviewed. There would be an estimated saving in stationery costs of £20,000. Cash flow savings would also be made through improved collection rates.

LEGAL IMPLICATIONS

- 7.1 Part 11 of Schedule 1 of the Council Tax (Administration and Enforcement) Regulations 1992 contains details of a weekly instalment scheme that the Council may adopt as an alternative to the standard instalment scheme in Part 1 of that Schedule.
- 7.2 Once applied, Part 11 continues, in effect, for subsequent financial years until its application is revoked by the Council.

PERSONNEL IMPLICATIONS

8. None as a direct result of this report.

ENVIRONMENTAL IMPLICATIONS

9. None as a direct result of this report.

EQUALITIES IMPLICATIONS

10. The revocation of the Council Tax 'Part 11 Scheme', will allow for the consistent treatment of all council tax payers in Derby.

Background papers: None
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