

**NORTH LINCOLNSHIRE COUNCIL**

**CORPORATE SERVICES  
CABINET MEMBER**

**COUNCIL TAX COLLECTION**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To seek approval for the introduction of an earlier monthly instalment date for the payment of council tax, from 1 April 2010.
- 1.2 To seek approval for the commencement of Information Request prosecutions.

**2. BACKGROUND INFORMATION**

- 2.1 Council taxpayers are currently offered ten statutory monthly instalments to pay their annual council tax bill. This council has always set the 22<sup>nd</sup> day of the month as the due date for payment of an instalment for those payers who opt to pay by a method other than direct debit. The first instalment on the annual bill is 22 April.
- 2.2 Currently many 'cash' council taxpayers pay late waiting until they are paid at the month end. The collection rate during the year is low compared to other councils. A recent benchmarking exercise of 138 billing authorities revealed 69 per cent have 1 April as the first instalment date, and none other than North Lincolnshire had a date later than 15 April. External and internal audit reports recommend the instalments commence on 1 April. Taxpayers finding payment difficult are not identified until late June with the issue of a summons. Bringing the instalment date forward to 1 April will help resolve these issues. The final instalment will be 1 January rather than 22 January.
- 2.3 Direct debit payers have the option of four payment dates, 2<sup>nd</sup>, 8<sup>th</sup>, 15<sup>th</sup> and 22<sup>nd</sup> of the month. Currently the first direct debit claim in the financial year ranges from 22 April to 15 May. Of the taxpayers that are not exempt or in receipt of full benefit, 66% currently take advantage of the direct debit option. The first instalment date for direct debit payers will be 1 April, 8 April, 15 April or 22 April. Bringing the first instalment dates forward to April will adhere to audit recommendations and ensure all monthly instalments are payable in the same calendar month.
- 2.4 In cases of non payment a summons is issued and application made to the Magistrates Court for a liability order. After a liability order has been granted by the court, the taxpayer is sent a form requesting information

for the council to decide the most appropriate recovery method. It is an offence not to complete and return this Request for Information (RFI) form. In 2008/9 85 per cent of taxpayers did not return the form, so by default their account details were passed to the bailiff.

- 2.5 In an effort to reduce the number of cases sent to the bailiffs, the council will stress the importance of returning a completed form. The council will prosecute taxpayers, who refuse to complete the form, requesting the Magistrates to impose a fine.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 To consider the 1 April as the first instalment date.
- 3.2 To consider prosecutions, in selected cases, for failure to supply information.
- 3.3 To reject the proposals.
- 3.4 To recommend changes to the proposals.

### **4. ANALYSIS OF OPTIONS**

- 4.1 The 1<sup>st</sup> of the month instalment dates will bring the council in line with the majority of other billing authorities. It will be of benefit to taxpayers who are paid at the end of the month. For a taxpayer who may wish to pay on another date it will be an incentive to commence paying by direct debit, a cheaper collection method for the council and taxpayer. Billing authorities who brought the instalment date forward have received adverse publicity. It is planned to well publicise the changes to make taxpayers aware of the benefits.
- 4.2 The issue of fines will act as a deterrent to taxpayers who continually ignore and refuse to complete the Request for Information form each year. The offence carries a maximum fine of £500 but it is estimated the Magistrates, in line with a neighbouring authority, will set the fine at a level between £120 and £175.
- 4.3 Rejecting the proposals would not improve the council tax collection rate.
- 4.4 Recommending changes would delay the implementation and may not have the effect of improving collection levels.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 Financial  
Calculated on the current years council tax bringing the instalment date forward to 1<sup>st</sup> day of the month the estimated extra interest earned, assuming the current base rate of 0.5 per cent, will be £131,000 per

annum. Collection levels will be higher, and measureable against other authorities, throughout the financial year. Prosecution costs incurred, estimated £75 per case, will be recovered by the Magistrates' Court from the taxpayer.

5.2 Staffing

None

5.3 Property and IT

None

**6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 –CRIME AND DISORDER, RISK AND OTHER)**

6.1 Council Tax regulations state the council taxpayer is offered ten instalments at the commencement of each financial year. It is for each billing authority to set the payment day within the month.

6.2 Council Tax regulations state a person who fails to return an information request form is guilty of an offence and liable to a fine.

6.3 A Diversity Impact Assessment has been completed and available for inspection.

**7. OUTCOMES OF CONSULTATION**

7.1 No consultation is required.

**8. RECOMMENDATIONS**

8.1 That the proposal to bring forward the instalment date be approved and adopted.

8.2 That the proposal to prosecute taxpayers for not returning a Request for Information form be approved and adopted.

SERVICE DIRECTOR FINANCE

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Date: 16 October 2009

**Background Papers used in the preparation of this report**

Local Government Finance Act 1988

The Council Tax (Administration & Enforcement) Regulations 1992

CIPFA Benchmarking Report 2009