

REPORT TO: FINANCE COMMITTEE - 8 MAY 2006
REPORT ON: COUNCIL TAX COLLECTION 2005/06
REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)
REPORT NO: 301-2006

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Committee on the current performance on Council Tax collection.

2 RECOMMENDATIONS

- 2.1 The committee are asked to note the contents of this report.

3 FINANCIAL IMPLICATIONS

- 3.1 The improved in-year Council Tax collection will enhance the Council's cash flow position and generate additional interest on Revenue Balances.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Council Tax in-year collection is one of the Council's key statutory performance indicators. The Council Tax performance indicator is defined as "the percentage of Council Tax due in the year, collected by the end of the year".
- 6.2 In May 2003, the Council agreed to establish a New Recovery Initiative for the collection of outstanding Council Tax and Poll Tax. Full implementation of the new recovery process was achieved in February 2005.
- 6.3 One of the objectives of the Recovery Initiative was to increase in-year Council Tax collection from 85.7% in 2002/03 to 90% by 2007/08.

7 COUNCIL TAX COLLECTION 2005/06

- 7.1 The following table details Dundee City Council's Council Tax collection over the 5 years 2000/01 to 2004/05.

<u>Year</u>	<u>%</u>
2000/01	85.0
2001/02	85.0
2002/03	85.7
2003/04	86.2
2004/05	87.1

- 7.2 Although the Council improved its Council Tax collection in 2004/05, 2005/06 was the first full year with the new Recovery Initiative fully operational.
- 7.3 The Council Tax collection for 2005/06 has now been confirmed at 90.7%, an increase of 3.6% over the 2004/05 collection percentage and 0.7% over the target of 90% to be achieved by 2007/08. This figure is subject to audit as part of the 2005/06 Audit.
- 7.4 This is a significant achievement for the Council and the Finance Department Revenues staff are to be commended for their efforts in securing this increase in collection. It is also reassuring to note that in-year collection has not been achieved at the expense of other years' arrears.
- 7.5 Overall collection levels for the 6 years from 2000/01 to 2005/06 as at 31 March 2005 and 31 March 2006, is as follows:

<u>Year</u>	<u>Collection at 31/3/05 %</u>	<u>Collection at 31/03/06 %</u>
2000/01	93.7	94.2
2001/02	92.9	93.6
2002/03	91.5	92.5
2003/04	90.1	91.5
2004/05	87.1	90.6
2005/06	-	90.7

The above table shows that the Council is on target to achieve the 96.5% collection level assumed in setting the Council Tax level.

- 7.6 The number and value of monthly payments by direct debit continues to grow year on year. Over the past 8 years the number of direct debit payments have grown by 45% from 15,200 in 1998/99 to 22,700 in 2006/07. The monthly deductions by direct debit for 2006/07 are approximately £3m and this is equivalent to almost 50% of the net Council Tax billed.

8 RECOVERY INITIATIVE

- 8.1 The Recovery Initiative was implemented alongside a new in-house corporate Debt Recovery system. The new computer system is a key element to the success of the project and it has enabled the Revenues Division to deal with the volume of debtors more effectively.
- 8.2 New documentation has increased contact by debtors resulting in increased payment arrangements from 7,272 accounts amounting to £1.6m to 19,450 accounts amounting to £6.7m. Arrangement monitoring is quicker with debtors telephoned where possible and on-line payments taken to reduce the number of defaulters. The cessation of bulk transfer to Sheriff Officers has stopped conflict between current years and arrears collection, enabling the Council to make "catching up" arrangements and reduce legal costs.
- 8.3 New recovery officers work a shift rota system enabling the team to operate Monday to Friday until 8 pm and Sunday from 10 am to 4 pm. This enables staff to contact debtors after work.
- 8.4 A new telephone system 'symposium' has been set up within a Revenues Call Centre which allows management to plan resources more effectively and respond quickly to periods of high demand. This has dramatically improved response times and the service provided to the public.
- 8.5 A major feature of the new system is the automated production of debtor statements. This procedure generates a statement of all debts which can be printed and issued to debtors on demand.
- 8.6 The Recovery Initiative has been long listed for the 2006 COSLA Excellence Awards in the Category Service Improvement & Customer Needs.

9 CONCLUSION

- 9.1 Council Tax in-year collection continues to improve year-on-year. The Council is still on target to achieve its budgeted collection level of 96.5% in respect of all financial years.

10 CONSULTATION

- 10.1 The Chief Executive and Depute Chief Executive (Support Services) have been consulted on the content of this report.

11 BACKGROUND PAPERS

None.

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