

**REPORT TO: POLICY AND RESOURCES COMMITTEE - 27 OCTOBER 2008**

**REPORT ON: IMPROVING COUNCIL TAX PAYMENT - DIRECT DEBIT UPTAKE**

**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**

**REPORT NO: 503-2008**

## **1.0 PURPOSE OF REPORT**

1.1 To seek the Council's authorisation to implement the changes detailed in section 5 to improve the uptake of Direct Debit as a payment method for Council Tax.

## **2.0 RECOMMENDATIONS**

2.1 That the Depute Chief Executive (Finance) be authorised to implement 2 additional payment dates for Council Tax direct debit payers as detailed in para 5.2.

2.2 That the Depute Chief Executive (Finance) be authorised to run direct debit campaigns as outlined in Appendix A.

2.3 That the Depute Chief Executive (Finance) be authorised to implement other procedural changes that may help in improving the level of Direct Debit payers.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 The cost of the Direct Debit campaigns as outlined in Appendix A are estimated at £15,535 and £16,810 for 2008/09 and 2009/10 respectively and will be contained within the Finance Revenues revenue budget. As Scottish Water has previously contributed to such initiatives a contribution will be sought for this. Joint working with other local councils will be discussed to endeavour to spread the cost of the TV advertising further.

3.2 The estimated annual saving to the Council in payment transactions costs by converting cash payers to Direct Debit is £5.40 per customer which would be used to offset the costs detailed in 3.1.

## **4.0 BACKGROUND**

4.1 The Revenues Division implemented changes to increase the number of Council taxpayers paying by Direct Debit during 2007/08 as detailed in Committee Report 238-2007. Due to the success of these changes and the campaigns run during 2007/08 the % of DD payers rose from 33% to 38.44%.

4.2 A review was carried out earlier this financial year to ascertain what further enhancements could be made that would take us nearer to achieving our target of having 50% of council taxpayer paying by Direct Debt by 2010.

4.3 As part of the review a survey of customers using our cashier service at 6/7 City Square to pay Council Tax was undertaken to try to establish why these payers chose not to convert to Direct Debit. Key issues from this survey are detailed in Appendix B.

4.4 In addition to the survey, research and comparison with other Councils in Scotland and England was carried out prior to development of the strategy to improve.

## **5.0 MAIN TEXT**

- 5.1 As a result of the review undertaken it is clear that Council taxpayers want more flexibility of payments dates and although weekly is mentioned it is still unclear whether weekly payers would actually convert if weekly Direct Debit was offered.
- 5.2 To expand flexibility 2 additional payment dates will be implemented from 1 April 2009 being 10th and 25th of each month in addition to 1st and 18th. Having 4 payment dates on offer will bring us in line with most other authorities.
- 5.3 To continue to promote Direct Debit as the most cost effective and convenient way to pay Council Tax and increase the uptake further campaigns with TV advertising would be run during 2008/09 and 2009/10 using 'Creature Comforts' branding - see Appendix C. The Council would join a syndicate of Scottish and English authorities who use this branding and devise future branding as the pooling of resources has led to more cost effective printing, licences, etc.
- 5.4 In addition to the above procedural changes have already been implemented as follows -
- a) All Revenues staff being briefed to actively 'sell' the benefits to both the customer and the Council of paying by Direct Debit.
  - b) The area of Council website dealing with how to pay Council Tax has been re-designed and updated to raise awareness of how convenient and cost effective DD payment is and that it is the Council's preferred method of payment. Further enhancements will be made once the 'Creature Comforts' branding is in use.
  - c) GIS mapping used previously is being developed further to allow more specific targeting of non DD payers to try to convince more to convert.
- 5.5 Further procedural changes that are in development are -
- a) The initial and/or annual Council Tax bill documentation will be revised to try to encourage new payers and those moving home to opt to pay by Direct Debit. This means that a payment card would not automatically be issued to these council tax payers, however to ensure that there is no reason for non payment the new billing documentation will be barcoded which means that the payer can make payment at our current payment outlets including the Post Office and Paypoint ones.
  - b) The implementation of the electronic amendment and cancellation of Direct Debits software ADDACS will be carried out this financial year.
- 5.6.1 Although all efforts are being made to convert and improve the numbers of council tax payers making payment by Direct Debit the Council will continue to review the other payment methods available. Where possible it will implement improvements to make these other methods simpler especially for those citizens who are unable to pay their Council Tax by Direct Debit.

## **6.0 POLICY IMPLICATIONS**

This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Risk Management and Equality Impact Assessment with no major issues.

## **7.0 CONSULTATION**

The Chief Executive, Depute Chief Executive (Support Services) and Head of Finance have been consulted in the preparation of this report.

**8.0 BACKGROUND PAPERS**

None

D K Dorward  
Depute Chief Executive (Finance)

Date:

## DIRECT DEBIT CAMPAIGNS FOR 2008/09 to 2009/10 & ASSOCIATED COSTS

### 2008/09 Campaign – running November 2008 to 31 March 2009

- Creature Comforts posters – in Council Offices throughout Dundee (incl around Tayside House)
- Creature Comforts adverts on TV - running during the months of November 2008 and January 2009
- Creature Comforts DD forms - targeted mailshot early January 2009

### 2009/10 Campaign – running April 2009 to March 2010

- Creature Comforts posters – in Council Offices throughout Dundee (incl around Tayside House)
- Creature Comforts adverts on TV - running during the months of April 2009, July 2009, October 2009 and January 2010
- Creature Comforts forms - targeted mailshot early January 2010

<b>Direct Debit Campaign Costs 2008 - 2010</b>
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#### Initial Costs - Creature Comforts

	Volume	Unit cost £	Total Cost £
<b><u>Licences and Related Costs</u></b>			
Arrangement Fee (Bassetlaw)	1	200	200.00
General Print Licence	1	300	300.00
PDF Licence - (for web use)	1	150	150.00

#### Promotional Material

Leaflets A5	60,000	£1540 per 30K	3,080.00
Posters A0 x 5	}	200 per 30	600.00
Posters A3 x 70			
Posters A4 x 15			
			<b>4,330.00</b>

Targeted mailshot - Jan 09	20,000	0.21	4,200.00	
TV advert production	1	700	700.00	
TV Airtime (2 month campaign)	120 x 10 secs	52.53	6,305.00	(Nov 08 & Jan 09)

<b>Total campaign costs 08/09</b>	(incls initial costs)	<b>15,535.00</b>
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Targeted mailshot - Jan 10	20,000	0.21	4,200.00	
TV Airtime (4 month campaign)	240 x 10 secs	52.53	12,610.00	(Apr 09, July09, Oct 09 & Jan 10)

<b>Total campaign costs 09/10</b>		<b>16,810.00</b>
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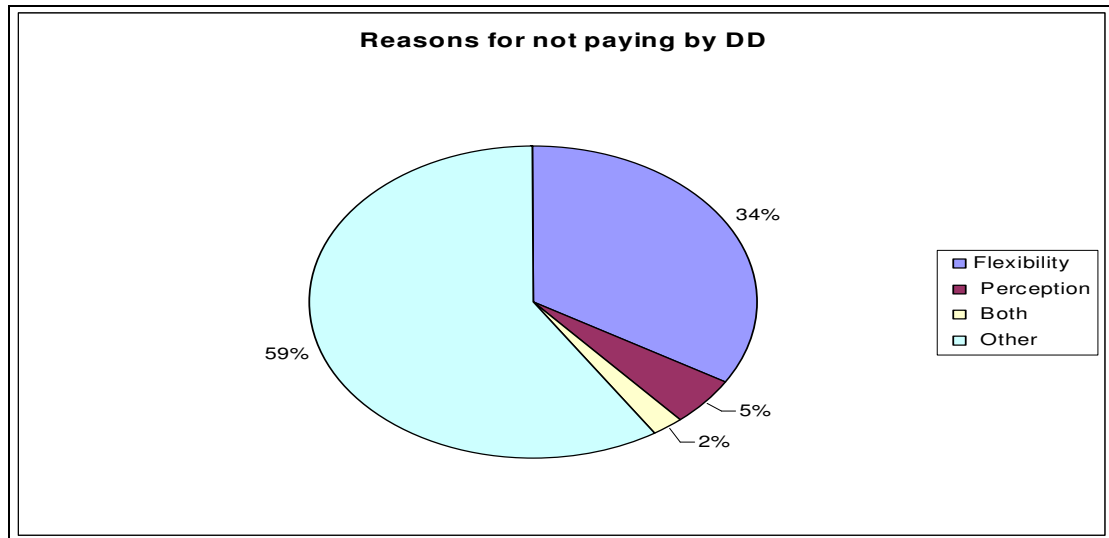
## CUSTOMER SURVEY

In May 2008, a survey was carried out across 3 of our customer contact areas, these being the Cashiers (6/7 City Sq), Accounts and Benefits contact centre and the in-house telephone payment service. The survey was to find out -

- Why customers opted not to use DD as preferred payment method?
- What if anything we as an organisation could do to encourage a switch to DD?
- Their level of awareness of the benefits of DD to both themselves and DCC.

Approximately 1500 customers completed the survey.

Reasons for not paying by DD - the survey asked why customers chose not to pay by Direct Debit - giving them the following reasons to choose from -Flexibility, Perception, Both. The results are shown below -



Further analysis of the two highest scoring reasons - Flexibility and Other was carried out -

- a) **Flexibility** - 34% of customers who stated flexibility as the reason why they did not use DD as preferred payment method - with 50% of these wanting either more dates or weekly DDs.

Flexibility is an area that can be readily addressed.

- b) **Other** - 59% of customers had other issues with the main ones being:-

- 33% stated that due to financial reasons they could not commit to paying by DD - examples given were erratic or low wages, on benefits, wanted to pay by credit card
- 31% stated they will not convert to DD regardless of improvements
- 13% had trust issues from previous use of DDs, although not specifically with the Council
- 9% had no bank account that supported DD payments

The Other issues outlined above are not so easy to address, but raising awareness and re-education may help to convert those sighting Trust or Will not convert to eventually convert.


Also within the survey we tried to establish if our customers understood the benefits of paying by DD to the Council and our customers. Double the numbers were aware of the benefits of DD to themselves as opposed to the cost savings to the council or of the ease of processing and administration. Raising awareness as to the costs of administering other payments is an issue to be addressed.




'CREATURE COMFORTS'

http://docmorph1.nlm.nih.gov/docmorph/910488307/1.tif - Microsoft Internet Explorer

File Edit View Favorites Tools Help





**The Direct Debit Guarantee**

• The Guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society.

• If the amounts to be paid or the payment dates change Bassetlaw District Council will notify you at least 10 working days in advance of your account being debited or as otherwise agreed.

• If an error is made by Bassetlaw District Council or your Bank or Building Society, you are guaranteed a full and immediate refund from your bank or the amount paid.

• You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to us.

**Instruction to your Bank or Building Society to pay by Direct Debit**

Please fill in this instruction, sign, and return it to (no stamp required):

**BASSETLAW**  
Bassetlaw District Council, FREEPOST SF1048,  
Queen's Buildings, Peter St, Worksop, S80 2BR

Name and full postal address of your Bank or Building Society Branch

To the Manager

Bank or Building Society

Address

Postcode

Branch Sort Code (see envelope back)

Name of account holder(s)

Signature(s)

Date

**Service User Number** 9 7 5 2 9 2

Bank or Building Society Account Number

Council Tax Reference

Instruction to your Bank or Building Society

Please pay Bassetlaw District Council Direct Debits from the account detailed in this instruction subject to the safeguards secured by The Direct Debit Guarantee. I understand that no new or new revised terms will be applied to Direct Debit accounts and I also agree to the payment arrangements for my Bank/Building Society.

Bank of account

Bank or Building Society

Please state your address. Please also tick  your preferred payment date.

Transfer to

1st


10th

15th

25th

28th

If you want to make payment in January, and March, please tick here  or next available month (after allowing 14 days notice)



**... Direct Debit, for all your Creature Comforts**

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Links

**Direct Debit - the Purr-fect Way to Pay**

Captain Cuddlepuss and Trixie have a message about Direct Debit for Council Tax. Direct Debit won't get you into a flap with payment journeys or reminders if you don't pay on time.

With Direct Debit, your Council Tax bill can be spread over 10 or even 12 months from April. The monthly amounts are automatically deducted from your bank account on a date agreed by you. We offer a choice of dates to pay, to suit your budget.

Direct Debit takes a laid back approach to paying bills. It beats running around in circles and allows you to decide when to pay.

**Simply select one of the following dates each month:-**

1<sup>st</sup> 10<sup>th</sup> 15<sup>th</sup>  
25<sup>th</sup> 28<sup>th</sup>

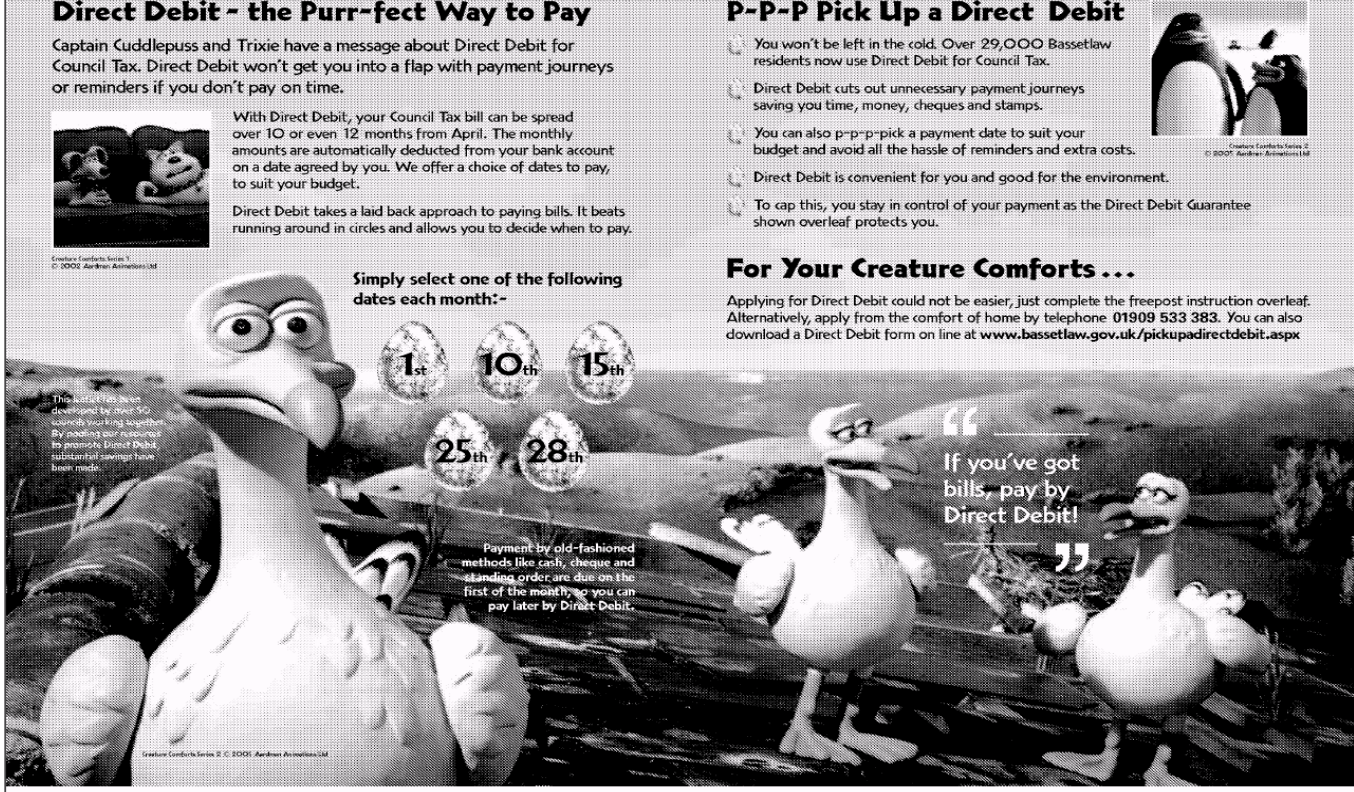
Payment by old-fashioned methods like cash, cheque and standing order, are due on the first of the month, so you can pay later by Direct Debit.

**P-P-P Pick Up a Direct Debit**

- You won't be left in the cold. Over 29,000 Bassetlaw residents now use Direct Debit for Council Tax.
- Direct Debit cuts out unnecessary payment journeys saving you time, money, cheques and stamps.
- You can also p-p-p-pick a payment date to suit your budget and avoid all the hassle of reminders and extra costs.
- Direct Debit is convenient for you and good for the environment.
- To cap this, you stay in control of your payment as the Direct Debit Guarantee shown overleaf protects you.

**For Your Creature Comforts ...**

Applying for Direct Debit could not be easier, just complete the freepost instruction overleaf. Alternatively, apply from the comfort of home by telephone. 01909 533 383. You can also download a Direct Debit form on line at [www.bassetlaw.gov.uk/pickupdirectdebit.aspx](http://www.bassetlaw.gov.uk/pickupdirectdebit.aspx)



**If you've got bills, pay by Direct Debit!**