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**Decision Maker:** EXECUTIVE, RESOURCES AND CONTRACTS POLICY  
DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Thursday 2 February 2023

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** INCREASING COUNCIL TAX DIRECT DEBITS

**Contact Officer:** Claudine Douglas-Brown, Assistant Director: Exchequer Services  
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**Chief Officer:** Director of Finance

**Ward:** (All Wards);

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1. Reason for decision/report and options

- 1.1 This report sets out the different payment options that are available for payment of Council Tax and proposes ways in which the number of taxpayers who pay by direct debit can be increased.
- 1.2 The report also includes a review of the costs of the different payment options, with the details proved in the Part 2 report.

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2. **RECOMMENDATION(S)**

**Members are asked to:**

- 2.1 **Note the actions being taken to increase the number of direct debit payers.**
- 2.2 **Consider the proposal to run a prize draw with a prize of £5,000 for residents who pay by direct debit for at least 10 months during 2023/24.**
- 2.3 **Consider the proposals for increasing direct debit take up.**
- 2.4 **Consider consulting on the removal of some of the current payment options as set out in the report.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: It is not expected that there will be any adverse impact on vulnerable adults or children.
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## Transformation Policy

1. Policy Status: Existing Policy:
  2. Making Bromley Even Better Priority (delete as appropriate):  
  
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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## Financial

1. Cost of proposal: £5,000 per annum (recommendation 2.2)
  2. Ongoing costs: £5,000 per annum (recommendation 2.2.)
  3. Budget head/performance centre: Exchequer – Revenue & Benefits
  4. Total current budget for this head: £6.1m
  5. Source of funding: General Fund.
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## Personnel

1. Number of staff (current and additional): 3 plus Liberata staff
  2. If from existing staff resources, number of staff hours: N/A
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## Legal

1. Legal Requirement: Statutory Requirement:  
  
The Council Tax (Administration and Enforcement) Regulations 1992
  2. Call-in: Applicable:
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## Procurement

1. Summary of Procurement Implications: N/A
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## Property

1. Summary of Property Implications: N/A
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## Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: N/A
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## Customer Impact

1. Estimated number of users or customers (current and projected): 142,000 households

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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

#### **Background**

- 3.1 As at 31<sup>st</sup> August 2022, 72.23% of accounts with debit balances had an active direct debit (DD). Appendix 1 sets out the other methods of payment used in 2021/22. With the most common after DD being on-line payment by debit card.
- 3.2 Out of the 26 London Boroughs that completed the August 2022 collection survey, nine boroughs reported a higher percentage, ranging from 72.42% to 81.15%. However, when compared with collections only two out of the nine boroughs had a slightly higher collection rate than Bromley. Details are within the Part 2 report.
- 3.3 A recent survey was carried out with London Boroughs, and we received 15 responses which shows that direct debits, online payments, and automated telephone payments are the most widely offered payment options. A summary is shown in Appendix 2 with further details provided in the Part 2 Report.
- 3.4 Liberata and the Council's Client team monitor the percentage of DD payers and agree actions to increase take up.

#### **Current Payment Options**

- 3.5 The current payment options with the estimated costs for each option are provided in the Part 2 report.
- 3.6 This shows that the most expensive method of collection is by credit card and the least expensive is by DD.
- 3.7 As part of the work being undertaken to increase the percentage of Direct Debits, a review of the current payment options has been reviewed to see whether any of these could be withdrawn.

#### **Current action to increase Direct Debit take up**

- 3.8 The action currently being taken to increase direct debt take up includes:
- The first tile on the Council Tax webpage is 'Set up a Direct Debit'.
  - Direct Debit is the first option listed on the Paying your council tax webpage.
  - A "DD promo line" is being used under the generic email signature for outbound emails with a link to the DD set up page.

The above actions have been in place since November 2021.

- A report is run twice a year to identify new Council Tax accounts that are non-DD payers where their email address and mobile number is held. These residents are then sent an email/text promoting DD with a link.
- A report is run twice a year to identify all accounts with a current year balance that have not received a summons who do not pay by DD where their email

address and mobile number is held. These residents are then sent an email/text promoting DD with a link.

- The targeted campaign will also include contacting those residents who do not pay by DD and are up to date with payments (or have only received one reminder letter). This will include those residents with a MyBromley account.

### **Options for increasing Direct Debit take up**

3.9 The following are options for increasing the number of residents who pay their council tax by direct debit: -

- a) Reorder the remaining options on the website in order of the preferred method of payment i.e. Direct Debit followed by, online payments, automated telephone system, kiosks and payment at the bank.
- b) Remove all other payment options from the website, excluding direct debits and online payments. Although they would be excluded from the website this would not prevent payment being made in this way however, we would not actively encourage them given the cost impact.

This is likely to significantly increase the number of callers to the contact centre however this may only be a short-term effect. Consideration should be given to whether this could outweigh any benefits received from an increase in the number of Direct Debit payers.

- c) Remove payment by post as an option.
- d) Remove the kiosk from the Civic Centre.
- e) Run a competition where people who pay their Council Tax by DD for at least 10 months will be entered into a prize draw. The prize would be £5,000 and the competition would be advertised on the website and in the MyBromley leaflet that will be sent out with the new Council Tax bills in March.
- f) Increase the number of DD dates from two to three may encourage more people to pay by DD, however the information obtained from the surveys indicate there is no correlation between the number of dates offered and the percentage of DD payers.

This change would cost approximately £3,500 per annum with a set up cost of £3,150 for one additional DD date.

## **4. TRANSFORMATION/POLICY IMPLICATIONS**

4.1 One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents. Increasing the number of direct debit payments for Council Tax will help to reduce the collection costs.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 It is important to note as detailed in the report, the significant income collected by the Council and the importance to seek any methods that help maximise recovery and reduce recovery costs.
- 5.2 The cost of Council Tax collection is charged to the Council's General Fund. Recommendation 2.2 is to consider the proposal to run a prize draw with a prize of £5,000 for residents who pay by direct debit for at least 10 months during 2023/24. If approved, this recommendation would require revenue budget growth of £5,000 per annum.
- 5.3 It is anticipated that the prize draw will generate higher take up of direct debits which will provide savings in transactions costs.
- 5.4 Although it is not possible to accurately quantify any financial savings there are also other benefits through direct debit increases including reducing the level of arrears.

**6. CUSTOMER IMPACT**

- 6.1 Council taxpayers will be encouraged to pay by direct debit however they will still be able to make payment using the other payment methods and so will not be impacted by the proposals made in this report.

<b>Non-Applicable Headings:</b>	Impact on Vulnerable Adults and Children, Personnel implications, Procurement implications, Ward Councillor views, Property implications, Carbon Reduction/Social Value Implications, Legal implications
Background Documents: (Access via Contact Officer)	