

**REVIEW OF COUNCIL TAX BILLING ARRANGEMENTS**

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**1. Purpose**

- 1.1 To consider the feasibility of bringing forward the instalment date for collecting Council Tax to the first of each month with effect from 1 April 2000 (Minute R64/98 refers).
- 1.2 To change the layout of the Council Tax Bill to show the amounts of Council Tax payable to Parishes and Neighbourhood Councils separately on the Council Tax bills.

**2. Summary**

- 2.1 By bringing the instalment date forward from the eighth of the month to the first of the month, the Council could generate additional interest in the region of £10,000 pa and the recovery processes for unpaid Council Tax could commence earlier.
- 2.2 The breakdown of Council Tax payable into its different component parts will assist the public in understanding better where their Council Tax payments go.

**3. Recommendations**

3.1 The Committee is recommended:

- (a) to approve the change of instalment date for Council Tax collection from the eighth day of the month to the first day of the month (April to January inclusive) to commence on 1 April 2000 subject to discussions about the practicalities with Parish Councils and Neighbourhood Councils;
- (b) to approve the changed layout to the Council Tax Bill so as to show the amounts payable to Parishes and Neighbourhood Councils separately from the Milton Keynes Council precept with effect from 2000/01; and
- (c) to bring forward the date of the March Council meeting to 1 March

## Background

3.2 The Resources Committee on 3 December 1997 resolved that:

- (a) the present instalment date for Council Tax collection of the eighth day of the month be retained; and
- (b) That a report be brought to a future meeting of the Committee on the opportunities which may exist for the financial year 1999/2000 or future years.

3.3 This report discusses the changes to existing timetables that would be necessary to achieve bringing forward the instalment date and the benefits that would arise.

3.4 Members of staff and Councillors often receive enquiries from members of the public as to how much of their Council Tax goes towards their Parish or Neighbourhood Council's expenditure. This is not made clear on the Council Tax Bill although it is explained in the accompanying leaflet.

## 4. Issues and Choices

4.1 Instalment Date:

- (a) Every Council Tax payer is entitled to pay by a minimum of ten monthly instalments. An individual loses this entitlement when payments due under the Council's instalment scheme are not made.
- (b) The annual bill has to be dispatched fourteen days prior to the first instalment date. This means that the timetable for annual billing would have to be brought forward from 24 March to 17 March each year.
- (c) The time taken to run the annual billing programs and print the accounts means that the Council Tax would need to be known by 2 March. The Council has a statutory duty to set the Council Tax by 10 March, although this would be too late to enable an instalment date of the first of each month.
- (d) Parishes and the Police Authority have until the last day of February to notify the Council of their precepts. The Council Tax cannot be set without this information. Where Parish Councils are unable to accommodate this date Milton Keynes Council has the power to substitute an estimate, with any adjustments being made in future years. However, in previous years the Police Authority and some Parish Councils and Neighbourhood Councils have submitted their precepts by 17 February. Further discussions will be needed with Parish Councils should this proposal be adopted.

- (e) The Council would also need to bring its budget setting forward from 7 March to 1 March to fit in with the required timetable. This requires a change to the date of the Council meeting. An indicative timetable is given below:
- |       |  |               |
|-------|--|---------------|
| (i)   | Receipt of Police and Parish Precepts          | 17 February   |
| (ii)  | Setting of Council Tax                         | 1 March       |
| (iii) | Run Annual Billing programs and print accounts | 2 to 16 March |
| (iv)  | Dispatch accounts                              | 17 March      |
- (f) A change in the instalment date may cause a reaction from Direct Debit payers who may not accept the new date and switch to another form of payment. This would increase the Council's costs.
- (g) If there was no resistance to the changed instalment date and everyone paid their bills seven days earlier, there would be a cash flow advantage to the Council of circa £45,000. The reality is that the advantage would be somewhat less than this because not everyone will adjust to the new payment date. In the first year of these new arrangements it would not be unrealistic to expect to generate £10,000 through improved cash flow.
- (h) If the instalment date was brought forward to the first of the month the recovery processes for unpaid Council Tax could commence one week earlier than present.
- (i) Payment of Council Tax on the first of the month should accommodate those taxpayers who are paid at the end of the month e.g. their March salary can be used to pay the 1st April instalment, April salary to pay 1st May instalment and so on.

#### 4.2 Layout if the Council Tax Bill

- (a) Currently for a Band D property in Newport Pagnell the Council Tax Bill for this year will show the following information:

	£
(i) Milton Keynes Council + Newport Pagnell TC	701.82
(ii) Thames Valley Police Authority	<u>56.53</u>
(iii) Annual Charge	758.35

- (b) If the proposed recommendation were in place the Council Tax Bill would have shown the following information:

	£
(i) Milton Keynes Council	651.81

(ii)	Newport Pagnell TC	50.01
<u>(iii)</u>	Thames Valley Police Authority	<u>56.53</u>
(iv)	Annual charge	758.35

- (c) This change to the layout of the Council Tax Bill will inevitably create a public awareness of the expenditure of Parish/Neighbourhood Councils and Parish Clerks and staff need to be able to respond accordingly.

## 5. **Implications**

### 5.1 Environmental

None

### 5.2 Equalities

The change to the layout of the bill may go some way to improving the public's understanding of the individual components of the charge

### 5.3 Financial

There could be long terms benefits in terms of improving cash flow and in debt recovery

### 5.4 Legal

None

### 5.5 Staff and Accommodation

None

## 6. **Conclusions**

- 6.1 Setting the Council Tax instalment date earlier will improve the Council's cash flow, generating savings of £10,000 in the first year, and enable recovery procedures for unpaid Council Tax to be commenced earlier.

- 6.2 Splitting the annual charge into three component parts will give a better understanding as to how much is paid to the Milton Keynes Council, the Parishes/Neighbourhood Councils and the Police Authority.

Background Papers: None