

Getting the best out of Direct Debit

Self-assessment framework

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Foreword

Direct Debit (DD) and BACS Direct Credit are the most efficient ways for councils to collect and pay money. Councils should be examining all areas of efficiency in order to minimise the impact of administrative costs on local people.

There is no shortage of advice on how to achieve this. Help is at hand from organisations such as Voca, BACS, the Audit Commission, the Institute of Revenues, Rating and Valuation (IRRV), the Regional Centres of Excellence and a number of pioneering councils such as Bassetlaw District Council, North Warwickshire Borough Council, Colchester Borough Council and Leeds City Council.

As part of the Gershon and t-Government agenda, Voca has been providing information to local authorities to highlight areas of inefficiency in their DD operations and identify savings that they could achieve. This involves sending quarterly statistical reports to councils on the efficiency of their council tax processing, which can be used to revise planning and strategy in this area and their other DD operations.

At the same time, BACS works with local authorities to encourage adoption of best practice and to develop scheme enhancements to increase automation and efficiencies. This culminates with its DD Challenge awards at the annual IRRV conference in the Autumn.

This drive for higher DD penetration is the

key focus identified in the Audit Commission report *The efficiency challenge* and its follow-up *Improving income collection*. 'The efficiency challenge' highlighted major variations in councils' DD take up levels which ranged from 30% to 70% of all eligible payers, across all types of council. While the Audit Commission accepts that there is a correlation between the level of take up and deprivation, the report highlighted that this factor alone should not be seen as a barrier to improving DD take up. Case studies show that strong DD uptake in places of high deprivation can be achieved, by adopting a strategy and commitment to DD promotion.

This self-assessment DD framework seeks to address that for your billing authority. It identifies three levels of standard (Minimum, Progressing and Excellent) across five strands of activity related to DD administration (Promotion, Customers, Strategy and Performance, Staff and Process). Using the framework, your council will be able to self-assess its progress and set manageable targets for higher achievement.

The aim of the framework is to try to do more to equalise the performance of councils. Congratulations to those councils who tick most of the boxes in the matrix. You may consider how you can help those who self assess at lower levels. That may be an opportunity to progress with your networks or shared service colleagues.





Minimum	Progressing	Excellent
<p>1. Promotion</p> <p><input type="checkbox"/> Council uses its database of accounts to target non DD accounts</p> <p><input type="checkbox"/> Council has a DD leaflet or promotional flyer for Council Tax and NNDR which is sent with all non DD bills</p> <p><input type="checkbox"/> DD authorisations designed by council are cleared by sponsoring bank</p> <p><input type="checkbox"/> DD promoted on Council website</p> <p><input type="checkbox"/> Clear promotion of the DD promise guarantee</p> <p><input type="checkbox"/> Council utilises its payment publications and outlets to provide clear guidance on DD sign-up to customers who do not use this payment method</p> <p><input type="checkbox"/> Promotional posters exist encouraging customers to switch to DD</p> <p><input type="checkbox"/> Councils write to people who pay by standing order, cheque or cash on a regular basis encouraging them to switch to DD</p> <p><input type="checkbox"/> Council informs citizens about efficiency savings obtained from a DD campaign e.g. via press release, local newsletter, council tax leaflet</p>	<p><input type="checkbox"/> Council has a geographical analysis on DD penetration</p> <p><input type="checkbox"/> Council offers DD on Housing Rent and periodic Sundry Debtors</p> <p><input type="checkbox"/> Best Practice and Learning is shared across the Council in relation to the timing and type of promotional activity used to increase take up</p> <p><input type="checkbox"/> Council does at least one targeted pre-billing DD campaign per annum on Council Tax and Rents including a personalised letter to customers</p> <p><input type="checkbox"/> Council has undertaken a marketing approach to DD over and above leaflets and posters e.g. hoardings, radio, beer mats, bus backs, information in non Council outlets etc</p> <p><input type="checkbox"/> Council offers flexible plans beyond the statutory instalment scheme for DD payers</p> <p><input type="checkbox"/> Council has analysis of rent by DD compared to CTAX and acts on mismatches</p>	<p><input type="checkbox"/> Council uses geographical analysis on DD penetration to target areas of low take up</p> <p><input type="checkbox"/> Promotional material is changed/refreshed every 2 years</p> <p><input type="checkbox"/> Council regularly works in partnership with other Councils to promote DD and drive down costs of promotional activity</p> <p><input type="checkbox"/> Council regularly works in partnership with other organisations in the area to promote DD e.g. the voluntary sector, credit union or other public utilities</p> <p><input type="checkbox"/> Council promotes the take up of DD as being integral to a wider Anti Poverty/Social Inclusion agenda</p>
<p>2. Process</p> <p><input type="checkbox"/> The billing authority actively seeks Voca quarterly 'Transactional Services Work Stream' reports from their Regional Centre of Excellence (in April, July and October 2007)</p> <p><input type="checkbox"/> The billing authority uses the information from the above reports to investigate performance and implement efficiency savings, where possible</p> <p><input type="checkbox"/> The billing authority utilises AUDDIS for Council Tax</p> <p><input type="checkbox"/> ADDACS advices are actioned to a standard within 24 hours of receipt</p> <p><input type="checkbox"/> ARUDD returns are actioned to a standard within 48 hours of receipt</p> <p><input type="checkbox"/> AUDDIS returns are actioned to a standard within 48 hours of receipt</p> <p><input type="checkbox"/> Unpaid DD rate should be below 1% based on Voca quarterly 'Transactional Services Work Stream' report</p> <p><input type="checkbox"/> Council Tax penetration rate should be at least 55%¹ or upper quartile in family group based on Voca quarterly 'Transactional Services Work Stream' report</p>	<p><input type="checkbox"/> The billing authority utilises AUDDIS for Business Rates</p> <p><input type="checkbox"/> The billing authority utilises Paperless DD for Council Tax</p> <p><input type="checkbox"/> ADDACS advices are automated and actioned on day of receipt</p> <p><input type="checkbox"/> ARUDD advices are automated and actioned on day of receipt</p> <p><input type="checkbox"/> AUDDIS returns are automated and actioned on the day of receipt</p> <p><input type="checkbox"/> Unpaid DD rate should be below 0.8% based on Voca quarterly 'Transactional Services Work Stream' report</p> <p><input type="checkbox"/> Council Tax penetration rate should be at least 63%¹ or upper quartile in family group based on Voca quarterly 'Transactional Services Work Stream' report</p> <p><input type="checkbox"/> The Council clears down dormant DDIs consistent with their agreed dormancy period</p>	<p><input type="checkbox"/> All services utilising DD within the Council utilise AUDDIS</p> <p><input type="checkbox"/> The Council is fully Paperless DD compliant</p> <p><input type="checkbox"/> Council Tax penetration rate should be 70%¹ or over based on Voca quarterly 'Transactional Services Work Stream' report</p>

¹ These percentages are based on 2007/8 figures and will be reviewed annually



Minimum

3. Strategy and Performance

Council has a strategy and action points in its Service Plan for promoting DD and other e-payment methods of which DD is highlighted as the number one collection method

Management information is available monthly on DD penetration levels measured using the Audit Commission's recommended method for at least Council Tax and NDR

1. Non zero bills on DD as a percentage of all non zero bills

Council tracks benchmark information on a regular basis and knows how it compares to other similar Councils

The Council sets targets to achieve upper quartile performance within its Family Group² and reports these as part of its balanced scorecard and service plan monitoring procedures

The Council is aware of the upper quartile performance nationally and reports these as part of its balanced scorecard at least annually

4. Staff

Regular team briefings/bulletins should include, as a standard item, progress achieved on DD take up

Regular Staff Training should be provided to all staff reminding them to promote DD and other non cash payment methods as part of billing and recovery process. This should include face to face and visiting staff

Part of all new staff inductions should include training advising of the benefits of paying by DD and the cost benefits to the Council

Council considers entering BACS DD challenge on an annual basis

Staff receive regular training on DD Scheme rules

Progressing

The Council's strategy for promoting DD and other e-payment methods has been approved by Elected Members

Management information is available on a monthly basis on DD penetration levels measured using the Audit Commission's 3 tests for all periodic income bills

2. Households on DD as a percentage of total households

3. Non zero bills on DD as a percentage of all non zero bills

4. Income arriving on DD as a percentage of all income

Council sets stretch targets for at least 3 years to achieve both upper quartile performance by family group and nationally and has a clear action plan of activities regarding how this will be achieved

Council regularly undertakes a review of the need to provide a cash office facility, where one still exists

Council informs staff of DD success via weekly/monthly team briefs and internal communication

Regular Staff Training should be provided to all staff within the Council who may come into contact with customers reminding them to promote DD and other non cash payment methods

Staff are involved in developing new campaigns and activities

Staff, from time to time, are incentivised to increase DD take up i.e. money or inter team/individual competition

Council celebrates DD success in staff news letters

Council enters the BACS DD challenge on an annual basis

Staff are trained on relevant BACS products

Excellent

The Council's strategy for promoting DD and other e-payment methods approved by Elected Members forms part of a wider Social Inclusion agenda or Anti Poverty strategy

Management information is available on a weekly basis on DD penetration levels measured using the Audit Commission's 3 tests for all periodic income bills

5. Households on DD as a percentage of total households

6. Non zero bills on DD as a percentage of all non zero bills

7. Income arriving on DD as a percentage of all income

Council is in both upper quartile performance by family group and nationally and has a clear action plan of activities to continue promoting take up

Council includes calculations of DD conversions in annual efficiency statements

Council has assessed DD take up impact and reviews all areas of Council service activity on an annual basis to see whether invoice or cash related transactions can be migrated onto DD

Council celebrates DD success outside of the Council

Awareness sessions should be provided to third sector and other voluntary agencies concerning the Councils commitment to promoting DD and other non cash payment methods

Staff are involved in developing new campaigns and activities with other colleagues from outside the organisation to provide more "joined up" services and adopt best practice

Minimum

5. Customers

- Council has considered the implications of multi payment dates, later payment by DD, more than 10 monthly payments
- Customers can request DD information regardless of language, disability etc
- DD customer is offered a minimum of two payment dates per month, one of the dates being later than the payment date for cash
- When customers move property they should not have to complete a new DD instruction
- Council provides a minimum of two chances to remain on DD where a customer has had a DD rejected / returned by the bank
- Council has clear guidelines on its process for dealing with unpaid DDs rejected by the bank

Progressing

- Council has evaluated "non cash method" discounts as allowed in Council Tax legislation and a prize draw
- Paperless DD sign up is available – customer can sign up for DD easily by telephone in normal office opening hours
- Council undertakes customer surveys about attitudes to DD and acts upon findings
- Council offers between three and six monthly payment dates for DD
- The Council uses DD as a tool to promote take up as part of the enforcement process. Good practice examples include;
 - Council allows flexibility on whether it doubles up the next instalment or spreads payment where an unpaid DD has happened
 - Council accepts DD at reminder stage including start afresh offer
 - Council accepts DD at summons stage and prepared to withdraw or reduce court costs incurred
 - Council has a policy in place to accept DD at liability order
 - Joint working with benefits teams paying Direct Credits to bank accounts evaluated for increased DD

Excellent

- Paperless DD sign up is available – customer can sign up for DD easily by telephone outside normal office opening hours
- DD sign up is available – via the internet (not just PDF document)
- Council offers more than six monthly payment dates for DD
- Council offers weekly or fortnightly DD facility to those customers who organise their finances in this way e.g. Social Housing tenants
- Where payment is made by DD, any overpayments that arise are refunded directly into the customers bank account
- The Council has considered undertaking a proper evaluation as to whether a financial or cash equivalent incentive to pay by DD should be offered