

THIRD SECTOR ENTRY

LAMBETH COUNCIL TAX BILL

CATEGORY 4.2: CONSUMER PRINT

CLIENT: LAMBETH COUNCIL

AGENCY: FELTON COMMUNICATION

25th July 2003

1 . EXECUTIVE SUMMARY

Despite Lambeth having a historically poor record on council tax payments, 2002/3 seeing an increase in council tax demands above the rate of inflation and a no additional expenditure on production or related promotional activity, the council tax collection rate in Lambeth was noted by the Government as sharing the third highest increase in England.

"There is no other reason to explain why our council tax collection has suddenly become so much more effective other than the redesign of the bills. I no longer have to deal with complaints from people who don't understand what their bill says and the amount of money that comes in straight away is astounding!" Comments Greg Sinclair, Lambeth's Contract Manager for Council tax.

Total council tax pre-payments (payments made before due date) increased by 80%. The number of summonses reduced by 24% due to timely payments and the more efficient design of the reminder notices. Direct debit payments, which are a much more cost-effective form of collection, have risen by 7.24% which is £2.04 million above the projected amount.

"Before the project started I would never have believed the design of a bill could have so much effect on payment. Now design is one of my prime considerations for any document", says Greg.

2. PROJECT OVERVIEW

2.1 Description

For the majority, receiving a council tax bill promotes negative emotions. The funds raised, however, are essential to the provision of services. Persuading the public to meet its obligations is essential.

Each bill is personalised and therefore unique. As a result, templates have to be generated. These must allow for a 'worst case scenario'; i.e. eight lines for name(s) and address, a second five line address, up to eleven lines of segmented costs, seven lines of personalised monthly installment instructions and a bar code PayPoint reference. Full payment options and information sources are also included as well as a standard DL Direct Debit form. The type size must be maximised in order to comply with RNIB guidelines. And finally the design must fit into a standard window envelope.

2.2 Overview of market

Following the council's identity being refreshed and its brand structure being rationalised in 2001, all council tax forms had to be updated. But the nature of local government means that we were initially faced with a degree of scepticism as to how ANY investment in design could help improve council tax collection.

The seemingly cheap option of simply placing the new logo on existing bills and forms was considered. Cost was a sensitive issue especially as the the newly-designed council tax bills would deliver a council tax rise of 22%. They could well promote accusations of wastefulness, bearing in mind that Lambeth is a borough with a record of collection problems and a population noted for some degree of hostility towards the council.

Despite these concerns, the project was commissioned. The logistics of developing a new design for each of the many forms – from bills to reminders to summonses – presented a daunting challenge. Each communication needed to be customised. Information was held on database and each re-design needed to reflect a range of technical and practical considerations. Any delay in generating and sending out bills on time was inconceivable.

2.3 Outline of project brief

To increase payment levels, promote the Council, maintain or reduce production costs and increase direct debit payments were among the objectives. It was essential to understand the purpose of each form in detail and how it related to other forms. We also investigated the production process from printing to mailing, examining the scope for change within the database programming and finally, the printer's capabilities.

Our response was to structure the hierarchy of information, forming a generic but versatile grid common to all bills and related communications. We wanted as much white space as possible.

By including a direct debit form and clear instructions on every bill and reminder we could maximise take up of this cost efficient option.

2.4 Project launch date

The launch date for this project was 14th March 2002.

2.5 Size of design budget

The budget to redesign the forms was £5,000. This included briefing, analysis, developing the master grid and artworking 15 bills, reminders and summonses. Further additional development has since been commissioned.

There was NO additional budget for printing/production, so processes from previous years were adapted to reduce costs without compromising the impact of new design.

3. SUMMARY OF RESULTS

Pre-payments* increased from £1.25m to £2.25m – an increase of 80% on previous year. The number of individuals pre-paying increased from 11,970 to 17,926 – an increase of 50%.

18.9% of council tax accounts were pre-paid in 2002/3 against 12.6% in 2001/2.

Pre-payments as a proportion of the total collection rose from 1.42% in 2001/2 to 2.32% in 2002/3

Despite the continuing economic downturn this figure has continued to rise and is now up to £3.16m from 20,432 individuals (figures recorded from March 2003). This is 153% rise on 2001/2

Pre-payments increase the councils interest receipts from capital held one account which can be offset against debt collection costs.

* Payments made before 1st April 2003.

"Lambeth Council had the third best improvement in its collection rate for the whole of England". Lambeth Council press release 2/07/03. Source: Office of the Deputy Prime Minister.

Total collection rate of 90.1%. This is the council's best ever result.

Summonses have fallen by 24% from 79,155 to 60,178. Reducing legal and debt collection costs by a significant, but undisclosed amount.

Improved collection despite increases in council tax of 22%.

Direct Debit payments increased by 7.24%. This increase saves the council anywhere up to an estimated £150,000. This saving is incalculable, but is based on the fact that a Direct Debit transaction costs the council just 1.5 pence compared to 5 pence for other bank transactions, 36 pence for Pay Point and 85.3 pence for Post Office transactions. An additional £2.04m council tax was collected by Direct Debit above the projected amount.

Postage savings were made by not needing to post out as many reminders as previous years. Postage savings were also achieved by posting out the bills and payment booklets together. (Historically these had been sent separately incurring twice the postal costs).

Reduction in staff time due to fewer complaints and bill queries. In the past the majority of the calls were either residents venting anger on receiving their bill or basic queries on what they owed and how they can pay. Staff time have been reduced in this capacity and re-allocated.

Increase in staff morale has been a consequence of the reduction of irate callers and minor queries, as well as the shared pride in the improved performance.

NO increase in production costs have occurred as a result of the new design. Indeed by pre-printing the logo onto the base sheets (in 2 colours) and laser printing the bills in black only, as opposed to laser printing 2 colours onto blank sheets, the production costs were reduced. What's more, the reduction was more than the design fee so the net result was a saving on production. (Figures from Capita Business Services Ltd, who are contracted by Lambeth for an overall fee, are understandably confidential.)

Valuing design: "Before the project started I would never have believed that the design of a bill could have so much effect on payment. Now design is one of my prime considerations for any new document". Greg Sinclair, Lambeth Council Tax Manager.

4 . RESEARCH RECOURSES :

All data has come from Capita Local Government/Lambeth Council Tax and Government figures/quote from Press Release from Office of Deputy Prime Minister 26 June 2003.

5 . OTHER INFLUENCING FACTORS

The main influencing factor on payments of the 2002/3 council tax by Lambeth residents was the rise in the tax by 22%. This was obviously a factor that would significantly decrease the rate of payment not improve it!

There has been NO additional promotional or PR activity to encourage payment of council tax either within the Borough of Lambeth or nationally.

There have been NO incentive schemes to encourage early payment.

Lambeth Council has a strict line on non-payers, but this policy has not changed during the period analysed.

There has been a steady improvement in the council's communication material and customer focused attitude throughout all directorates since the launch of the new identity, but this is unlikely to have any direct effect on the perception of council tax!

