

No escaping from the 'e'

Everyone wants e-payment, but has it improved collection? Simon Bailey investigates



- payment

Has e-government improved collection? This question was the title of a session I presented at this year's IRRV Enforcement Conference. When I started researching to find the answer, I discovered e-government, now termed Transformational Government (t-government), has probably not improved collection.

So why not? The main reasons why collection was already reasonably high at the time e-government came into being in 2000 were that tax collection had settled down, systems were robust and the perception of a fair tax was established. In addition many revenues services were already significantly technologically enabled prior to 2000 and were using IT effectively and efficiently.

The collection rate since 1996 shows collection was already increasing prior to e-government. What is also interesting is the fact that the introduction of the e-billing capability and the introduction of priority outcomes had little or no perceivable effect on the trend of percentages collected.

Another explanation as to why e-government probably hasn't improved collection is that it was not its main intention. Its principles were:

- Building services around citizens
- Making government and its services more accessible
- Social inclusion
- Using information better
- Interoperability.

The key driver was all about improving services centred around the citizen.

In 2004 the ODPM (Office of the Deputy Prime Minister) issued priority outcomes to assist authorities in meeting their e-government requirements. These included specific outcomes relating to payments. In theory, implementation of these outcomes should have increased collection rates. However for technologically enabled and adept services such as tax collection it is worrying that the implementation of the outcomes was highlighted by ODPM as above average for being at the primary research stage. This means the government judges that the outcomes have not yet been implemented as directed.

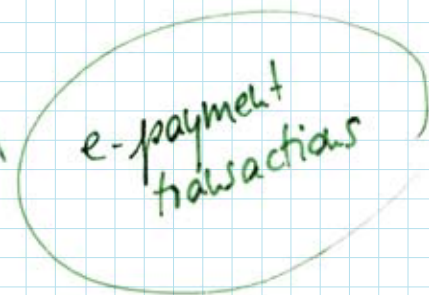
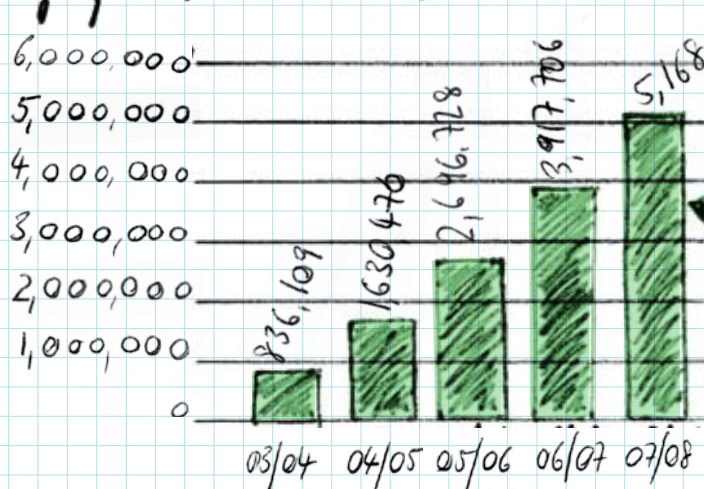
The required outcomes for payments included online facilities to be available to allow:

- Payments to the council in ways that engender public trust and confidence in local government electronic payment solutions (R10);
- Delivery of 'added value' around online payment facilities, including ability to check council tax and business rate balances online or via touch tone telephone dialling (R11).

In February 2006 the ODPM issued a report based on authorities' returns (IEG5), detailing how those authorities were performing against required outcomes. It rated implementation by a traffic light system of red (primary research stage), amber (implementation stage) and green (completed).

Surprisingly, the report found that while the average for authorities across all outcomes at red was 1.6 per cent, the implementation of online payment facilities was above this average. The explanation offered for not implementing the outcome was that it presented a new challenge for authorities to redefine council tax and business rate

Growth in e-payment transactions via local authority website (IEG5)



services for the online environment.

Hopefully with the new services offered by external suppliers the number of implementations will increase significantly over the next 12 months. But beware that using 'bolt on' web pages from third party suppliers has also attracted some criticism in a SOCITM report as they can compromise usability in terms of navigation and consistency in the look of the web sites.

The ODPM report also provided data on actual and anticipated growth in e-payments with the numbers of transactions almost doubling to over five million by 2007/8.

The 'good' priority outcome of providing online registration for council tax and business rates and e-billing for direct debit payers was highlighted as an indication the authority was at the first stage of implementation.

While the percentage of authorities at red for all the good outcomes was 3.9 per cent, the percentage for the e-billing outcome for authorities was nine per cent. The reason given for poor levels of implementation was that it is dependent upon the ability of revenues and benefits computer systems to issue e-bills. For many authorities this would represent a significant culture change.

With third party products or by amending core systems the outcome will be achieved by all authorities in the near future. There is a lack of trust by citizens in online services provided by local authorities, which must be overcome if authorities are to significantly increase take-up. Initiatives such as the Government Connect Programme (www.govconnect.gov.uk) will hopefully overcome the secure authentication issues.

Increase in take up of online payments may receive a boost by the government's £5m

advertising campaign to promote take up of local services via the national web portal direct.gov.uk.

So how can e-government improve collection? The 'good payers' will always pay, and would typically do so online or by direct debit. If council tax collection for 2005/6 is at 96.8 per cent then obviously the only method of improving collection is

by increasing recovery action on the other 3.2 per cent. This is often best achieved by good old-fashioned recovery, which is back office and resource hungry. To free up resources e-government can provide

“Has e-government increased collection? Probably not, but in the next few years it certainly will”

efficiency gains.

With fully functional and transactional websites substantial efficiency gains can be found in transaction costs, as Tameside MBC's Customer First service shows (see table left).

Any high transaction service should direct the customer to obtain a direct debit balance enquiry form or a similar transaction via the self service route. Significant cost savings and resource reallocation will increase collection rates.

While the e-government deadline was 31st December 2005, this was only to put the services in place. The strategy now must be to increase take up, release resources by efficiency from front to back office and transform services to utilise all available modern, co-ordinated delivery channels.

So has e-government increased collection? Probably not, but in the next few years it certainly will. ■

Simon Bailey is a Consultant with ISCAS Ltd

Tameside MBC's transaction costs:

Customer visits face to face	Cost Per Visit
2003/4: 100,126 unique visitors	£15.15
2004/5: 104,986 unique visitors	£14.65
Customer Call Centre	
2003/4: 303,511 unique calls	£1.59
2004/5: 314,602 unique calls	£1.39
Self Service: Website	
2003/4: 452,378 unique visitors	£0.38
2004/5: 679,813 unique visitors	£0.25