



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Review of Court Costs for Council Tax and Business Rates
Meeting of:	Cabinet
Date:	11 th September 2017
Is this an Executive Decision:	[YES]
Is this a Key Decision:	[NO]
Is the Report Confidential:	[NO]
If so, please state relevant paragraph from Schedule 12A LGA 1972:	[]
<p>Essential Signatories:</p> <p>ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE</p> <p>Monitoring Officer: Angela Wakefield</p> <p>Date Signature</p> <p>Chief Finance Officer: Sal Khan</p> <p>Date Signature</p>	

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 11th September 2017

REPORT TITLE: Review of Court Costs for Council Tax and Business Rates

PORTFOLIO: Finance

HEAD OF SERVICE: Sal Khan

CONTACT OFFICER: Sarah Richardson Ext. No. x1716

WARD(S) AFFECTED: None

1. Purpose of the Report

- 1.1. To approve the amount of costs applied to Council Tax and Business Rates accounts whether the Council Tax payer / Business Rates payer has not paid in accordance with their Council Tax bill or Business Rates bill and further recovery action must be taken in accordance with Council Tax and Business Rates legislation.

2. Executive Summary

- 2.1. A county-wide benchmarking review of the costs imposed at summons and/or Liability Order in relation to Magistrates Court action taken against Council Tax and Business Rates debtors has been undertaken, alongside a detailed analysis of the costs involved in the Council having to recover the unpaid taxes. It is proposed that with effect from 01/04/2018 costs for both Council Tax Business Rates be set at £90.00.

3. Background

- 3.1. Legislation states that the Council can apply costs to outstanding debts laid before the Magistrates Court that have been reasonably incurred by the Council in obtaining a Liability Order for non-payment of Council Tax or Business Rates.

3.2. At Court, the Council is required to satisfy the Magistrates that the necessary statutory procedures have been followed before the Liability Order can be granted. The recovery procedures are shown in Appendix 1 of this report.

4. **Contribution to Corporate Priorities**

4.1. The prompt collection of Council Tax and Business Rates is a primary source of revenue to the Council and therefore underpins all Corporate Priorities.

5. **Report**

5.1. Officers have conducted a benchmarking exercise to identify the costs applied for unpaid Council Tax and Business Rates throughout Staffordshire. The results are in tables 1 and 2 below:

Table 1 – Council Tax Court Costs in Staffordshire Authorities

Court Costs	Council Tax Summons	Council Tax Liability Order	Total
East Staffs – Current	£50.00	£35.00	£85.00
East Staffs - Proposed	£60.00	£30.00	£90.00
Cannock Chase	£90.00	£0.00	£90.00
Stafford	£90.00	£0.00	£90.00
Stoke On Trent	£60.00	£30.00	£90.00
Lichfield	£70.00	£25.00	£95.00
Staffs Moorlands	£60.00	£35.00	£95.00
Tamworth	£60.00	£35.00	£95.00
South Staffs	£48.00	£50.00	£98.00
Newcastle	£60.00	£50.00	£110.00

Table 2 – Business Rates Court Costs in Staffordshire Authorities

Court Costs	Business Rates Summons	Business Rates Liability Order	Total
East Staffs - Proposed	£60.00	£30.00	£90.00
Cannock Chase	£90.00	£0.00	£90.00
Stafford	£90.00	£0.00	£90.00
Stoke On Trent	£60.00	£30.00	£90.00
Lichfield	£70.00	£25.00	£95.00
Tamworth	£60.00	£35.00	£95.00
South Staffs	£48.00	£50.00	£98.00
East Staffs - Current	£60.00	£40.00	£100.00
Staffs Moorlands	£65.00	£35.00	£100.00
Newcastle	£50.00	£60.00	£110.00

- 5.2 Members will note that the Council has the lowest costs for Council Tax in Staffordshire and the second highest for Business Rates.
- 5.3 In 2016/17 the Council issued 18,315 reminders and final notices for non-payment of Council Tax which lead to 8,025 summonses being issued and 4,484 liability orders being obtained. In the same period 1,213 business rates reminders and final notices were issued which lead to 452 summonses being issued and 320 liability orders being obtained.
- 5.4 A detailed costing exercise has been undertaken to determine the expenditure that has been reasonably incurred by the Council in obtaining the liability order. The analysis of costs includes the costs across Revenues, Benefits and Customer Contacts service due to generic working. Staff within the service are now multi-skilled and can deal with more varied tasks across the disciplines. This exercise establishes that costs should be set at £90.00 for both Council Tax and Business Rates.
- 5.5 Re-aligning Council Tax costs to £90.00 would bring East Staffordshire Borough Council costs in line with Stafford Borough Council and Cannock Chase District Council, but would still see the Council having the lowest Council Tax costs in the County. The re-alignment of Business Rates Costs to £90.00 would also result at costs being the lowest in County. This is a reflection of the Council's reflectively low cost base.

6. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Lisa Turner

- 6.1. The main financial issues arising from this report are set out within the following paragraphs.
- 6.2. During 2016/17 the Council generated income from court costs applied to relevant cases amounting to £373k in relation to Council Tax and £19k in relation to Business Rates. Members will note that this is a recovery of the costs incurred by the Council and the collection of those costs in addition to the unpaid taxes is an important source of revenue to the Council.
- 6.3. Officers have conducted a detailed analysis of the time taken and cost to administer the recovery process on unpaid Council Tax and Business Rates debts. The results of the analysis show an amount of £91.33 relating to the costs of recovery administration per Council Tax/Business Rates debt. Setting costs at £90.00 is consistent with our Fees and Charges Policy.
- 6.4. The proposed re-alignment of costs with our current cost base to £90.00 would generate additional income estimated to be between £24k per annum.

Revenue	2018/19	2019/20
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Estimated Recovery Income - Proposed re-alignment of Costs to £90 (<i>subject to case load</i>)	Increased Cost	£24k	£24k
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- 6.5. As set out within the introductory paragraphs, legislation states that the Council can only apply costs to outstanding debts laid before the Magistrates Court that have been reasonably incurred by the Council in obtaining a Liability Order for non-payment of Council Tax or Business Rates. Therefore it is not recommended that costs are set at a higher level than those highlighted at paragraph 6.3.

7. Risk Assessment and Management

- 7.1. The main risks to this Report and the Council achieving its objectives are as follows:

7.2. **Positive** (Opportunities/Benefits):

7.2.1. Adding Court Costs to accounts reflects the time spent on the administration relating to the recovery of unpaid Council Tax and Business Rates.

7.2.2. Reviewing the costs incurred in the administration of the collection and recovery process ensures the Council is providing value for money with its services.

7.3. **Negative** (Threats):

7.3.1. The Council could open itself to an unnecessary financial burden if the applied costs are short of the costs incurred in the recovery process.

- 7.4. The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

8. Legal Considerations

This section has been approved by the following member of the Legal Team: Angela Wakefield.

- 8.1. The main legal issues arising from this Report are as follows.

- 8.2. Council Tax (Administration and Enforcement) Regulations 1992;
Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989.

9. Equalities and Health

9.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

9.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

10. **Human Rights**

10.1. There are no Human Rights issues arising from this Report.

11. **Sustainability** (including climate change and change adaptation measures)

11.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A

12. **Recommendation(s)**

12.1. Members approve the Council Tax and Business Rates costs to £90.00, as set out within paragraph 5.1, with effect from 01/04/2018.

13. **Appendices**

13.1. Appendix 1: Council Tax and Business Rates Recovery Procedure .