

Report to: **Executive**
Date: **4 April 2006**
Report of: **Head of Financial Management**
Subject: **Recovery Costs for Council Tax and National Non Domestic Rates**
Ward: **All**

1. Purpose of the Report

- 1.1 To consider a recommendation to increase the charge to Ratepayers and Council Taxpayers of obtaining a Liability Order and Committal Summons from the Magistrates Court for the recovery of Non Domestic Rates and Council Tax.
- 1.2 To consider the charges to be levied by the Council's Internal Bailiff in connection with the enforcement action undertaken on behalf of the District Council.
- 1.3 This report constitutes requiring a *key decision* and has been included in the Council's Forward Plan.

2. Consultation

- 2.1 In preparing this report, consultation has taken place with neighbouring authorities, Director of Finance & Corporate Services, Revenues Manager and the Clerk to the Justices. The report has been approved by the Management Team and also been considered by the Council's Monitoring Officer.

3. Background

- 3.1 The basis of the review is to ensure that ratepayers refusing to pay rates and Council Taxpayers refusing to pay Council Tax, bear the cost of recovery.
- 3.2 The current charge for a liability order, last reviewed in 2004/5, is £35 for both Non-Domestic Rates and Council Tax, and for a committal summons it is £40.
- 3.3 The charges are not meant to be penal but are there to represent the cost of recovery up to the stage of obtaining a liability order for non-payment.
- 3.4 Under SI2005/3444, which came into force on 10th January 2006 the fee charged by the Magistrates Courts for the issue of a Liability Order has increased by £2.30 and the fee for a Committal Summons has increased by £15.

4. Position Statement and Option Appraisal

- 4.1 Firstly, outlined below are charges made by neighbouring authorities, in obtaining a *Liability Order*. The recommendation is to increase this charge to £40 and this would bring the Council in line with other Local Authority charges below, and would also be representative of the Council's costs, given the increases mentioned in 3.4 above.

		£	p
Authority	A	40.00	
	B	43.00	
	C	50.00	
	D	45.00	
	E	30.00	
	F	45.00	
	G	65.00	

4.2 Secondly, with reference to *Committal summons*, the current charge for the issue of one of these is £40, which was set in 2004, and I propose to increase this charge to £70, which would also equate this charge with neighbouring authorities and reflect the additional costs involved with these cases and the increases mentioned in 3.4 above.

4.3 Thirdly, in connection with the *Internal Bailiff charges*, these are generally set within the existing law for external bailiff charges and are also periodically reviewed. Van visit charges and attendance fees can be set at a level, which reflect the reasonable costs incurred. Reasonable costs are not defined by legislation.

4.3.1 Although I am permitted to charge for up to two van visits by the internal bailiff per liability order, I feel that this would be penal and therefore I am suggesting that I make only a single charge to the most recent liability order.

4.3.2 The internal bailiff will not deal with cases where the debtor is known to be in receipt of Job Seeker's Allowance (Income Support) as the recovery method in such cases is by means of Benefit Deductions.

4.3.3 Outlined below are internal bailiff charges which are compatible with external bailiff charges levied at present.

First visit	£ 22.50
Second visit	£ 16.50
Van visit	£110.00 *
Attendance fee	£ 50.00 per hour per officer
Levy Fees	As per statute

- A Van visit is a visit carried out as a consequence of a defaulted agreement by the debtor where the debtor signed a Walking Possession Order giving the bailiff the power to remove the goods on that order if the debtor subsequently defaulted on any agreement. This would however be a last resort arrangement and distraint powers are rarely used.

5. Implications

5.1 Financial

5.1.1 Although it is difficult to forecast the number of liability orders the Council will need to obtain in the current year, I estimate that the increase will generate further income of approximately £13,500 in 2006/07 and £15,000 in future years. The income will be offset against the cost of collection.

5.1.2 Whilst the number of cases where a Committal Summons is requested maybe limited the charge needs to reflect the additional work involved with each case to get it to that stage, and this income will also be offset against the cost of collection.

5.1.3 In both the cases of Liability Orders and Committal Summonses together with the proposals on Internal Bailiff charges, the increased income will assist the Council when future years General Fund Budgets are finalised.

5.2 Legal

The Clerk to the Justices has no objection to the increase, as the charges are proper and reasonable. Given the above and comparison with other Council's, I am confident the proposals are fair and will be accepted.

5.3 Policy

These costs are reviewed on a regular basis to reflect increases in the cost of collection.

5.4 Risk

A formal risk assessment has been carried out and risks identified are within the Corporate risk appetite.

5.5 Communications

If the report is approved then the new arrangements will be communicated to all Taxpayers.

6.0 Corporate Implications

6.1 *Corporate Plan and Priorities*

The report accords with the Council's Objectives and agreed priorities, in particular it assists in achieving the following:

SFE3: "To ensure the corporate health of the Council through sound and prudent Financial Management"

6.2 *Equality and Diversity*

There are no equality and diversity implications.

6.3 *E-Government*

There are no E- Government implications.

6.4 *Procurement*

There are no procurement implications.

7. Recommendations

7.1 Members are asked to approve the increase the charge in respect of Non Domestic Rates and Council Tax to £40 per case for a liability order and £70 per case for a committal summons. These charges will be reviewed as part of the annual budget process.

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- 7.2 Members are asked to approve the charges relating to the Internal Bailiff, which are either Statutory or are reasonable, and reflect the current levels applied by External Bailiffs. These charges will also be reviewed as part of the annual budget process.

Background Papers:
District of Easington Risk Assessment
Correspondence with Clerk to the Justices