



## **SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE – 7TH DECEMBER 2015**

**SUBJECT: COUNCIL TAX AND BUSINESS RATES – PROPOSED INCREASE IN  
COURT FEES**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151  
OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To present the Scrutiny Committee with details of a proposed increase in the court fees payable in relation to the process for obtaining liability orders for unpaid council tax and National Non-Domestic Rates (also known as business rates).

### **2. SUMMARY**

- 2.1 This report provides details of a proposal to increase the fees charged by the Council to council tax payers and business rate payers when serving a magistrates' court summons and obtaining a liability order.
- 2.2 The proposed increase was included in the 'Draft Savings Proposals for 2016/17' report that was presented to Cabinet on the 14<sup>th</sup> October 2015.

### **3. LINKS TO STRATEGY**

- 3.1 Council tax and business rates provide significant resources which assist the Council in achieving a balanced financial plan.

### **4. THE REPORT**

#### **4.1 Background**

- 4.1.1 The Council issues approximately 78,800 council tax bills and 4,750 business rate bills every year. Whilst the majority of householders and businesses pay their bill on time, there are circumstances when the Council has to take steps to recover unpaid council tax/business rates. This is a statutory process which eventually leads to the serving of a court summons with a view to obtaining a liability order. A liability order is a court order that enables the Council to enforce the collection of unpaid council tax or business rates. During the 2014/15 financial year 6,388 court summonses were issued and 5,637 liability orders were obtained.
- 4.1.2 As a billing/rating authority, the Council is permitted under council tax and non-domestic rating regulations to recover the costs incurred in carrying out the actions necessary to obtain a liability order in the magistrates' court.

4.1.3 In Wales the fees chargeable by a billing/rating authority in respect of a summons action and a liability order application for council tax and business rates arrears are currently limited by regulation to a maximum of £70.00 in each case. Included within the £70.00 fee limit per case, there is a statutory £3.00 fee payable to the magistrates' court for issuing each summons.

4.1.4 For Caerphilly CBC, the total fee payable in each case for the 2015/16 financial year is £57.30 (this includes the £3.00 fee payable to the court).

## 4.2 Details of the Proposal to Increase the Court Fees

4.2.1 The costs incurred by the Authority in carrying out the actions required to secure a court summons and liability order are made up of a number of elements as listed below: -

- Staff time.
- Information Technology (hardware, software systems and support).
- Central Services (mail sorting and courier service).
- Customer First (face-to-face enquiries).
- Office accommodation.
- External and Internal Audit.
- Various other internal support services e.g. Cashiers, Human Resources, Payroll and Accountancy.
- Serving summonses and liability order notices.
- Attending court hearings.

4.2.2 A review of costs has recently been undertaken and this reveals that the costs incurred by Caerphilly CBC are £68.06 per case (this amount excludes the statutory £3.00 fee payable to the magistrates' court). Given that the fee charged per case is currently £57.30, there is a clear need to consider increasing the fees in order to recoup the actual costs incurred.

4.2.3 It is considered reasonable to adopt an incremental approach to increasing the level of fees until they match the actual costs incurred (subject to the £70.00 limit imposed by regulation). Members are therefore asked to consider and comment upon the following: -

- A proposed increase of 4% with effect from 1<sup>st</sup> April 2016. This results in an increase of £2.30 per case i.e. from the current level of £57.30 to £59.60.
- The potential for further incremental annual increases from 2017/18 (subject to a further report at a later date setting out detailed proposals).

4.2.4 Officers have contacted all Welsh Local Authorities to determine what court fees are being charged across Wales. 20 responses were received, which revealed the following: -

- 16 Local Authorities are charging the maximum £70.00
- 1 is charging £66.00
- 1 is charging £64.00
- 1 is charging £62.00
- 1 is charging £45.00

## 5. EQUALITIES IMPLICATIONS

5.1 The proposed 4% increase for 2016/17 has been subject to an equality impact assessment and this is attached as Appendix 1 of this report.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The summons and liability order fees are payable by the council tax or business rate payer against whom the action needs to be taken. Subject to the regulatory limit, the Authority is entitled to recoup the costs incurred in applying for a liability order.
- 6.2 The proposed 4% increase for 2016/17 will generate an additional contribution of £23k towards the actual costs incurred.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no direct personnel implications arising from this report.

## **8. CONSULTATIONS**

- 8.1 There are no consultation responses which have not been reflected in this report.

## **9. RECOMMENDATIONS**

- 9.1 It is recommended that Members consider and comment upon the proposed 4% increase in the court fee for the 2016/17 financial year.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To ensure that the views of the Scrutiny Committee are considered prior to final 2016/17 budget proposals being presented to Cabinet and Council in February 2016.

## **11. STATUTORY POWER**

- 11.1 The Council Tax (Administration and Enforcement) Regulations 1992 as amended and The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 as amended.

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Background Papers:  
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Appendices:  
Appendix 1 - Equality Impact Assessment Form