

<b>Subject:</b>	<b>INCREASE IN 2018/19 COURT FEES - COUNCIL TAX AND BUSINESS RATES</b>
<b>Date:</b>	<b>20 April 2018</b>
<b>Decision to be taken by:</b>	<b>Dominic Whelan, Director of Shared Services</b>
<b>Report of:</b>	<b>Andrew Stevens, Head Of Shared Services - East Kent Services</b>
<b>Portfolio Holder:</b>	<b>Councillor Michael Conolly, Portfolio Holder for Corporate Resources and Performance</b>
<b>Decision Type:</b>	<b>Executive Non-Key Decision</b>
<b>Call-in to be Suspended:</b>	<b>No (<i>Call-in does not apply to non-Key Officer Decisions</i>)</b>
<b>Classification:</b>	<b>Unrestricted</b>
<b>Delegated Authority:</b>	Administrative Arrangements entered into between Canterbury City Council, Dover District Council and Thanet District Council and resolution No. 5 of the meeting of the East Kent Services Committee held on 11 February 2015
<b>Purpose of the report:</b>	To increase from £50 to £60, from 1 May 2018, the amount requested from the court as Council's costs when the Council applies for a summons due to non-payment of Council Tax or Business Rates.
<b>Recommendation:</b>	That the costs amount requested from the court when the Council applies for a summons due to non-payment of Council Tax or Business Rates be increased from £50 to £60, commencing 1 May 2018.

## 1. Summary

- 1.1 By increasing the costs to be recovered when applying for a summons, from £50 to £60 from 1 May 2018, the Council will ensure it is charging on the basis of full recovery of its costs for this activity.

## 2. Introduction and Background

- 2.1 The court costs requested by the Council once a summons is awarded due to non-payment of Council Tax or Business Rates have remained at £50 since 2011-12. If a case proceeds to liability order stage, a further fee of £50 is requested.
- 2.2 It is within the court's discretion to decide whether costs are awarded to the Council when the summons is granted. The Magistrate must be satisfied that the Council has actually reasonably incurred the costs being claimed and this requirement is set out in legislation and has also been the subject of High Court cases in recent years.
- 2.3 A review was carried out by East Kent Services to determine whether the current fees are still set at an appropriate level, in order to recover the costs incurred by the Council in obtaining the summons and liability order.

- 2.4 The costs attributable to this recovery activity were updated using current budgetary information from both EK Services and the Council and showed that the cost per summons/liability order is circa £110, which is £10 more than the £100 currently requested (£50 summons, £50 Liability Order).
- 2.5 Costs of around £110 (for summons and liability order) are the average across Kent for Council Tax and are below the average for Business Rates.
- 2.6 It is recommended that the requested costs for summonses increases to £60 and remains at £50 for the liability order, thus equating to the £110 required to cover the costs incurred. It is important to note that the Council does not make a financial profit from raising the court costs as they are only reflecting the actual costs incurred in carrying out the activity.

### 3. Identification of Options

- 3.1 The two options are:
- (a) Increase the Costs to £110 - Agree the increase to the summons costs from £50 to £60 for non-payment of Council Tax and Business Rates, commencing 1 May 2018, with the cost for obtaining a liability order at court remaining at £50, giving a total of £110; or
- (b) Maintain Costs at Current Levels – No increases are made and the costs are kept at the current level.

### 4. Evaluation of Options

- 4.1 Increase the costs to £110
- 4.2 If the court costs are increased this will be the first increase since 2011. The councils in East Kent have held them at this level for 7 years but a recent review of the actual costs incurred in dealing with advanced Council Tax recovery work has indicated that an increase in summons costs is due to better reflect the actual costs incurred. This increase equates to inflation at 2–3% per annum over the intervening years.
- 4.3 By making this increase the Council ensures that those not paying Council Tax and Business Rates are meeting the costs of their actions and are not being cross-subsidised by those who do pay.
- 4.4 Maintain Costs at Current Levels
- 4.5 If it is not agreed to increase the court costs then the summons cost will remain at £50 but the actual costs incurred in this activity will be higher than the charges. As a result, those who do pay their Council Tax and Business Rates will, to some extent, be subsidising those who do not.

### 5. Resource Implications

- 5.1 For the last full year for which the data is currently available (2016/17) the Council issued a total of 5,808 summonses (5,466 Council Tax and 342 Business Rates). With an increase of £10 this would generate an additional £58k per annum.
- 5.2 In practice 100% recovery of these charges, from individuals and organisations who have not paid the original bills, is unlikely, but recovery of around 75% or £40k-£45k is a reasonable expectation and would significantly close the current shortfall in income from this area.

### 6. Corporate Implications

- 6.1 Comment from the Section 151 Officer: The Director of Finance, Housing and Community has been involved in the preparation of this report and has no further comments to make.

- 6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 6.3 Comment from the Equalities Officer: 'This report does not specifically highlight any equality implications, however, in discharging their responsibilities, Members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.'
7. **Appendices**  
None.
8. **Background Papers**  
None.

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