

Subject: Increase in Court Costs for non payment of Council Tax and National Non Domestic Rates

Status: For Publication

Report to: Cabinet

Date: 19th March 2008

Report of: Head of Customer Services and ICT

Portfolio

Holder: Quality Services to Customers

Key Decision: No

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

1.1 To propose an increase to the current court costs for the non payment of Council Tax and National Non Domestic Rates (NNDR). This will ensure that Rossendale recovers all of its costs associated with the Recovery process.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

- Delivering Quality Services to Customers (Customers, Improvement)
- A Well Managed Council (Customers, Improvement)

3. RISK ASSESSMENT IMPLICATIONS

3.1 There are no specific risk issues for Members to consider arising from this report.

4. BACKGROUND AND OPTIONS

- 4.1 A Local Authority has the ability to levy costs associated with the issue of summonses and recovery of their debt. Rossendale wants to recover all of its costs associated with the Recovery process. The current court charges have not been increased since 2005 and do not reflect the new processes which have been implemented by the Council in order to improve the collection rate for both Council Tax and National Non Domestic Rates.
- 4.2 We researched the existing court charges imposed by other neighbouring Local Authorities in order to baseline our current costs. Our findings were as follows:

	Council Tax	National Non Domestic Rates
Rossendale	65	65
Blackburn	85	103
Burnley	85	85
Bury	68	95
Chorley	81	81
Fylde	58	58
Hyndburn	60	60
Pendle	75	80
Ribble Valley	40	40
Rochdale	67	90
South Ribble	60	60
West Lancashire	42.5	42.5
Wyre	58	58

- 4.3 In addition to determine the court charges a process of Activity Based costing was applied to identify all the various costs that are involved in the Recovery process for Council Tax and National Non Domestic Rates
- 4.4 The costs have broken down into the following component parts. The costs are based on the production and issue of 1000 summonses. All costs associated with staff, systems, and telephony are apportioned according to the time or resource required for the summons recovery process. The following chart summaries the estimated costs:

Staffing Costs:

Systems Administration costs (including scheduling of jobs, production time and transfer of data)	£869.25
Recovery Section (including reviewing reports, dealing with telephone calls, responding to correspondence, inputting and monitoring arrangements attendance at Court	£32,073.75
Contact Centre costs (including dealing with telephone calls	£17,559.33

and inputting and monitoring arrangements	
Customer Services (including dealing with face to face enquiries and inputting and monitoring arrangements)	£1,889.67
Accountancy and Service Assurance Team	£1,251
	£53,643.00

System Costs:

Northgate licence and maintenance	£6568.00
Systems administration costs (including Systems Team, Database Administration and ICT support)	£1260.85
Telephony system	£681.15
Experian costs	£980.00
	£9,490.00

Printing and Postage costs:

Stationary costs; including summons, Liability Order, Request for financial information, and pre-bailiff letters	£6,499.50
Production of pre-summons report, Complaint report and Liability Order reports	£150
Despatch and postage costs	£240.75
	£6,890.25

Magistrates Court Costs:

Costs paid to Magistrates Court not recovered	£4265.00
Administration and payment of invoices	£65
	£4265.00

Miscellaneous Costs:

Cash Receipting of payments from summonses (including credit card and debit card charges)	£62.00
Service Assurance Team (including RBC team members, Audit and Accountancy)	£650.00
	£712.00
Rossendale internal recovery costs	£82,000
Court Costs	£3000
Total recovery costs	£85,000

Proposed Costs

Propose charge for both Council Tax and National Non domestic Rates is £75 for 2008 -09, with a £10 increase in 2009 – 10 plus RPI increase as well.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 At present the Council incurs costs of £60,000 in relation to this activity. The proposals set out in this report will reduce this gap to zero over a period of time. The effects of this will be reflected in future budgets as appropriate.

6. MONITORING OFFICER

- 6.1 This report is important to help the Council to deliver quality services.

7. HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 This report is important to help the Council to deliver quality services.

8. CONCLUSION

- 8.1 The activity based costing analysis has shown that at present Rossendale are not recovering all of the Recovery costs. It is imperative that we amend our court costs so that they reflect all of the costs involved in delivering the process.

9. RECOMMENDATION(S)

- 9.1 It is recommended that the proposed increase in court costs are accepted and implemented for the start of the 2008 – 09 financial year followed by successive increases to cover inflation costs. As well as giving the Head of Service delegated authority in conjunction with the Portfolio Holder to increase the court costs appropriately in future years.

10. CONSULTATION CARRIED OUT

- 10.1 None

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required No

Is an Equality Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
Cost working papers	Customer services & e-Government