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Revenues and Benefits Service
Aquila House, Breeds Place
Hastings, East Sussex
PO Box 176
TN34 1PY

Costs Justification Document

Local Government Finance Act 1992, Statutory Instrument 613 Sections 23 & 34.

Introduction

We incur costs over several connected statutory required areas when we make an application to the Court, culminating in an application for a Liability Order. We are required to issue Final (Reminder), Summons and Liability Order notices to residents and we have to take into consideration all of the work connected when setting the incurred costs level.

All figures are based upon the calculated amount of time/resource we spend on each action that contributes to the application. Resources paid for from public funds. This process starts from the issue of a Final (Reminder) notice through to the issue of a Summons and granting of a Liability Order.

We have utilised known figures, although in some instances we have had to apportion these based on judgement calls about how to apportion these. So for instance in relation to officer time we know the wage costs, but then have to apportion those wage costs between enforcement and non-enforcement work. This exercise is an informed allocation.

We are also alive to the argument that different stages will require different work to be undertaken.

Numbers

The Council issues approximately 4,500 Summonses and Liability Orders to residents who had not paid their Council Tax on time per year.

To give a context there are just over 42,800 properties in the Borough. Approximately 14,000, so a third of accounts have a change of liability each year. So our main work load is split between these two areas, firstly registering residents for Council Tax and the majority of our work which is dealing with the residents who have not paid.

Methodology and boundaries of connected costs

The Council calculates the costs incurred by aggregating the cost of each area involved in the process which culminates in the making of an application for a Liability Order.

Bills are issued to every liable resident in the Borough each year. Instalments are set for each resident to pay the full Council Tax due, by monthly instalments in most cases.



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No extra resource is being used at that point to collect the Council Tax charge. This administration work has to occur and the costs to the authority at this stage are inherent to this work. These are not included in the Court cost calculation.

If everyone who received their Council bill paid as per the instalments in that bill no further work or resources would be required until the residents personal situation changed, so for example they moved property.

It is therefore, not reasonable to include the cost of this part of the service in Court costs calculation.

Under the **Local Government Finance Act 1992, statutory instrument 613** sets out the action that must take if a resident does not pay their Council Tax bill.

S .23 Failures to pay instalments

If, within the period of 7 days beginning with the day on which a reminder notice is issued, the liable person fails to pay any instalments which are or will become due before the expiry of that period, the unpaid balance of the estimated amount shall become payable by him at the expiry of a further period of 7 days beginning with the day of the failure.

S. 34 Application for as Liability Order

—(1) If an amount which has fallen due under regulation 23(3) or (4) is wholly or partly unpaid, or (in a case where a final notice is required under regulation 33) the amount stated in the final notice is wholly or partly unpaid at the expiry of the period of 7 days beginning with the day on which the notice was issued, the billing authority may, in accordance with paragraph (2), apply to a magistrates' court for an order against the person by whom it is payable.

(2) The application is to be instituted by making complaint to a justice of the peace, and requesting the issue of a summons directed to that person to appear before the court to show why he has not paid the sum which is outstanding.

(5) If, after a summons has been issued in accordance with paragraph (2) but before the application is heard, there is paid or tendered to the authority an amount equal to the aggregate of—

(a) the sum specified in the summons as the sum outstanding or so much of it as remains outstanding (as the case may be); and .

(b) a sum of an amount equal to the costs reasonably incurred by the authority in connection with the application up to the time of the payment or tender, .
the authority shall accept the amount and the application shall not be proceeded with.

The Council's costs are incurred to cover the work carried out from the issue of a Reminder (Final) notice to the issue of a Liability Order. Costs after this point are dealt with under Enforcement Taking Control of Goods legislation.

This sets the boundary of our considerations for the £100 costs the Council requests for each Liability Order issued.

Pre Hearing – post Hearing costs incurred

The Council recognises that there is a reduced amount of administration if a resident is able to either pay in full or set up a direct debit to pay by instalments after the Summons has been issued and before the Liability Order Hearing date. In this event the Council reduces the costs charged to the debtor in recognition of the reduced cost to the public purse to administer collection on these accounts. In this event the Council charges a reduced amount of £95.

When the Council has to proceed with the request for a Liability Order, additional resource is required to process these accounts and, consequently, the Council charges an additional £5, bringing the total charge to £100 as requested.



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Summary

Throughout our careful considerations on costs incurred it is our responsibility to be mindful that it is public money that we are in charge of. Any costs incurred in connection with the application for a Liability Order not covered by the resident who has not paid their Council Tax, would otherwise, be passed on to all the residents of the district through increases in Council Tax.

We have always recognised that there is a challenge in the setting of reasonably incurred costs in the traditional case by case way due to the large numbers of cases involved at each hearing. Clearly to assess and cost each individual case is not possible without prohibitive financial and logistical implications for the Local Authority, HMCTS and ultimately the tax payer. In short to set costs on a case by case basis would require additional resources to be put in, which would mean an increase on the costs sought.

We always ensure our costs are based on what is reasonably incurred in connection with the application, i.e. what the public purse has had to fund from the issue of a Reminder (final) notice to the issue of the Liability Order.

This can be evidenced by our actions at each stage. Whilst the reductions we give residents who resolve their issue before the Liability Order Hearing are not part of the judicial process they are evidence of this careful approach and recognition that the cost in those situations are proportionate to the work undertaken by the Council.

Signed



Peter Grace
Assistant Director – Financial Services and Revenues
Hastings Borough Council
Telephone 01424 451503
email: pgrace@hastings.gov.uk

Dated

18/6/2015



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Calculation for Council Tax Summons & Liability Order Costs Hastings Borough Council

The Summons and Liability Order costs of £100.00 were set in 2010 and was based on the Revenues operations budget for 2009/10.

This has been reviewed in May 2015 and based on the current operating costs and percentages the actual cost to the Council is £100.28, however, the Council has decided not to increase the costs and they currently remain at £100.00.

Below is the breakdown of the how the £100.00 cost is derived.

Operating Budget for Revenues (Council Tax)	=	£877,094
Total costs associated with Recovery action	=	£451,302
Estimated Number of Summons' issued for 2015/16	=	4500
Costs required per Liability Order	=	£100.28
Cost currently being charged by HBC	=	£100.00
Difference	=	-£0.28

(All figures are based on the 2013/14 & 2014/15 Revenues Budget)

(Actual Summons 2012/13- 3,650, 2013/14- 3,800, 2014/15- 4,200)