

---

<b>REPORT TO:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>18<sup>TH</sup> SEPTEMBER 2013</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE and CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811) <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b> u/ks/council tax support/policies/recovery/covering report sept 13
<b>SUBJECT:</b>	<b>COUNCIL TAX RECOVERY – OVERVIEW OF PROCEDURES</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

---

## **1.0 Recommendations**

1.1 That the procedures for recovering Council Tax are considered and the Committee highlight any areas for further review.

## **2.0 Purpose of Report**

2.1 During the consultation in 2012 for designing a new Local Council Tax Support Scheme, it was identified that the collection of additional and low value Council Tax from households currently not paying, was a risk.

2.2 In addition, during the last Budget Round, the Council approved an increase in the fee for recovering Court Costs associated with Council Tax. This highlighted the volume of court summonses issued during a year.

2.3 Therefore, the Committee have requested to review the Council's procedures for recovering Council Tax as part of this year's work programme; this report sets out the current process at the various stages of collection, for the Committee's consideration.

## **3.0 Detail**

### **Paying Council Tax and Collection**

3.1 The process for recovering Council Tax is detailed in 2 flowcharts at Appendices 1 and 2. **Appendix 1** shows the process from when reminder notices are issued up to the point of a Liability Order being granted; **Appendix 2** then shows the recovery process after a Liability Order has been granted.

- 3.2 Council Tax bills are raised and sent out at the start of the financial year. Most households pay by 10 monthly instalments but there is an option of paying over 12 months. The collection of Council Tax is a statutory duty of local billing authorities such as South Derbyshire and they are expected under statute to make every effort to ensure that all income due is collected.
- 3.3 When an instalment is not paid, the Council must issue a reminder notice asking for payment within 7-days. If no payment is made, the Council has the right to withdraw paying by instalments and can demand a full year's Council Tax. In practice, this is unlikely to occur if the instalment is paid.
- 3.4 If no payment is made within a further 7-days, the right to pay by instalments is lost and the whole year becomes payable. If no payment is made within 14 days after that, the Council may issue a summons to the liable person and ask the local magistrate to issue a liability order. This allows a council to make arrangements for arrears to be paid by automatic deductions from income (including benefits) or to seize personal goods to the value of the amount owed.
- 3.5 Where arrears are paid on the first reminder but a subsequent instalment is missed a further reminder will be issued. Again, the right to pay by instalments is lost if the arrears are not paid within 7-days and a summons will be issued.
- 3.6 Where a further instalment is missed within the financial year a final notice, requiring payment of the full year's Council Tax, becomes due. The purpose of this is to restrict the number of reminders in the case of persistent late payment.
- 3.7 If arrears remain unpaid after the issue of a summons, the Council will obtain a Liability Order which allows it to take enforcement action such a referral to a bailiff, Bankruptcy, charging order and attachment to earnings and benefits.
- 3.8 In extreme cases, where there is a wilful refusal or culpable neglect to pay, a Magistrate's Court, on application by a council, has the power to send a liable person to prison. This course of action can be time consuming and costly.
- 3.9 Although the Council is statutorily required to pursue non-payment as outlined above, if a person is in contact with the Council, alternative arrangements can usually be agreed to make payment.
- 3.10 This is applicable where a person may be experiencing difficulties in making a full payment; this is considered a better and more cost effective solution to ensure that the liability is eventually paid in full. Additional money advice may also be provided such as assessing entitlement to financial support.
- 3.11 Where collecting payment becomes much more difficult, the Council employs bailiffs to trace people, collect arrears and to enforce Liability Orders.

#### **4.0 Financial Implications**

4.1 No direct implications.

#### **5.0 Community Implications**

5.1 None Directly.

#### **6.0 Corporate Implications**

6.1 None Directly

#### **7.0 Background Papers**

7.1 None