



**Corporate Policy and
Resources**

Thursday 14 April 2022

Subject: Council Tax Discretionary Fund for Refund of Magistrates Court Fees

Report by:

Assistant Director – Change Management & Regulatory Services

Contact Officer:

Alison McCulloch
Revenues Manager

alison.mcculloch@west-lindsey.gov.uk

Purpose / Summary:

To consider and agree the proposal for the expenditure of the refund of Magistrates court fees.

RECOMMENDATION(S):

- To agree to option 1 being that the refund of Magistrates court fees be set aside for a council tax discretionary hardship fund to be set up for 2022/23.
- To agree that any additional refund of Magistrates court fees be added into the discretionary hardship fund for 2022/23 as and when they are determined by the Ministry of Justice.
- To agree that in the event of any discretionary fund being unpaid that any residual amount be made available for 2023/24 as a new discretionary fund.

IMPLICATIONS

Legal:

None

Financial :

The Ministry of Justice (MoJ) has agreed to pay West Lindsey District Council (WLDC) the sum of £24,605.45. This was a refund for overcharged Magistrates court fees plus interest paid for council tax liability orders applied for, between 1 April 2014 and 21 July 2018.

Further payments made by WLDC during this period, to the sum of £7,260.12, have been submitted to the MOJ and are currently in the process of being reconciled to our records. Applying the same interest rate of 1.73% this would be a further refund of £7,385.72.

Should this additional sum be agreed the total sum due to West Lindsey District would be **£31,991.17**.

Officer recommendation is Option 1 being that the refund of Magistrates court fees be set aside for a council tax discretionary hardship fund to be set up for 2022/2023.

FIN REF: FIN/192/22/SSc

Staffing :

None

Equality and Diversity including Human Rights :

None

Data Protection Implications :

All data is being collected in accordance with GDPR

Climate Related Risks and Opportunities :

None

Section 17 Crime and Disorder Considerations :

None

Health Implications:

None

Title and Location of any Background Papers used in the preparation of this report:

Risk Assessment :

If any council tax payer requests a specific refund and they are entitled to it we can refund to their council tax account.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

X

No

1. Introduction

In 2018, The Court of Protection, Civil Proceedings and Magistrates Courts Fees (Amendment) Order 2018 (SI 2018/812) was issued. This order decreased certain fees charged for the issue of proceedings including the issue of council tax liability orders. Whilst these came into force on 21 July 2018 the fee reduction was effective from 1 April 2014.

The fees previously charged by the Magistrates Court for the issue of liability orders was £3.00 per order and this was reduced to 50p per order. Since this legislation came into force West Lindsey District Council has been paying the reduced charge of 50p.

Since 2018, there has been ongoing discussions between the Ministry of Justice (MoJ), the Local Government Association, the Institute of Revenues, Rating and Valuation (IRRV) and CIPFA as to how and when the reimbursement of the overcharged fees back to 2014 would be paid and whether there would be any restrictions imposed as to how the refunds could be spent.

No restrictions have been imposed and each local authority has been allocated a refund based on the amount of liability orders issued between 1 April 2014 and 21 July 2018.

2. The Refund

West Lindsey District Council will be refunded the sum of £24,605.45 being a refund of 9,516 liability orders at £2.50 each plus interest at approximately 1.73%.

Consideration must be given to how these refunds are dealt with and 3 options have been considered.

In the event of a council taxpayer demanding their £2.50 refund and, subject to them being entitled, it will be awarded as a direct award to their council tax account or, if a NIL balance and closed account, will be refunded via a BACS payment.

3. Options Considered

Option 1

As there is no expectation for the refunds to be allocated to individual council tax payers the funds could be utilised in a different way. It is proposed that the reimbursement of fees be used to set up a Council Tax Discretionary Hardship Fund for 2022/23.

Other local authorities are also taking this option as there are no restrictions on how this refund is spent.

This fund would enable council tax payers suffering financial hardship to be offered a solution towards paying their council tax liability. We have seen from the previous two years that the Government grant awarded to us to enable us to assist financially vulnerable council taxpayers has contributed to our high council tax collection rate and ensured that the Revenues team have been able to offer some financial assistance to those residents who do not qualify for council tax support but have found themselves on a low income. This has ensured that the council tax arrears have been kept to a minimum and, more importantly, ensured that as the local authority we have not had to place undue financial and thus mental health pressure on our most vulnerable residents.

Applications to the Council Tax Discretionary Hardship Fund could be accepted and awards, if appropriate, made until the fund is exhausted. The discretionary payments would be made in accordance with those agreed for the Council Tax Discretionary Hardship Policy in 2020. The intention would be to use all the fund up during the financial year 2022/23.

Option 2

Each individual account to be considered for a £2.50 refund at an estimated cost to the council of £24,492.50 being 9,516 accounts at £2.50 each.

For this award to be made each individual account would need to be accessed to see if the full court fees had actually been paid as sometimes these are written off after court if the council taxpayer has died or been declared bankrupt. In these cases, the council taxpayer would not be entitled to the refund.

We would also need to consider, if they had moved, whether a refund of £2.50 was economically viable. On initial estimates it would take an average of 5 minutes per account to determine whether a refund was appropriate, to action the refund on the council tax system and then to actually raise the refund if appropriate or recalculate future instalments. This would also then incur further postage costs for those council taxpayers not in receipt of e-bills.

For example – based on 9,516 Liability Orders (LOs)

9,516 LOs x 5 mins = 47,508 mins / 60 mins = 793 hours x £18.63 (Revenues Officer hourly rate) = £14,774

Taking this time involved to determine the refunds would actually cost the council at least £14,774 to award these refunds with additional payment costs.

This option would be cost prohibitive.

Option 3

The refund to be absorbed into West Lindsey's general fund which would benefit the council but not individual council taxpayers.