

<b>Meeting Date</b>	7 March 2018
<b>Report Title</b>	Civil Penalties for Council Tax, Housing Benefit and Council Tax Support
<b>Cabinet Member</b>	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
<b>SMT Lead</b>	Emma Wiggins
<b>Head of Service</b>	Amber Christou
<b>Lead Officer</b>	Zoe Kent
<b>Recommendations</b>	1. To recommend the introduction of civil penalties for Council Tax, Council Tax Support and Housing Benefit

## **1 Purpose of Report and Executive Summary**

- 1.1 The Revenues and Benefits Service is committed to a proactive approach in preventing and reducing the risks associated to fraud, error and other irregularities in the administration of Council Tax and Housing Benefit.
- 1.2 This report considers the measures that the Council can use to tackle those customers who choose not to report a change that effects their Council Tax account or Council Tax Support or Housing Benefit claim

## **2 Background**

- 1.3 In law, statutory powers already exist which allows the Council to impose civil penalties in a number of circumstances but at present these powers are not used. The powers are:
  - The Welfare Reform Act 2012 introduced a number of measures to help tackle fraud and error in the benefit and tax credit systems. Under these measures, councils can now impose a civil penalty of £50 in those cases where a claimant fails, without reasonable excuse, to supply information (or negligently supplies incorrect information) which results in a Housing Benefit overpayment of more than £65.
  - The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, allows councils to impose a civil penalty of £70 in those cases where a claimant fails, without a reasonable excuse, to supply information (or negligently supplies incorrect information) which results in a Council Tax Reduction overpayment.

- Schedule 3 of the Local Government Finance Act 1992 allows Councils to impose a civil penalty of £70 in cases where a resident fails, without a reasonable excuse, to supply information (or negligently supplies incorrect information) which affects their liability or entitlement to a council tax discount or exemption.
- Where a £70 penalty has been imposed and a further request to supply information is made, additional penalties of £280 may be imposed for each subsequent failure to provide the requested information.

- 1.4 In March 2016 responsibility for the investigation of welfare benefits moved to the Department for Work and Pensions. With the support of the major preceptors the latest credit reference technology has been purchased and has been introduced into the day-to-day working procedures to help protect the public purse and to police the award of discounts, exemptions and reliefs in order to increase the tax base.
- 1.5 Single Person Discount awards are now checked on a monthly basis, with reviews being carried out on all cases that show a high likelihood of another adult living at the property.
- 1.6 The Kent Intelligence Network was also set up by the Kent authorities to carry out data matching across the authorities. It is hoped this will give out a message of zero tolerance to fraud across Kent. Council Tax penalties are currently being charged in the following Kent authorities: Ashford, Dartford, Gravesham, Sevenoaks and Tonbridge and Malling.
- 1.7 The regular promotion of the existence of a penalty scheme will encourage all tax payers and benefit claimants to report relevant changes in their circumstances when they are in receipt of appropriate discounts and exemptions. From previous reviews of Single Person Discount claims we are aware that changes that may affect the award of a discount are not always reported or are not reported in a timely manner.
- 1.8 The regular reporting of changes in respect of Council Tax discounts and exemptions will mean that the Council will be able to set the true Council Tax Base and this will result in fairer Council Tax bills for all residents.
- 1.9 Although the Council does not already impose civil penalties for Council Tax, Council Tax Support or Housing Benefit, customers are already advised of the potential to receive a penalty in certain circumstances through a variety of literature. This includes Council Tax bills, Housing Benefit letters and the Council's website. If the recommendation is approved the Revenues Service will undertake further publicity to raise awareness of the new practice and, at the same time, encourage benefit claimants and council tax payers to be fully aware of their responsibilities.
- 1.10 Administration penalties are already charged for Housing Benefit where a person admits that they have not reported a change that has affected the award of their

Housing Benefit and accepts an administration penalty rather than being prosecuted.

### **3 Proposal**

- 1.11 To recommend the introduction of civil penalties for Council Tax, Council Tax Support and Housing Benefit.

### **4 Alternative Options**

- 1.12 To continue to not charge civil penalties, this option is not recommended because civil penalties send out a clear message that changes must be reported in a timely manner.

### **5 Consultation Undertaken or Proposed**

- 1.13 Information has been obtained from those Kent authorities who already implement civil penalties. Their experience indicates that very few complaints are received from customers who have a penalty levied against them. This is primarily because the decision to impose a penalty is supported and justified by conclusive evidence that the customer is rarely able to dispute and disagree with.

### **6 Implications**

<b>Issue</b>	<b>Implications</b>
Corporate Plan	A Council to be proud of – a Council whose ongoing financial viability is largely independent of the decisions made by central government, which is less dependent on grant funding.
Financial, Resource and Property	Under Section 151 of the Local Government Act 1972, the Section 151 officer has a statutory duty to implement appropriate measures to prevent and detect fraud and corruption.
Legal and Statutory	Schedule 3 of the Local Government Finance Act 1992 Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 The Council Tax (Administration and Enforcement) Regulations 1992 (as amended)
Crime and Disorder	None
Environmental Sustainability	None

Health and Wellbeing	Where the Council becomes aware a customer may be vulnerable an allowance may be given to those cases where an individual's circumstances such as health or age may affect their ability to provide information.
Risk Management and Health and Safety	<p>There is a risk of an increase in the number of complaints and appeals to the Valuation Tribunal. An appeals procedure will be put in place and penalties can be withdrawn at the discretion of the decision maker.</p> <p>The risk on current resources would be minimal. The cost of administrating and collecting penalties would be minor and therefore there would be no impact on current budgets.</p>
Equality and Diversity	A Community Impact Assessment has been carried out.
Privacy and Data Protection	None

## 7 Appendices

The following documents are to be published with this report and form part of the report

- Appendix I: *Civil Penalties Procedures*