

Civil Penalties – Revenues and Benefits

Final Decision-Maker	Policy and Resources Committee
Lead Director	Stephen McGinnes, Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn, Head of Revenues and Benefits
Classification	Public
Wards affected	All

Executive Summary

This report proposes introducing penalties for those customers who do not report changes or fraudulently claim Council Tax exemptions/discounts, Council Tax Support or Housing Benefit

This report makes the following recommendations to this Committee:

1. That civil penalties for Council Tax, Council Tax Support and Housing Benefit are introduced
2. That the policy in Appendix 1 is approved

Timetable

Meeting	Date
Policy and Resources Committee	14 February 2018

Civil Penalties – Revenues and Benefits

1. INTRODUCTION AND BACKGROUND

- 1.1 Our aim is to ensure residents are receiving the correct discounts and reductions for Council Tax, Housing Benefit and Council Tax Reduction.
- 1.2 As part of work the Revenues and Benefits service has carried out, it has come to light that a significant number of residents do not supply information at the right time or supply information that is incorrect.
- 1.3 In fairness to the majority of residents who correctly let the council know of changes, we need to ensure there are arrangements in place to challenge those residents who do not supply correct and timely changes.
- 1.4 Statutory powers already exist which allow local authorities to impose civil penalties in a number of circumstances but at present these powers are not used.
- 1.5 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 of Revenues and Benefits to help protect the public purse and to police the award of discounts, exemptions and reliefs in order to increase the tax base and reduce fraud and error.
- 1.6 Single Person Discount awards are now checked on a monthly basis, with reviews being carried out on all cases that show a high risk of another adult living at the property.
- 1.7 The Kent Intelligence Network (KIN) was 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.
- 1.8 The regular promotion of the existence of a penalty policy will encourage all tax payers and benefit claimants to accurately report relevant changes in their circumstances when they are in receipt of appropriate discounts and exemptions.
- 1.9 Residents are already advised of the option to receive a penalty in certain circumstances through a variety of communications. This includes Council Tax bills, Housing Benefit letters and the Council's website.
- 1.10 If the recommendation is approved the Revenues and Benefits Service will undertake further publicity to raise awareness of the new policy and at the same time encourage benefit claimants and Council Tax payers to be fully aware of their responsibilities.

2. AVAILABLE OPTIONS

2.1 Option 1 - do nothing

Where the threshold for prosecution is not met we currently do nothing.

Those residents who do not report changes or who fraudulently make claims will not be brought to account by the issuing of penalties.

2.2 Option 2 – charge penalties

To charge civil penalties sends out a clear message that changes must be reported in a timely manner

The consequences of knowingly supplying incorrect information are known

Residents can be assured the council is doing everything it can to minimise fraud

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 The preferred option is Option 2 for the council to charge penalties.

3.2 This will show the council endorses zero tolerance to fraud and takes measures to minimise fraud and error.

4. RISK

4.1 The risks associated with this proposal, including the risks if the council does not act as recommended have been considered in line with the council's Risk Management Framework. We are satisfied that the risks associated are within the council's risk appetite and will be managed as per the Policy.

4.2 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.

4.2 The risk on current resources would be minimal. Initially, the cost of administrating and collecting penalties would be minor and therefore there would be no impact on current budgets.

4.4 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.

4.5 Arrangements will be in place where there has been an error in issuing a penalty or the council subsequently becomes aware in 4.4 to withdraw a penalty.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Information has been obtained from Kent authorities who already implement civil penalties.
- 5.2 The 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.
- 5.3 Customers are already advised the council is able to impose penalties.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The introduction of penalties will be promoted on the council's website and in communication sent to residents.
- 6.2 The regular promotion of the existence of a penalty scheme will encourage Council Tax payers and benefit claimants to report relevant changes in their circumstances when they are in receipt of appropriate discounts and exemptions.
- 6.3 The regular promotion will also send a message to those residents who fraudulently claim discounts/exemptions that this will not be tolerated by the council
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7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will materially improve the council's ability to achieve a successful economy.	Sheila Coburn Head of Revenues and Benefits
Risk Management	Already covered in the risk section	Sheila Coburn Head of Revenues and Benefits
Financial	Under Section 151 of the Local Government Act 1972, the Section 151 officer has a statutory duty to implement	Section 151 Officer & Finance Team

	<p>appropriate measures to prevent and detect fraud and corruption.</p> <p>It is not intended there will be any additional resource sought in introducing penalties.</p> <p>The costs of administrating and collecting penalties would be minor and therefore there would be no impact on current budgets.</p>	
Staffing	We will deliver the recommendations with our current staffing.	Sheila Coburn Head of Revenues and Benefits
Legal	<p>The statutory authority for introducing the proposed civil penalties is set out in the report. Acting on the recommendations is covered within legislation:</p> <p>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)</p>	Keith Trowell, Interim Team Leader (Corporate Governance)
Privacy and Data Protection	Accepting the recommendations will minimally increase the volume of data held by the Council.	Keith Trowell, Interim Team Leader (Corporate Governance)
Equalities	We recognise the recommendations may have varying impacts on different communities within Maidstone. The introduction of civil penalties may affect people with some protected characteristics such as sex or age. However, civil penalties will be issued only where permitted by legislation	Policy & Information Manager

	<p>and based on a legitimate aim to minimise fraud, and will not result in people with these protected characteristics being treated less favourably.</p> <p>With regard to advancing equality of opportunity, the Civil Penalties Policy will take account of the needs of people with a disability who may not be able to report changes in their circumstances because of a disability, such as a mental health issue. The policy allows for cases to be considered on an individual basis and for penalties to be withdrawn in vulnerable cases.</p>	
Crime and Disorder	No impact	Sheila Coburn Head of Revenues and Benefits
Procurement	No impact	Sheila Coburn Head of Revenues and Benefits

8 REPORT APPENDICES

Appendix 1: Council Tax and Housing Benefits Overpayments Civil Penalties Policy

9 BACKGROUND PAPERS

None