

 Executive 17th April 2013		Agenda Item No. <div style="font-size: 2em; text-align: center;">6</div>
Title	Council tax fraud penalties	
For further information about this report please contact	Andrea Wyatt Benefits and Fraud Manager 01926 456831 e mail: andrea.wyatt@warwickdc.gov.uk	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	20/03/13	Chris Elliott/Andrew Jones/Bill Hunt
Head of Service	20/03/13	Mike Snow
CMT		As above
Section 151 Officer	20/03/13	Mike Snow
Monitoring Officer	20/03/13	Andrew Jones
Finance	20/03/13	Mike Snow
Portfolio Holder(s)	20/03/13	Councillor Andrew Mobbs
Consultation & Community Engagement		
Final Decision?		

1. SUMMARY

- 1.1 It is necessary to revise the sanctions policy to ensure that incorrect or fraudulent claims for council tax reduction (which replaces council tax benefit from 1 April) are dealt with in a correct and appropriate manner.
- 1.2 In order to ensure some degree of consistency in dealing with people who provide incorrect information which alters their council tax liability, it is proposed to exercise powers available to apply a penalty to act as a deterrent.

2. RECOMMENDATION

- 2.1 That the Council agrees to exercise powers in accordance with the Local Government Finance Act 1992 and 2012, to take the most appropriate course of action where a liable person fails to notify the authority of a material fact that could affect their council tax liability, including the introduction of a penalty of £70.
- 2.2 That the Council approves the attached Sanctions Policy in respect of housing benefit, council tax benefit and council tax liability.

3. REASONS FOR THE RECOMMENDATION

- 3.1 Council Tax reduction is no longer a social security benefit and therefore legislation determining the powers available to a local authority in respect of incorrect or fraudulent claims has changed.
- 3.2 Where a liable person claims a discount, disregard or exemption falsely, or fails to notify of a change which could affect their liability, there is currently no deterrent in place. In order to apply the legislation consistently with that for the council tax reduction scheme it would be appropriate to introduce penalties in respect of these cases. Similar policies have been in place for a number of years at other Local Authorities.
- 3.3 The Sanctions Policy has been updated to reflect the changes in respect of council tax support. The policy has been broadened to ensure it applies to any cases where an individual's council tax liability may be affected.

4. POLICY FRAMEWORK

- 4.1 The Council is committed to ensuring people receive their correct entitlements in relation to housing benefit and their liability for council tax is appropriate to their circumstances. Where a person deliberately claims from the council something to which they are not entitled, this is a direct cost to the council and can impact on other residents within the District.

5. BUDGETARY FRAMEWORK

- 5.1 The cost of additional software to enable the levying and collection of the penalties is £5,500. There are sufficient funds available from the additional grant given by the Government to cover the cost of this module.
- 5.2 The income generated from levying penalties will be monitored as part of the budget review process.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 It is possible to agree not to levy penalties where individuals have wilfully failed to disclose all information relevant to their council tax liability. However, as penalties are already in place within the council tax benefit scheme, not to consider having penalties and sanctions for the new reduction scheme could lead to increased fraudulent activity. In view of the fact that the council tax reduction scheme is administered within the Local Government Finance Act, and is no longer a benefit but a reduction in liability, it could be seen as being inconsistent should we fail to extend the policy to all liability issues.

7. BACKGROUND

- 7.1 From April 2013 the council has in place its own Council Tax Reduction scheme which replaces the current national Council Tax Benefit scheme. Council Tax Benefit was administered under The Social Security Administration Act which included the powers available to the council for dealing with incorrect or fraudulent claims, and these are provided for in the agreed sanctions policy.
- 7.2 Legislation has now been passed to enable local authorities to exercise similar powers in relation to the administration of their local council tax reduction schemes and therefore it is necessary to amend the Council's sanctions policy to include the following sanctions in relation to council tax reductions:-
- Where a person is found to have negligently made an incorrect statement or provides incorrect information or evidence in respect of their claim for a reduction, or fails to declare a change of circumstance, but it is determined there is no fraudulent intent, a penalty of £70.00 may be applied.
 - Where the false representation is more serious, the authority will consider applying an administrative penalty of 50% of the total overpayment in relation to the reduction, subject to a minimum of £100 and a maximum of £1000 as an alternative to prosecution.
 - The Council will in the most serious cases and after applying the tests as detailed in the policy, consider prosecution where appropriate.
- 7.4 There will be no change to the sanctions applied to a false or fraudulent claim for housing benefit or (former) council tax benefit with consideration of the most appropriate action, i.e a formal caution, an administrative penalty or prosecution.
- 7.5 The Council have always had available, the powers to impose a penalty of £70.00 where a person fails to supply certain information or knowingly supplies inaccurate information in relation to their council tax liability. However this power has never been exercised and therefore there are no deterrents or punishments in place for people who try to avoid being charged the correct council tax liability.
- 7.6 Due to amending legislation, the council tax reduction scheme is applied as a reduction in liability as opposed to a "benefit", therefore it would be unfair to impose a sanction on someone for failing to notify the council of a change to their liability in some circumstances but not others. Therefore this penalty should be introduced to ensure consistency for all cases affecting council tax liability.

- 7.7 The authority regularly review the awards of single persons discount, but there has previously been no penalty for tax payers who are found to have claimed the discount incorrectly. Therefore we would intend to give an amnesty period of two months, allowing tax payers the option of notifying the council of their correct circumstances without being penalised. This would be widely publicised through the website and the local newspapers.