

Subject:	Council Tax and Council Tax Support Penalty and Prosecution Policy	Status:	For Publication
Report to:	Cabinet	Date:	9 th March 2016
Report of:	Head of Customer Services and ICT	Portfolio Holder:	Portfolio Holder for Customer Service and Health
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	Yes	Attached: Yes
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	For Cabinet to approve the Council Tax and Council Tax Support Penalty and Prosecution Policy.
1.2	All future minor amendments to the policy to be delegated to the Head of Customer Services and ICT in consultation with the Portfolio Holder.

2. PURPOSE OF REPORT

- 2.1 To seek approval for the introduction of the Council Tax and Council Tax Support Penalty & Prosecution Policy.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
 - **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
 - **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Failure to approve this policy could result in a continual increase in incorrectly billed properties, falsely claimed discounts and exemptions, and Council Tax Support fraud cases.
 - Failure to approve this policy would also leave the Council with no deterrent for false claims.

5. BACKGROUND AND OPTIONS

- 5.1 The Council Tax and Council Tax Support Penalty and Prosecution Policy has been created to aid the Council in its battle against fraud and error.

- 5.2 Housing Benefit Fraud was previously the responsibility of each Local Authority across England, this responsibility transferred gradually to the Department for Work and Pensions throughout 2015. Rossendale's transfer date was the 1st May 2015. Where a claim is found which has an element of Housing Benefit it is referred to the Department for Work and Pensions for investigation.
- 5.3 Council Tax Support (CTS) was introduced on 1st April 2013 following the abolition of Council Tax Benefit, Council Tax Support is a local scheme and following the transfer of Housing Benefit fraud to the Department for Work and Pensions, fraud investigations are now a local authority responsibility.
- 5.4 The locally run CTS scheme represents a cost to the Council. The funding received from Central Government for CTS has now been merged into the main local authority funding and is therefore subject to cuts in line with the Government's austerity measures. The projected cost of the Local CTS Scheme for 2015/2016 to Rossendale Borough Council is circa £123,000.00. It is highly unlikely that this cost will reduce in the near future and therefore it is vital that we have a deterrent in place to help combat fraud and error. It is anticipated that by 2019/2020 Rossendale Borough Council will have fully absorbed the total cost of the CTS Scheme at a cost of circa £800,000.00.
- 5.5 As there is currently no policy in place the Council is unable to take action against a claimant if they have either failed to declare a change in their circumstances or claimed fraudulently. There is currently no deterrent to provision of false information in support of a claim. Previously help towards your Council Tax was received as a benefit (Council Tax Benefit), but as of the 1st April 2013 Council Tax Benefit ceased and a locally run scheme was introduced known as CTS. Before the cessation of CTB action was taken against fraudulent claimers under the Social Security Administration Act 1992. As CTS is a discount and not a benefit the Social Security Administration Act 1992 does not allow for this. The Council now has to use different legislation which allows this type of action; this legislation is known as The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013. There is also significant budgetary pressure on the amount of support available to claimants with genuine need and entitlement. Support schemes represent an absolute cost to the Council. These factors combined mean that every possible approach to the reduction of fraud and overpayment should be explored.
- 5.6 Council Tax is extremely susceptible to fraud and error in relation to liabilities, discounts and exemptions.
- 5.7 Where discounts and exemptions are incorrectly claimed, the only remedy currently available is to remove the award. A false claim will be awarded, if not detected. Where any such claim is subsequently corrected, the position simply reverts to the status quo, with no consequence to the claimant other than a responsibility to pay what should have been the correct charges all along.
- 5.8 The Fraud pages on our website have recently been revamped to include Corporate Fraud and also to try and make referring fraud more appealing to the general public. It aims to instil into the general public that they have a duty to refer fraud and that if they do not the people committing the fraud are stealing from them.
- 5.9 In line with this a comprehensive publicity campaign is proposed. This will mainly be done via social media. There will be two very different approaches taken with the campaign. Firstly documentation has been created which will remind people of their duty to inform the Council

of their changes; these documents emphasise the duty of the customer to inform of changes. The second set of documentation will focus on fraud and the penalties involved if fraud is proven. A tough stance on fraud is what is wanted from the second set of documentation. The campaigns main aim is to inform the general public, claimants and non-claimants alike that changes in circumstances must be declared and that fraud will not be tolerated under any circumstances. This policy will help carry these messages.

- 5.10 Having liaised with other authorities around Lancashire it is confirmed that Chorley already have a policy in place similar to the one proposed for Rossendale. Various other authorities are in the development stage of their policies as well.
- 5.11 This policy has been written to help protect the public purse, act as a much needed deterrent and remind tax payers and claimants that failure to inform us of changes, which they are duty bound to do, can result in financial penalties being issued.
- 5.12 This policy does not cover National Non-Domestic Rates (NNDR), currently there is no legislation which allows us to impose sanctions or penalties on Businesses. NNDR debt is pursued the same way in which Council Tax debt is, with set recovery procedures already in place.
- 5.13 This policy has been to Overview and Scrutiny and no issues arose from this. I have also liaised with the portfolio holder in relation to the name of the policy and it has been agreed that it will remain 'Council Tax & Council Tax Support Penalty and Prosecution Policy'.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 Financial implications are noted in the report above. Implementation of the policy will be a positive contribution to the Council's Medium Term Financial Strategy.

7. MONITORING OFFICER

- 7.1 The Council is required to publish a clear policy as part of its strategy for tackling fraud and corruption. It is needed to vigorously pursue fraudsters and deter others. This policy provides consistency with the policy of the DwP in deciding what action to take following investigation. All other implications are set out in the body of this report. The policy will need to be reviewed in light of any legislative changes and be kept up to date.

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

- 8.1 In the compilation of this Policy consultation has been carried out with the portfolio holder for Customer Services and Health, the Head of Customer Services and ICT, the Service Assurance Team manager and also the Head of our Legal department. An equality impact assessment has been considered as part of the policy development process.

9. CONCLUSION

- 9.1 The proposed policy will help deter residents of Rossendale from fraudulently or incorrectly claiming Council Tax Support and from committing acts of Corporate Fraud and thus protect the public purse.

No background papers