

Subject:	Council Tax and Council Tax Support Penalty and Prosecution Policy	Status:	For Publication
Report to:	Overview and Scrutiny Council	Date:	13 th November 2017 13 th December 2017
Report of:	Fraud & Compliance Officer	Portfolio Holder:	Resources and Customer Services
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:	No	Attached: N/A
Biodiversity Impact Assessment	Required:	No	Attached: N/A
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1.	RECOMMENDATION(S)
1.1	That Full Council 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 review and seek approval of the continued use of the Council Tax and Council Tax Support Penalty and Prosecution Policy following the Extraordinary Council meeting on 18th September 2017 .

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A clean and green Rossendale:** our priority is to keep Rossendale clean and green for all of Rossendale's residents and visitors, and to take available opportunities to recycle and use energy from renewable sources more efficiently.
 - **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
 - **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1
- 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.
- 4.1
- Failure to approve this policy would also leave the Council with no deterrent for false claims.

5. BACKGROUND

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

- 5.2 The Policy was taken to Overview and Scrutiny on 1st February 2016 where it was discussed and resolved.
- 5.3 The minutes from the meeting can be found below and confirm the outcome:
- 5.4 *'1. That the Overview and Scrutiny Committee recommend to Cabinet to approve the Council Tax and Council Tax Support Sanction and Prosecution Policy
2. All future minor amendments to the policy be delegated to the Head of Customer Services and ICT in consultation with the Portfolio Holder.'*
- 5.5 The Policy was then taken to Cabinet on 9th March 2016.
- 5.6 The policy was approved. The reason for the decision can be found below:
- 5.7 *'To assist in deterring fraudulent or incorrectly claimed council tax support'*
- 5.8 As a result of the Extraordinary Council meeting held on Monday 18th September 2017, a review of this policy has been requested.
- 5.9 Previously the Department for Work and Pensions had a cut-off point of £2000.00 to decide who would investigate the cases. I.e. if the overpayment was over £2000.00 or there was evidence of fraud it would be investigated by the fraud department, if the overpayment was under £2000.00, but there was evidence of fraud it would be the Compliance team.
- 5.10 Due to a change in DWP policy, as of the 14th August 2017, this figure has changed to £3000.00. This is reflected in our policy at 4.1 and 4.2.
- 5.11 The word overpayment has been replaced with the word 'overpaid' as Council Tax Support is a discount and therefore there cannot be any overpayments.
- 5.12 The layman still associates a claim which incurs excess Council Tax Support as an overpayment, in the interest of keeping the policy simple and easy to understand by all, I have used quotation marks and the word overpaid instead.
- 5.13 An example where this has been changed can be found at 5.6 where the policy now reads *'the amount of the 'overpaid' Council Tax Support.'* instead of *'the amount of the overpayment.'*
- 5.14 At 6.1 the amount of the 'overpaid' Council Tax Support required for a caution has been removed. This has been done to give more freedom for the use of discretion when dealing with cases.
- 5.15 The change made to remove the £2000.00 limit is advantageous as it allows cautions to be given if, for example, a claimant who has been investigated has a large amount of debt and no means to repay a financial penalty. The Council will not look to impose further debt on an already struggling resident of our Borough, or put them into further hardship.
- 5.16 A process map has been included in the policy to further breakdown how a case is dealt with from investigation right through to what action is taken.
- 5.17 At 7. 'Civil penalty recovery' has been included to explain how the monies will be retrieved.

- 5.18 To add clarity in respect of financial penalties as an alternative to prosecution where a financial penalty has been issued and accepted by the claimant, under the right circumstances, a payment plan can be agreed upon for repayment of the penalty. If the claimant is unable to repay in full, this doesn't mean the case will be taken to prosecution instead.

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 Head of Customer Services and ICT, the Service Assurance team leader and also the Legal Services Manager. A review of the initial Equality Impact Assessment has been carried out and there are no changes which could have an adverse effect on any of the affected groups.

- 8.2 The policy was reviewed by the Overview and Scrutiny Committee on 13th November where the following was resolved:

- That the Council Tax and Council Tax Support Penalty and Prosecution Policy is recommended for approval by Full Council, however the Overview and Scrutiny Committee would like Full Council to note its frustrations that the Council and its officers are limited by the constraints of DWP legislation.
- That it is recommended to Full Council that all future minor amendments to the policy be delegated to the Head of Customer Services and ICT in consultation with the Portfolio Holder.

9. CONCLUSION

- 9.1 The 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. The proposed changes to the policy will further aid us in carrying out this work.

No background papers

Council Tax and Council Tax Support Penalty and Prosecution Policy

Other formats are available.
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visit our One Stop Shop at
Futures Park, Bacup.

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PENALTY AND PROSECUTION POLICY

1. INTRODUCTION

The Council is committed to the detection of fraud and has a responsibility to ensure that Housing Benefit and Council Tax Support are paid correctly and that Council Tax is billed correctly. This policy sets out the Council's approach to prosecution and other sanctions in cases of fraud or misinformation in respect of Council Tax Support, Council Tax and Housing Benefit. It has been revised in the light of the transfer of Housing Benefit fraud investigation to the Department of Work and Pensions (DWP) from 1st May 2015.

This policy does not include National Non-Domestic Rates as there are no powers within NNDR legislation to apply sanctions or financial penalties.

2. BACKGROUND

This policy is governed by legislation and DWP guidance including The Local Government Finance Act 1992, Welfare Reform Act 2012, Police and Criminal Evidence Act 1984, Social Security Administration Act 1992 and The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013.

This policy has been agreed by the Council's Cabinet and will be reviewed on an annual basis as required in response to changes in legislation or Department of Communities and Local Government Guidance.

3. PURPOSE

The purpose of the Penalty and Prosecution Policy is to set out the action which the Council may take in cases of fraud or misinformation which result in incorrect payment of Housing Benefit or Council Tax Support and incorrect billing of Council Tax. It gives the guidelines that will be followed in certain circumstances and clarifies which areas are the responsibilities of the DWP.

4. AREAS OF RESPONSIBILITY

From 1st May 2015 responsibility for investigation and the application of sanctions lies as follows:

1. Housing Benefit (where overpayment over £23,000 or evidence of fraud) and Council Tax Benefit:
 - a. Investigation is the responsibility of the DWP's Single Fraud Investigation Service.
 - b. Cautions no longer apply to these cases
 - c. The Council has retained the delegated power to offer an administrative penalty following a recommendation from the DWP.
 - d. Prosecution of cases is the responsibility of the DWP
2. Housing Benefit (where overpayment under £23,000 and no evidence of fraud):

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- a. The Council will make enquiries in respect of cases of misinformation or error made by the customer where the value of any overpayment is less than £23,000.
 - b. A civil penalty of £50.00 may be applied.
 - c. Cases where there is evidence of fraud will be referred to the DWP.
3. Council Tax Support: The Council has retained the responsibility to investigate and sanction Council Tax Support cases.
 4. Council Tax: The Council has retained the responsibility for applying civil penalties in respect of Council Tax.

5. GENERAL PRINCIPLES IN RELATION TO COUNCIL TAX AND COUNCIL TAX SUPPORT

In deciding what action to take the Council will consider the following:

1. Each case will be considered on its own merits;
2. There must be sufficient, reliable evidence to justify the action taken;
3. The action taken must be in the public interest;
4. Any mitigating circumstances;
5. The decision to prosecute an individual is a serious step and has serious implications for all involved. Decisions to prosecute should always be fair and consistent;
6. In exceptional circumstances, an alternative to prosecution (caution or ~~administrative financial~~ penalty) may be considered without regard to the amount of the ~~overpayment~~ ~~overpaid~~ Council Tax Support.

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6. SANCTIONS AVAILABLE

~~The four formal sanctions available are a Caution, an Administrative Penalty, Prosecution or a Civil Penalty. The Council will only apply a formal sanction where there is sufficient evidence that an offence has been committed.~~

~~To ensure consistency in the Council's sanction and prosecution process and to remain in line with the policy adopted by the DWP, the following guidelines will apply:~~

~~The three sanctions available where a criminal investigation has been undertaken are a local authority caution, financial penalty or a prosecution.~~

~~In cases of error or misinformation, a civil penalty may be imposed.~~

~~1-~~ **A. Local Authority Caution**

A caution is an oral warning given in certain, less serious circumstances as an alternative to prosecution to a person who has committed an offence. It is intended to be a meaningful penalty and deterrent where other actions are not appropriate. If a person declines the offer of a caution the case will be recommended for prosecution.

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A caution will be considered ~~where the amount of the overpayment is up to £2,000~~ where the evidence indicates that:

- ~~a. It was a first offence, or~~
- ~~b.a.~~ ___ There was no planning involved, or
- ~~c.b.~~ There was no other person involved in the fraud, and
- ~~d.c.~~ The person's circumstances and demeanour towards the offence indicates that a caution would be the most appropriate action.

In most such circumstances the Council will issue an official Local Authority Caution and require full repayment of the ~~overpayment~~overpaid Council Tax Support.

~~2.~~ **B. Administrative Financial penalty**

An ~~Administrative Financial~~ Penalty is ~~a financial penalty~~ offered as an alternative to prosecution, usually in circumstances not deemed serious enough ~~for to~~ prosecutionwarrant prosecution. However, there must be sufficient evidence to justify prosecution. If a person refuses ~~an~~ Administrative Financial Penalty the case will be recommended for prosecution.

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An ~~administrative Financial~~ penalty will be considered where the evidence indicates that:

- ~~a. It was a first offence, or~~
- ~~b.a.~~ ___ The person has previously been cautioned within the last 5 years for a similar offence but the offence was minor and the current offence is minor;
~~and/or~~
- ~~c.b.~~ There was no planning involved, or
- ~~d.c.~~ There was no other person involved, and
- ~~e.d.~~ ___ The person's circumstances and demeanour towards the offence indicates that an administrative financial penalty would be the most appropriate action.

In most such circumstances the Council will make an offer of an Administrative Financial Penalty in addition to requiring full repayment of the ~~overpayment~~overpaid Council Tax Support. There is no minimum or maximum overpayment. The penalty will be a minimum of £100, or 50% of the recoverable amount of overpaid Council Tax Support up to a maximum of £1,000.

A Fixed penalty of £70 can also be imposed in less serious cases in accordance with Regulation 13 of the Council Tax Reduction Scheme (Detection of Fraud and Enforcement)(England Regulations 2013. Please refer to Civil Penalties at 7.

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~~3.~~ **C. Prosecution**

Prosecution proceedings will usually be instigated only after the evidential and public interest tests as detailed in the Code for Crown Prosecutors are satisfied.

Prosecution will be considered where:

- ~~a. It was not a first offence, or~~

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- b.a. The fraud has been deliberate and calculated, or
- e.b. The fraud had continued over a long period; or
- d.c. The person has failed to attend an interview under caution; or
- e.d. There were other persons involved in the fraud, or
- f.e. The person has declined the offer of an ~~Administrative-Financial~~ Penalty or withdrawn agreement to pay and ~~Administrative-Financial~~ Penalty; or
- g.f. The person has declined the offer of an official caution

The decision to prosecute is a serious step and has implications for all concerned. The Council will ensure that decisions to prosecute are made in a fair, consistent and equitable manner. In exceptional circumstances an alternative to prosecution may be considered. Other factors will be taken into consideration before prosecution is recommended.

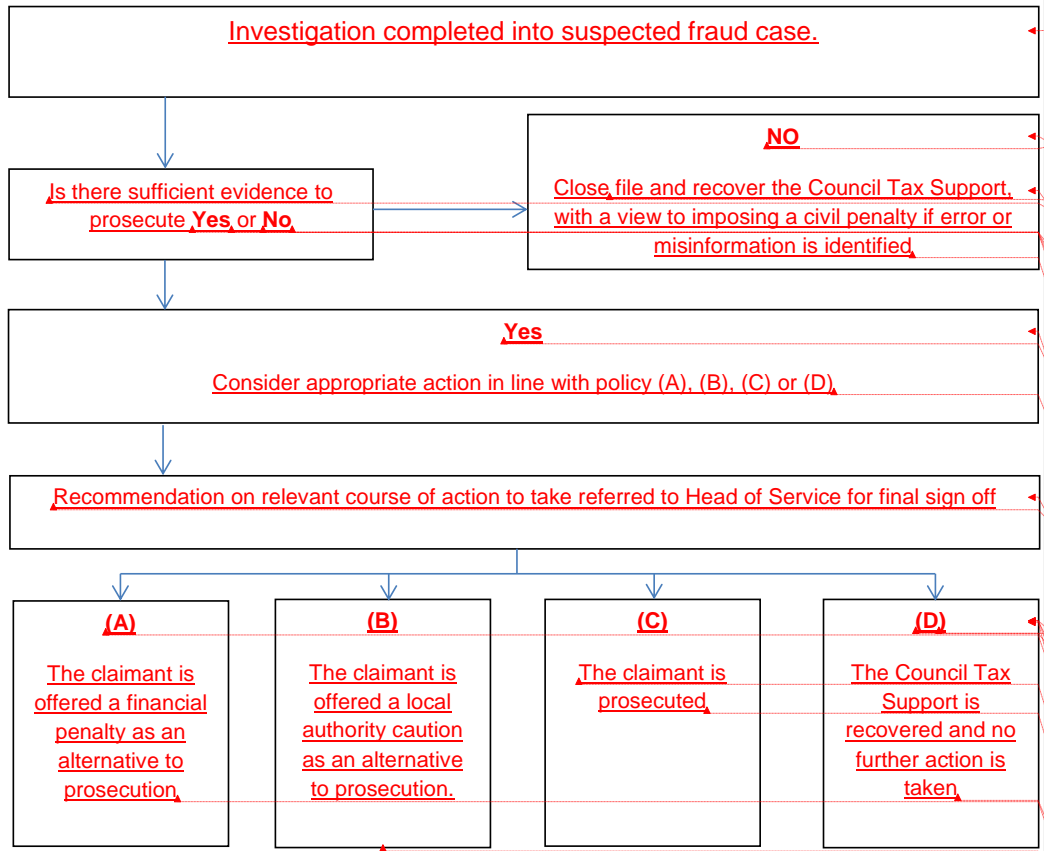
1. Duration of the Offence: An offence committed over a long period of time should be a factor towards prosecution. There may have been an opportunity to declare the correct information when the claim was renewed.
2. Previous Offences: The Council will make enquiries about any previous offences of a similar nature committed. Where there has already been a caution for deception, a second caution issued by the Council may not be appropriate.
3. Collusion: The case may have arisen through collusion, for example with landlords, managing agents or employers. This type of case is considered to amount to serious fraud and will be recommended for prosecution where possible irrespective of the amount of ~~overpayment~~ overpaid Council Tax Support involved.
4. Offenders Physical and Mental Condition: It would be inadvisable to prosecute in the following cases: -
 - a. Where the offender is seriously ill
 - b. Where the offender is mentally ill
 - c. Where the offender is a heavily pregnant (within 3 months of confinement)
 - d. Where the offender is over 75 years of age or bedridden
 - e. Where the offender is deaf or visually impaired
 - f. Where the health of the offender's partner may suffer.
5. Social Factors: Consideration must be given to social factors when deciding whether or not to recommend prosecution. Instances in which prosecution may be considered inappropriate include cases where: -
 - a. The Court would set against the offence such personal or mitigating factors that would make prosecution inappropriate e.g. the person was driven to the offence by a tragedy or domestic situation such as bereavement or sickness.

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- b. The offender has already served a prison sentence for benefit fraud and an earlier offence has subsequently been discovered (it is the Court's view that people come out of prison with a 'clean sheet')
 - c. The claimant is young (under 21), immature and would appear to the Court as someone who could have been dealt with effectively without proceeding. Youth does not automatically exclude the possibility of prosecution. Prosecution may be desirable where the offender already has a criminal record.
 - d. It is known that a prosecution would have a damaging effect upon the defendant's career or employment i.e. the offender would not only lose their job but would not be able to get similar employment if prosecuted successfully by the Local Authority.
6. Voluntary Disclosure: Voluntary disclosure is where a claimant of his or her own free will reveals a fraud. In this case prosecution would not be appropriate. However, a disclosure is not voluntary if: -
- a. The admission is not a complete disclosure of the fraud; or
 - b. It was apparently prompted by the expectation that the fraud would be discovered e.g. they knew the Council was making enquiries of their employer etc; or
 - c. The claimant admits all the facts as soon as they are challenged; or
 - d. The claimant discloses the fraud as a result of being required to complete a review form.
7. Procedural Difficulties/Delays/Failures in the Investigation/Administrative Process: Closure of the case, without prosecution will be the only course of action where: -
- a. The investigation has been deficient and has failed to obtain all the evidence available; or
 - b. Internal checks which should have revealed the offence did not do so e.g. benefit paid on incomplete or inadequate information, failure to observe flaws in a statement or document.

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Council Tax Support investigation process map



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7. Civil Penalties

A civil penalty is a financial penalty that that can be imposed where a person has negligently supplied incorrect information or failed to supply information that affects the amount of Housing Benefit or Council Tax Support paid or Council Tax billed.

Civil Penalty Recovery

For Housing Benefit and Council Tax Support civil penalties the most common method of recovery is via invoice, however where applicable and at the discretion of the council, a Housing Benefit civil penalty can be recovered via on going entitlement by adding the £50.00 penalty to the outstanding overpayment.

Council Tax civil penalties will be added to the outstanding bill and recovered as part of the current year's debt.

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Table of Civil Penalties			
Service	Amount of penalty	Criteria	Appeal method
Housing Benefit	£50	<ol style="list-style-type: none"> 1. Negligently or carelessly giving incorrect information, or 2. Failing to provide without reasonable excuse, information in respect of a claim or payment of benefit, or 3. Failing to notify, without reasonable excuse, a relevant change in circumstances (reasonable excuse = ill health, significant stress) 	Rossendale Borough Council
Council Tax Support	£70		Rossendale Borough Council
Council Tax	£70	<ol style="list-style-type: none"> 1. Failing to supply information following a request from the Council, or 2. Supplied information about a liable person that is materially inaccurate, or 3. Failing, without reasonable excuse, to notify the Council that a dwelling is no longer exempt, or 4. Failing, without reasonable excuse, to notify the Council that a level of discount no longer applies (reasonable excuse = ill health, significant stress) 	Valuation Tribunal
Council Tax	£280	<ol style="list-style-type: none"> 1. Where a penalty has been imposed and a further request to supply the same information is made again and is not properly complied with, and may do so each time it repeats the request and the person concerned does not properly comply with it. There is no limit to the number of times this penalty can be imposed. 	Valuation Tribunal

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Appeal process

If a customer is not satisfied with the decision to impose a civil penalty in relation to Housing Benefit or Council Tax Support, they can write to the Council within one calendar month of the date of their letter in which the civil penalty is issued, and ask the Review Panel to look at the decision again. The Review Panels decision is final. In asking for a reconsideration or appeal, the customer will need to state and provide evidence where appropriate, why they feel the decision is wrong.

7. RECOMMENDATIONS OF SANCTIONS

The recommendation to apply any sanction will be made in the first instance by the investigating officer after consultation with the Customer Services Manager.

Recommendations for sanctions will be referred to the Head of Customer and ICT Services.

Recommendations for prosecutions will be referred to the Legal Department.

The Legal Department will administer the issuing of Local Authority Cautions and ~~Administrative-Financial~~ Penalties.

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