

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	15 FEBRUARY 2021		
TITLE:	COUNCIL TAX, COUNCIL TAX REDUCTION AND HOUSING BENEFIT PENALTIES		
LEAD COUNCILLOR:	CLLR EMBERSON	PORTFOLIO:	CORPORATE & CUSTOMER SERVICES
SERVICE:	REVENUES & BENEFITS	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Reading Borough Council is responsible for the billing, collection and enforcement of Council Tax, the administration of Housing Benefit (on behalf of the DWP), and the administration of Council Tax Reduction Scheme. There is a wide range of Council Tax exemptions and discounts and the Council has a responsibility to the charge payer to ensure that where a discount, exemption, Housing Benefit or Council Tax Reduction award has been made, that the recipient remains entitled to it.
- 1.2 The Council is committed to a pro-active approach to preventing and reducing the risks associated with fraud, error and other irregularities in the administration of Council Tax, the Local Council Tax Reduction Scheme and Housing Benefit. The existence of this policy will reinforce the message that the Council will take positive action against abuse of these schemes and public funds.
- 1.3 Legal statutory powers exist which allow the Council to impose civil penalties.
- 1.4 The introduction of a Council Tax, Local Council Tax Reduction Scheme and Housing Benefit Civil Penalty Policy is to encourage customers to promptly report to the Council when their circumstances change.
- 1.5 The timely reporting of changes in respect of Council Tax discounts, exemptions, reductions and liability ensures that the Council is able to more accurately calculate the Council Tax income base.

2. RECOMMENDED ACTION

2.1 That Policy Committee approve the Policy as set out in Appendix A, noting the following levels of penalty as prescribed by Regulation:

- A penalty of £50 may be imposed for failure to notify the Council of a change in circumstances which affects an award of Housing Benefit.

- A penalty of £70 may be imposed for failure to notify the Council of a change in circumstances which affects an award of Council Tax Reduction.

- A penalty of £70 may be imposed for failure to notify the Council of a change in circumstances which affects entitlement to a Council Tax discount or exemption.

- A penalty of £70 may be imposed where the Council has requested but not been supplied with the information necessary to establish liability for Council Tax.

- A penalty of £280 may be imposed where a £70 penalty has been imposed for not supplying information to establish liability and a further request for the information has not been complied with.

Appendix A - Council Tax, Local Council Tax Reduction Scheme & Housing Benefit Civil Penalty Policy

3. POLICY CONTEXT

3.1 The Council has a statutory duty to administer Council Tax and a Council Tax Reduction Scheme. We also have a duty to administer Housing Benefit on behalf of Department of Work and Pensions. This policy is to encourage Council Tax payers and benefit claimants to contact the Council as soon as there is a change in their circumstances. It also ensures that any requests for information from residents, owners or managing agents to establish correct liability are responded to promptly.

3.2 The majority of Council Tax payers and Housing Benefit claimants are law abiding and do inform us of a change in their circumstances which could affect their eligibility for a discount, exemption or reduction, or affect the amount of Housing Benefit paid to them. Similarly, most of our residents, owners and managing agents do respond to requests for information in order that we can issue a correct Council Tax bill. However, for a minority where a change goes unreported, the financial impact to the authority can be significant.

3.3 The imposition of a penalty is intended to highlight the importance of notifying the Council of changes in circumstances promptly and the importance of responding to requests for information.

3.4 The charging of a penalty is provided for by The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, The Council

Tax (Administration and Enforcement) Regulations 1992 (S.I 1992/613) and The Social Security (Civil Penalty) Regulations 2012 (SI 2012/190)

- 3.5 Any penalty income would be re-invested in the Revenues and Benefits Service and would be used to fund improvements to the service, as well as any additional work incurred in the recovery of overpaid Housing Benefit or Council Tax.

4. THE PROPOSAL

- 4.1 It is recommended that the Council approve the implementation of a Council Tax, Local Council Tax Reduction Scheme & Housing Benefit Civil Penalty Policy as set out in Appendix A to incentivise Council Tax payers and Housing Benefit claimants to notify us promptly of a change in their circumstances that could affect their entitlement to a discount or exemption, the amount of Council Tax reduction awarded, or the amount of housing benefit paid.

- 4.2 Where there are extenuating circumstances for residents having not notified the Revenues and Benefits Team as required, these will be considered on a case by case basis.

- 4.3 By implementing the Policy and ensuring residents are aware of the risk of non-reporting of changes, we anticipate residents will be encouraged to promptly inform us of all changes of circumstances. This is more cost effective to the authority as there will be fewer accounts receiving discounts to review, fewer overpaid housing benefit claims to recover, and a reduced number of backdated Council Tax charges to recover.

- 4.4 The Regulations prescribe the following penalty charges:

- A penalty of £50 may be imposed where we have not been notified of a change in circumstances which affects an award of Housing Benefit
- A penalty of £70 may be imposed where we have not been notified of a change in circumstances which affects an award of Council Tax Reduction
- A penalty of £70 may be imposed where we have not been notified of a change in circumstances which affects their entitlement to a Council Tax discount or exemption
- A penalty of £70 may be imposed where we have not been supplied with the information, when requested, to establish liability for Council Tax
- A penalty of £280 may be imposed where a £70 penalty has been imposed for not supplying information to establish liability and a further request for the information has not been complied with

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 To secure the most effective use of the Council's resources in the delivery of high quality, best value public services.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 There is no statutory requirement to consult. Those impacted by the imposition of a penalty are not a fixed group of residents and those liable for the penalty can vary.

6.2 The current Council Tax, Local Council Tax Reduction Scheme and Housing Benefit documentation states that a penalty may be imposed, and once the decision is made to implement the Policy and charge a penalty, those affected will be informed in writing.

6.3 General communications will be produced to inform our residents that we actively seek to impose penalties for non-reported changes.

7. EQUALITY IMPACT ASSESSMENT

7.1 The Council Tax, Local Council Tax Reduction Scheme and Housing Benefit Civil Penalty Policy applies equally to all residents; therefore, no equalities issues arise.

8. LEGAL IMPLICATIONS

8.1 The charging of a penalty is provided for by The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, The Council Tax (Administration and Enforcement) Regulations 1992 (S.I 1992/613) and The Social Security (Civil Penalty) Regulations 2012 (SI 2012/190).

9. FINANCIAL IMPLICATIONS

9.1 Any income derived from the penalties will be retained within the Revenues and Benefits service to enhance the statutory function in relation to the administration and collection of Council Tax and the administration of Housing Benefits.

9.2 It is important to recognise that the purpose of imposing a penalty is to create change and reduce the number of people who do not inform us promptly of a change in circumstances nor reply to our request for information. This will reduce the cases where cancelled discount and council tax reduction awards are backdated and generate a large amount of outstanding council tax to be paid, or where an overpaid amount of Housing Benefit must be recovered.

9.3 A Council Tax Single Person Discount Review was undertaken in August 2019. 390 single person discounts were cancelled as part of that review where we had not been told that the circumstances had changed, and they were no longer entitled to the Single Person Discount. The amount of Council Tax required to be re-billed and recovered was in excess of £190,000.

9.4 During the financial year 2019/20, Housing Benefit overpayment invoices totalled £1,793,332 as a result of claimant error, this was either due to delay in notification of changes that affected entitlement or incorrect information being supplied. In addition, Council Tax Support totalling £326,268 was cancelled under the same circumstances and required to be re-billed and recovered.

10. BACKGROUND PAPERS

10.1 There are none.