

BABERGH DISTRICT COUNCIL

TO: Cabinet	REPORT NUMBER: BCa/19/26
FROM: Cabinet Member for Finance	DATE OF MEETING: 9 January 2020
OFFICER: Andrew Wilcock (SRP Operations Manager)	KEY DECISION REF NO. CAB169

INTRODUCTION OF A COUNCIL TAX PENALTIES POLICY

1. PURPOSE OF REPORT

- 1.1 For Councillors to consider the introduction of a Council Tax policy for the issuing of penalties.

2. OPTIONS CONSIDERED

- 2.1 To continue service delivery as is, without utilising the opportunity to use Council Tax penalty regulations as part of an anti-fraud strategy.
- 2.2 Implement a policy for the issuing of Council Tax penalties as part of an anti-fraud strategy in order to maximise the tax base and protect the public purse.

3. RECOMMENDATION

- 3.1 That Councillors approve the implementation of a policy for the issuing of Council Tax penalties.

REASON FOR DECISION

The Council is committed to a pro-active approach in preventing and reducing the risks associated with fraud, error and other irregularities in the administration of Council Tax. Implementation of this policy supports this commitment.

4. KEY INFORMATION

- 4.1 The Shared Revenues Partnership (SRP), in carrying out the statutory Local Government Functions on behalf of the Council, undertakes the administration of Council Tax, Council Tax Reduction Scheme and Housing Benefit.
- 4.2 SRP is committed to a proactive approach in preventing and reducing the level of fraud within these areas and on behalf of the Council has a duty to protect the public funds it administers from abuse. In carrying out this duty, SRP may use legally obtained information provided for the purpose of the prevention and detection of fraud.
- 4.3 The Local Authority is legally entitled to obtain information from residents, owners or managing agents to help identify the person liable for payment of the Council Tax, provided that we ask for it in writing.

- 4.4 Council Tax civil penalties can be issued where a person fails to supply certain information requested by the Council within 21 days of the request for the information or within 21 days of a change which affects Council Tax registration or an entitlement to a discount, exemption or Council Tax Reduction (CTR). The Council may impose a penalty where a person:
- fails to notify the Council that an exemption on a dwelling should have ended
 - fails to notify the Council that a discount should have ended
 - fails to notify the Council of a change of address or fails to notify the council of a change in the liable person
 - fails to provide information requested to identify liability
 - fails to provide information requested after a liability order has been obtained.
 - fails to notify the Council that there has been a change in their circumstances which would affect council tax reduction
- 4.5 In the above circumstances the Council can issue a penalty. The initial penalty is currently set at £70.00.
- 4.6 If a further request has to be made for the information already requested then a second, higher, penalty (currently £280.00) may be issued. This higher penalty can be applied each time the request is repeated.
- 4.7 A penalty can be collected by adding it to an existing Council Tax charge or by issuing a separate notice. The amount can be recovered in the same way as Council Tax, but recovery must cease if an appeal is lodged.
- 4.8 The Council may quash the penalty at any time. If a customer is unhappy with the Council's decision to impose a penalty, they can appeal to the SRP Operations Manager. Any appeal must be made within 14 days of the date of the penalty being issued. The customer must give reasons for the request that the decision to issue a penalty be reconsidered. If the penalty is upheld and the customer is unhappy with the Council's decision to impose a penalty, they can appeal directly to the independent Valuation Tribunal. An appeal to the Valuation Tribunal should be made within two months of the penalty notice being issued.
- 4.9 Prompt notification of changes to circumstances allows for the Council Tax and/or CTR records to be updated and for revised notices to be issued to taxpayers. Timely issue of revised Council Tax bills would help to spread any increased payments over a longer period which in turn can assist with Council Tax collections.
- 4.10 Currently none of the SRP partners issue penalties.
- 4.11 SRP undertake a single resident discount review using a third-party company. The single resident discount exercise costs up to £30,000 per year. This is funded by the partners of SRP, Suffolk County Council and Suffolk Police and Crime Commissioner.
- 4.12 Since 2011 undertaking a regular review has reduced the single resident discounts from 30.61% of the overall caseload to 30.01% for. This is during a time when the total caseload has increased from 37,611 properties to 39,935 for Babergh. Ceasing

undertaking a regular review will just result in an increase in single resident discounts thus reducing the size of the tax base and income.

4.13 Although the review exercise is undertaken annually, each year the number of discounts removed remains similar. For 2018/19 228 discounts were removed amounting to £69,000 in Council Tax.

4.14 The possibility of applying a penalty may further encourage customers to keep taxpayer details up to date, meaning the tax base is as accurate as possible, which in turn could mean more Council Tax being paid.

4.15 A draft policy is attached at Appendix (a)

5. LINKS TO THE CORPORATE PLAN

5.1 Enabled and Efficient Organisation

6. FINANCIAL IMPLICATIONS

6.1 The cost of the level one penalty is £70. The table below shows how much could have been levied in penalties had the Council added them as part of last year's single resident discount exercise.

Authority	No of discounts removed April'18 - March'19	Maximum Penalty Amount
Babergh	228	£15,960

6.2 Civil penalties will generate an additional General Fund income, but the primary intention of this Policy is for penalties to be used as a deterrent against fraud and error, and not as a regular source of income.

7. LEGAL IMPLICATIONS

7.1 Implementation of this proposal would be in accordance with Schedule 3 of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

7.2 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has a statutory duty to implement appropriate measures to prevent and detect fraud and corruption.

8. RISK MANAGEMENT

- 8.1 This report is most closely linked with the Council's Corporate / Significant Business Risks 5f The Councils may be perceived to be untrustworthy and have a poor reputation. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If penalties are applied inconsistently or unfairly, it may impact on the Council's reputation.	Unlikely - 2	Noticeable - 2	<ul style="list-style-type: none"> Implementation of a robust policy that will provide clear guidelines to staff making decisions and allow an element of discretion in exceptional circumstances
If there are a high number of penalties issued, this may lead to an increase in complaints	Unlikely - 2	Noticeable - 2	<ul style="list-style-type: none"> Clear publication of the policy. Penalties applied in line with the policy
If there are a high number of penalties issued, this may lead to an increase in appeals to the Valuation Tribunal	Unlikely - 2	Noticeable - 2	<ul style="list-style-type: none"> Clear publication of the policy. Penalties applied in line with the policy
If there are a high number of penalties issued, this may have an impact on resources	Unlikely - 2	Noticeable - 2	<ul style="list-style-type: none"> Monitoring of the number of penalties applied and the impact created.

9. CONSULTATIONS

- 9.1 There is no requirement to consult in respect of implementing this policy.

10. EQUALITY ANALYSIS

10.1 A full Equality Impact Assessment (EIA) is not required as it is not envisaged that the proposals will result in an adverse outcome for any group of people who share a protected characteristic under the Equality Act 2010.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There is no environmental implication in recommending the approval of this policy.

12. APPENDICES

Title	Location
(a) Council Tax Penalties Policy	Attached