

Report of:	Head of Finance
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Key Decision:	No
Report Track:	Cabinet: 29/01/15

CABINET
29 JANUARY 2015
SINGLE FRAUD INVESTIGATION SERVICE

1 Purpose of Report

- 1.1 This report is to update members on the transfer of Housing Benefit Fraud investigation and prosecution work to the Single Fraud Investigation Service within the Department for Work and Pensions (DWP) from 1 July 2015 and to seek approval to develop a capacity to ensure that:
- the Council's income from Council Tax and Business Rates is maximised in the context of the new local government finance regime; and
 - a fraud investigation service is maintained in Cannock Chase to re-affirm the councils stance on fraud.
 - Greater emphasis is placed on prevention and compliance activity to mitigate the impact of fraud
 - Joint working between Finance and Housing staff continues, in order to ensure that Council tenancies are not obtained or retained fraudulently.

2 Recommendations

- 2.1 That the transfer of the Housing Benefit Fraud service to the DWP from 1 July 2015 be noted.
- 2.2 That authority is delegated to the Head of Finance to develop an in-house capability (shared with Stafford Borough) for a compliance team to investigate eligibility for Council Tax and Business Rates discounts and exemptions ; to strengthen fraud prevention activity in Cannock Chase and to pursue prosecutions where necessary.
- 2.3 The in house capability is to be contained within the constraints of the existing budget whereby any reduction in Admin Grant is offset by compensating savings

within the Revenues and Benefits Service although the objective of the team will also be to maximise Council Tax and Business Rates income .

- 2.4 That the Local Taxation and Benefits Compliance Policy appended to this report, be adopted.

3 Key Issues and Reasons for Recommendation

- 3.1 The Welfare Reform Act 2012 led to the creation of the Single Fraud Investigation Service (SFIS), which will combine present arrangements for investigation of benefit fraud which will be brought together under one organisation managed by the DWP.
- 3.2 This will involve the transfer of existing council fraud investigation staff to SFIS with effect from 1 July 2015.
- 3.3 The investigation of other types of eligibility based discounts such as Council Tax Single Person Discount will remain with the Council.
- 3.4 The Council can now either transfer the existing Fraud Investigation team to the DWP on 1 July 2015 in whole or in part or make a decision to develop an in-house capacity to:
- maximise the Council's income from Council Tax and Business Rates in the context of the new local government finance regime; and
 - strengthen prevention/compliance and ultimately fraud activity in Cannock Chase to signal a tougher approach to fraudsters and claimants who incorrectly claim discounts and exemptions.
- 3.5 By granting Council Tax discounts and exemptions in accordance with either statute or a local scheme, precepting authorities forego income because the amount of Council Tax to be collected is reduced. Similarly the claiming of reliefs or exemptions for Business Rates will impact upon the amount of Business Rates retained by the Council.
- 3.6 The business case for retaining a compliance capacity after the transfer of Housing Benefit Fraud investigation and prosecution work to the Single Fraud Investigation Service (SFIS) is therefore to ensure that Council Tax discounts and exemptions e.g. Single Person Discount (SPD) and Local Council Tax Scheme (LCTS) awards and Business Rates reliefs and discounts are correct and that we do not award or continue to award discounts/ exemptions/reliefs where it is not appropriate to do so.
- 3.7 There is potential for a retained compliance team to investigate other types of fraud or failure to declare a change of circumstances . Although officers are currently of the view that there is only a very limited business case apparent to pursue types of corporate fraud such as insurance fraud, and employee related frauds, there is a stronger case, for the team to deal with tenancy fraud.

- 3.8 The Head of Housing has agreed to support the resource required within a Compliance Team, from the Housing Revenue Account, to investigate Tenancy Fraud. This is estimated to be around 0.5 full time equivalent staff.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) Economic Resilience is strengthened by the protection of our finances from the effect of fraud.
 - (ii) Transformation is supported by the new "Compliance" approach to prevention of fraud.

5 Report Detail

- 5.1 The Single Fraud Investigation Service (SFIS) will combine present arrangements for investigation of benefit fraud together under one organisation managed by the DWP.
- 5.2 This will involve the transfer of existing council fraud investigation staff to SFIS with effect from 1 July 2015.
- 5.3 The investigation of all other 'corporate fraud' and eligibility based discounts such as Council Tax Single Person Discount will remain with the Council.

The Council effectively has three options in relation to the current Fraud and Intervention Service

- Discontinue the service w.e.f 1 July with a potential saving on cost but with no facility to ensure discounts and exemptions were being correctly claimed and income maximised
 - Create a Fraud Hub with neighbouring authorities
 - Retain an in house service reflecting the current costs borne by Stafford and Cannock Chase Councils
- 5.4 Responsibility for investigating Housing Benefit Fraud will pass to the Single Fraud Investigation Service which effectively means that the Council will have no resource to undertake Council Tax Fraud and prosecution work in the future unless a core team is retained by the Council.

The current fraud and investigation team during the last 12 months/ years have undertaken the following work:

- 408 Referrals received (SBC – 172 CCDC – 236)
- 212 Fraud cases investigated. (SBC – 82 CCDC – 130)

- 39 Cases prosecuted (SBC – 18 CCDC – 21)
- 13 cases issued with Sanction (SBC – 9 CCDC – 4).
- Over £667,000 of benefit fraud discovered (SBC - £204,000 CCDC £463,000)
- 22 cases of Housing Tenancy Fraud investigated in Cannock
- 7 Cannock Chase Council properties recovered from the 22 investigated.
- Work is ongoing with the Council Tax team to investigate claims for discount and exemption, in conjunction with private sector partners.

In addition the Council will still be responsible for the processing of existing Housing Benefit claims until 2018, with new claims being transferred to DWP during 2015. The council will still need to liaise with DWP re fraud however a greater role is required in relation to prevention and compliance which in turn will reduce the liability or loss of income by overpayments generated by the failure to notify change of circumstances etc.

- 5.5 The option to create a Staffordshire Wide Hub was investigated however no compelling business case existed that would ensure the outcomes for this Council could be delivered. The nature of the hub would employ resources to ensure the service was self financing and hence there was no guarantee that the service would be provided to our areas although we would be effectively underwriting the costs of staff transferred into the service.

In particular the current shared service was felt to provide sufficient economies of scale to provide a robust in house service at no extra cost to the taxpayer but with the same self financing agenda. An in house service would in addition retain local knowledge and expertise and with the ability to extend the joint working not only between authorities but across all departments.

Districts and Boroughs across Staffordshire have worked with the County Council previously to identify Council Tax discount fraud. The in-house team would be ideally positioned to undertake further work of this nature and to use data matching techniques with other organisations, to identify fraudulent claims for discount and reduction

The retention of an in house service will however provide scope to maximise Council Tax and Business Rates income by redirecting resources to undertake enhanced prevention and compliance activities to ensure only eligible discounts and exemptions are claimed.

- 5.6 By granting Council Tax discounts in accordance with either statute or a local scheme, precepting authorities forego income because the amount of Council Tax to be collected is reduced.
- 5.7 The business case for retaining an in-house compliance capacity after the transfer of Housing Benefit Fraud investigation and prosecution work to the Single Fraud Investigation Service (SFIS) is therefore to ensure that Council Tax discounts and exemptions e.g. Single Person Discount (SPD) and Local Council

Tax Scheme (LCTS) awards are correct and that we do not award or continue to award discounts where it is not appropriate to do so.

5.8 The total amount of exemptions and discounts granted excluding LCTS amounts to £4.8 million .Single Person Discount is the largest single relief granted by Cannock Chase Council .The Council has no discretion over the award of this discount which equates to 25% of the Council Tax due if a claimant is eligible and amounts to approximately £3.7 million per annum.; The Council bears 13% of the effective cost or loss of council Tax income representing its shares of the total Council Tax precepts levied

5.9 A Single Person Discount was carried out by Northgate on behalf of all Staffordshire Districts in 2012/13. The review, which was funded by Staffordshire County Council, matches data regarding recipients of SPD with financial credit records. Recipients who live at addresses which show recent financial activity by a person other than the Council Tax payer are asked to confirm whether the SPD is still applicable. An error rate of approximately 4.6% (341 cases) was identified. This process is currently being repeated in 2014/15, again funded by Staffordshire County Council.

5.9 Cannock Chase also routinely circularise recipients of SPD at least once a year to obtain their written agreement that the SPD is still valid.

The review of SPD's should form part of a compliance function utilising data available to the council or simple periodic checks and subject to approval of the retention of an in house team discussions will be held with the County Council to undertake the work currently undertaken by Northgate.

5.10 Local Council Tax Support (LCTS) is now a local discount rather than a centrally funded national benefit and accounts for a further £6.1 million annually. Any LCTS awarded incorrectly is a direct loss to Cannock Chase Council.

5.11 Other exemptions, such as empty property relief total around £600,000 annually.

5.12 Inevitably some of these discounts or exemptions are claimed incorrectly or are claimed for longer than the claimant is eligible.

Business rates exemptions and reliefs currently amount to £4.8M . The major issue with Business rates relates to avoidance which is currently subject to further work by DCLG to review legislation. However the failure to promptly declare change of circumstances as with Council Tax will apply to reliefs and exemptions and by working with other services of the Council there is scope to maximise income via a compliance team.

5.13 Following the creation of the Single Fraud Investigation Service (SFIS) that will be responsible for investigating Housing Benefit Fraud from 1 July 2015, it is unlikely that any remaining compliance capacity will be geared towards building a prosecution file if it can only be directed towards SPD or LCTS fraud and error. The cost of a prosecution will be justified only rarely when compared against Cannock Chase's average LCTS award of around £15 per week or an average SPD, of £279 per year.

6 Implications

6.1 Financial

The full staffing cost of Fraud Team (which is shared equally between the 2 Councils) is £175,000 and includes 5.42 full time equivalent staff. One post is vacant and one filled by a secondee whose secondment ends before the transfer date. 4 members of staff are in scope to transfer to SFIS, and their combined cost is £125,000

There is limited financial impact in 2015/16 as neither Cannock Chase Council nor Stafford Borough Council will face a reduction in Housing Benefit Administration subsidy in that year as a result of the creation of SFIS; however, the Council will lose the opportunity to save the staffing costs in 2015/16, were the relevant staff to transfer to the DWP, although savings will occur in relation to the vacant and seconded posts.

The DWP have confirmed that Cannock Chase’s Housing Benefit Administration grant will reduce by around £51,537 from 2016/17 as a result of the creation of SFIS and Stafford Borough will lose £45,043

In order for the Compliance Team to be created on a cost neutral basis, £31,800 of savings or additional income needs to be achieved by the shared team, before 1 April 2016.

Cost of existing Team	175,000	
Less Reduction in Admin Grant	96,800	
Funding Available	78,200	(78,200)
Proposed cost of Team	125,000	
Contribution from HRA	(15,000)	110,000
Additional Income/Saving requirement		31,800

A restructure of the Revenues and Benefits department is being undertaken to ensure that this saving is achieved by a combination of:

- Staff transfers to DWP
- A shift of resource from the Council Tax and Business rate teams to the compliance function.
- Proven and sustainable additional income generated by the work of the compliance team.

There has been no indication as yet of the level of reduction in subsidy that can be anticipated from 2017/18 onwards.

The Draft Budget contained elsewhere on the Agenda assumes that further savings will be made to compensate for the reduction in Housing Benefit Admin Grant arising from the introduction of the Single Fraud investigatory Service and the implementation of Universal Credits. The Draft Budget reflects both the anticipated reduction in Grant and the efficiency savings required

6.2 Legal

The transfer of Housing Benefit Investigation work to SFIS was created by the Welfare Reform Act 2012

6.3 Human Resources

4 Members of staff within the current shared Investigation Team are in scope, to transfer to SFIS from 1 July 2015. This reports seeks authority to address the staffing implications of the transfer of fraud investigation work to SFIS, and creation of a Compliance Team. A formal consultation process will be undertaken with appropriate staff and their representatives.

6.4 Section 17 (Crime Prevention)

There are no direct implications

6.5 Human Rights Act

There are no direct implications

6.6 Data Protection

There are no direct implications

6.7 Risk Management

The creation of a Compliance Team, seeks to mitigate the risk of fraudulent activity being undertaken, which would adversely affect the Council's finances and reputation.

6.8 Equality & Diversity

E& D assessments to be undertaken on policy documents.

6.9 Best Value

The review of the staffing structure and creation of a Compliance Team will ensure that the best value for money is achieved for the Council.

7 Appendices to the Report

Appendix A

Local Taxation and Benefits Compliance Policy

Previous Consideration

Nil

Background Papers

File available in Financial Services

Appendix A



Working together

**CANNOCK CHASE DISTRICT COUNCIL
AND STAFFORD BOROUGH COUNCIL**

**LOCAL TAXATION AND BENEFIT
COMPLIANCE POLICY**

2015

Introduction.

From October 2014 onwards a Single Fraud Investigation Service (SFIS) will take responsibility for the investigation of Housing Benefit Fraud, which is currently undertaken by local authorities. Cannock Chase and Stafford cases will be taken from 1 July 2015.

Efficiencies are created by the combination of these investigations with those of Tax and Tax Credit fraud (formerly HMRC) and other state benefits (formerly DWP). Local authorities have a duty to comply with requests for information from SFIS, as well as retaining responsibility for other areas of fraud investigation and prevention, not covered by SFIS. These are explained throughout this document

This policy seeks to;

- a) Document and explain the mechanisms for dealing with Council Tax and Business Rates fraud prevention, investigation and sanction
- b) Confirm the authorisations of officers to deliver the compliance and investigation service.

Background

The cost of fraud to local government is estimated at £2.2 billion a year.

The government's publication 'Fighting Fraud Locally' sets out an approach to strengthen the counter fraud response across local government with the aim of more fraudsters being caught, more fraud prevented and more money returned to authorities.

The approach is underpinned by three principles, Acknowledge, Prevent; and Pursue.

ACKNOWLEDGE	PREVENT	PURSUE
Acknowledging and understanding fraud risks	Preventing and detecting more fraud	Being stronger in punishing fraud & recovering losses
Assessing and understanding fraud risks	Making better use of information & technology	Prioritising fraud recovery & the use of civil sanctions
Committing support & resources to tackling fraud	Enhancing fraud controls & processes	Developing capability and capacity to punish fraudsters
Maintaining a robust anti-fraud response	Developing a more effective anti-fraud culture	Collaborating across local authorities & with law enforcement

The two Councils have a strong reputation for Fraud prevention and investigation, particularly in the area of Housing and Council Tax Benefit. Given the upcoming changes to legislation and our responsibilities, our approach, which is described throughout this document, is to move our emphasis firmly towards the prevention of fraud.

By committing resource and effort to ensuring “**Compliance**” to relevant rules and regulations, we will

- Prevent fraud and error from entering the system
- Reduce the need for investigative resource.
- Safeguard the Councils’ financial positions
- Protect the Councils’ reputations
- Provide assurance that taxpayers’ money is being managed appropriately.

The key areas of fraud relevant to Cannock Chase and Stafford Borough are:

- Housing Benefit
- Local Council Tax Reduction
- Council Tax discounts and exemptions
- Business Rates reliefs and exemptions.

which are the responsibility of the shared Revenues and Benefits Service, and.

- Insurance
- Staffing
- Procurement

which are the responsibility of the shared Audit Service.

- Housing Allocations (Cannock only)
- Homelessness

Which are the responsibility of the Housing Department.

In August 2014, all District Councils in Staffordshire considered a proposal (led by Stoke on Trent City and Newcastle Borough Councils) to form a “Staffordshire Fraud Hub” to collectively deal with all fraud related issues across the County. A bid for Government grant to support the creation of the “hub” was also discussed.

Whilst all authorities broadly supported the principles behind a Staffordshire wide fraud resource, only Newcastle under Lyme were willing to commit to the Stoke-led bid, which was submitted to the DCLG.

Cannock Chase and Stafford Councils remain committed to working with other local authorities and partners to prevent and investigate fraudulent activity

Compliance

What is Compliance?

In general terms, compliance means conforming to a rule, such as a regulation, standard or policy. Due to the increasing number of regulations across both Council Tax and Housing Benefit, together with the Local Council Tax Reduction scheme, compliance is seen as an effective tool in ensuring that all legislative requirements are met without the unnecessary duplication of effort and activity from resources.

There is a clear distinction between compliance and fraud investigation.

Fraud investigation typically involves gathering evidence and the formal interviewing of individuals suspected of committing fraud.

Compliance is about ensuring that individuals and organisations. are entitled to, or remain entitled to any help that is being provided towards payment of their rent, Council Tax or Business Rates.

Compliance controls, ensure that the gateways to the various reduction schemes, are properly safeguarded, and ensures that those who receive help are periodically reviewed to ensure that the help being provided is correct.

In summary, compliance is the overall term associated with the pro active approach taken by the section to ensure that all appropriate legislation is adhered to in both awarding support and ensuring that support is correctly payable.

Housing Benefit.

Housing Benefit is a national scheme, funded by Central Government but managed by local authorities. It is tightly controlled by a set of national regulations, which the Council must comply with. Failure to comply with regulations can lead to financial costs to the Council.

Whilst the responsibility for fraud investigations will pass to SFIS, from 1 July 2015, the Councils will retain responsibility for the administration and payment of Housing Benefit claims, and so preventing fraudulent claims from being made will remain a key feature of our work.

Additionally, local authority officers will have a responsibility to support SFIS in the investigation process. Our responsibilities will include:

- Liaison with SFIS about fraud cases in our area
- Referring potential Benefit Fraud cases to SFIS
- Providing evidence and statements to SFIS in support of the referrals.
- Managing and recovering any overpayments of Housing Benefit (whether by reason of fraud or otherwise)
- Dealing with cases that SFIS decide not to investigate.

Local Council Tax Reduction Scheme.

From 1st April 2013, the national regulations which governed the Council Tax Benefit scheme were replaced by a requirement for each local authority to develop its own “local scheme”. The principle underlying the change is that council tax support is no longer a benefit, but rather a reduction which is determined and managed by each Council, locally. For this reason, SFIS will not take responsibility for investigation of LCTRS frauds.

In common with all other district and borough councils, Cannock Chase and Stafford Borough Councils have developed local schemes which preserve many of the features of the previous Council Tax Benefit scheme.

Applications for LCTRS can be made, and are administered, in common with claims for Housing Benefit

Compliance and Housing Benefit and Local Council Tax Reduction.

For the purpose of this policy, unless otherwise stated, any actions taken regarding Housing Benefit and Housing Benefit compliance should be read to apply similarly to Local Council Tax Reduction and compliance.

Protecting the gateway to HB and LCTRS

A key aim of the Benefit Service is to maximize the take up benefits and to ensure that accessibility to the service is as wide as possible. Benefit take up plays a key role in reducing poverty, including child poverty and can have a positive impact on the local economy.

In order that an accurate benefit assessment can be made, detailed information about the claimant’s income, capital and household details need to be captured. The mechanism for achieving this is the use of a benefit application form. The form itself runs into 32 pages and whilst not every question on every page needs to be answered, for some claimants the form itself can be off-putting. The form also asks for proofs and evidence to be provided.

Application forms are now rarely posted out for claimants to complete. The preferred method of claiming is to arrange an interview with a customer services adviser who will complete the claim form on behalf of the claimant and ensure

that all necessary proofs are provided. The adviser will also carry out a welfare benefit check to ensure that the claimant is receiving all benefits they are entitled to.

This method of claiming has many advantages including:

- Providing support to the customer so to avoid making the claiming process “off-putting”
- Minimising the amount of time taken in establishing the necessary evidence to support a claim..
- Fraud is reduced as claimants are less likely to provide false information ‘face-to-face’ to an adviser.

In order to provide consistency across the service and to ensure that the appropriate level of information and evidence is provided by the claimant, required, a Verification Framework document is adhered to. The verification document is the first compliance “tool” that ensures that gateway to claiming benefits is protected.

This document is updated from time to time within the service, as technology develops and lessons are learned from our experiences. Up to date copies of this document are available from the Benefit Services Manager.

Interventions (HB and LCTRS)

In April 2004 DWP removed the statutory requirement for ALL benefit awards to be made for a period not exceeding 52 weeks. Awards are now made on an open-ended basis, with the emphasis being placed on the claimant to notify the Council if his or her circumstance change. This change was a positive one, as it enabled councils to reduce their Benefit administration costs and, at the same time reduce their processing times, whilst at the same time retaining the right to prevent and investigate fraud

Councils are given the discretion to “intervene” in the claim i.e. to fully or partially review the claimants’ circumstances, as the Council feels is appropriate. Interventions are therefore the mechanism by which the authority proactively ensures that benefit that has been awarded remains properly payable.

The degree to which the Council will review a claim is determined by the level of risk of an unreported change, attributed to that particular type of claim. For example, claimants of pensionable age, in supported accommodation, may not need to be reviewed as frequently as a working aged claimant in temporary accommodation.

In order to ensure that cases are reviewed and that resources are deployed appropriately, an annual Intervention Plan will be produced within the Local Taxation and Benefits Service to define the work program of the team. The purpose of the Interventions Plan is to identify changes of circumstances, including but not exclusive to;

- Earnings
- Capital
- Household composition
- Non dependants and income of non-dependants
- Child Care payments
- Time barred income (income, such as certain state benefits, that is paid for a maximum period of time)

Up to date copies of the Intervention Plan are available from the Benefits Services Manager.

Claims Administration (HB and LCTRS)

In addition to Interventions, other proactive reviews and checks are made by the Benefit Service.

These reviews will identify circumstances where a likely change to a claimant's circumstances are known or can be reasonably predicted. These include but are not confined to:

- A significant birthday of the claimant.
- A significant birthday of someone else in the household
- Changes to the Local Housing Allowance (LHA) rate.
- Known changes to the rate of state benefits and pensions.

In many of these circumstances, the changes can be applied without the need for a re-application from the claimant.

Council Tax and Business Rates Discounts and Exemptions.

There has been a growing recognition of the damaging impact that discount fraud has on the economy. The billing authority has a duty to take reasonable steps to ascertain a discount entitlement before calculating the Council Tax or Business Rate liability.

A Council Tax discount should be awarded when the council has reason to believe that it is due. Conversely, a discount must not be awarded when the council has no such reason to believe

Whilst the legislation that governs Council Tax discounts and exemptions, is not as prescriptive as benefit regulations, incorrect reductions will affect the Councils'

income can have an effect on the level government grant. Hence there is a need to have reliable procedures in place to minimise errors and fraudulent claims.

Business Rates reductions are not usually awarded unless a specific claim is made by the ratepayer which includes sufficient information to establish that the reduction is appropriate.

The Billing Authority must decide what steps it regards as necessary to check the validity of claims for discounts or reduction, and to review those cases where a discount is already given. The authority will give due consideration to systems for reviewing entitlement and to the extent to which the statutory duty of the liable person to notify changes should be supplemented.

Generally speaking all Council Tax and Business rates discounts, exemptions and reductions will be reviewed at least once per year by surveying the taxpayers to whom the reductions are awarded. The authority issues surveys to the account holders and if the account holder fails to return the survey, following a reminder, the Council may make further enquiries and may in appropriate circumstances, cancel the reduction..

When an account holder receives a discount or exemption as well as Housing & Local Council Tax Support, the Council will use the information provided on the benefit application to amend discount and exemption entitlements.

The Council is also keen to pursue all other reasonable means of reviewing entitlement to discounts and exemptions. Where the law allows, we will match data with other public and private sector organisations, to review all cases where less than the full Council Tax or Business Rate is payable.

In Staffordshire, the cost of Council Tax collection and fraud investigation is borne by the districts. The County Council receives a larger share of the Council Tax and receives approximately 69% of the additional income that arises from identifying fraud. Wherever possible and appropriate, Districts will work collaboratively with Staffordshire County Council on issues relating to Council Tax Discount Fraud.

40% of Business Rate receipts are retained by the Billing Authority, so conversely we will suffer 40% on any income lost to fraud.

In order to ensure that cases are reviewed and that resources are deployed appropriately, an annual Review Timetable will be produced within the service to define the work program of the team.

Penalties and Punitive Action.

Billing authorities have the power to impose civil penalties where taxpayers fail to inform the billing authority, within 21 days, that a Council Tax reduction, discount or exemption should not apply. The billing authority may impose a penalty of £70 for such a failure on the first occasion and £280 for each subsequent occasion in relation to the same information. This remedy does not exist within Business rate legislation.

There is a right of appeal to The Valuation Tribunal against the imposition of a penalty. Where the penalty is subject to an appeal or arbitration, no amount is payable in respect of the penalty while the appeal or arbitration is outstanding.

The Council can choose to prosecute under Section 2 of the Fraud Act 2006 where the debtor has committed a fraud by false representation but only where its is in the Council's financial interests to do so.

Cannock Chase and Stafford Borough Councils will administer their statutory rights and duties in the following ways:

- The Council will make taxpayers aware of the need to inform the Council if they cease to qualify for a discount or exemption.
- The Council will undertake scheduled reviews of discount and exemption entitlement.
- The Council will continue to cross-check discount claims to Housing & Local Council Tax Reduction Scheme.
- Where an account holder fraudulently claims both Council Tax Discount and Housing or Local Council Tax Support, consideration will be given to including the discount / exemption fraud in any prosecution for Benefit Fraud offences

The Council will consider any case of overpaid discount on its own merit. Where the overpayment is considered to be due to fraud or culpability of the taxpayer, the follow the guidelines will be applied to consider the issuing penalties or prosecutions.

Value of Discount Re-Claimed	Action to be Taken
Under £200	No punitive action is taken, the account is corrected and the overpaid reduction is recovered.
£200 - £500	A £70 penalty is imposed for failure to inform the Council of a change, or respond to the Council's reasonable request for information, within 21 days.
£500 - £2,000	A £70 penalty is imposed for failure to inform the Council of a change, or respond to the Council's reasonable request for information, within 21 days. A £280 penalty is imposed where there is a second failure to inform the Council.
Over £2,000	Prosecution will be considered, where it is

	financially viable to do so and where the circumstances of the case support this course of action.
Over £50, where action is being taken for other issues.	Council Tax discount to be considered with any prosecution undertaken for Benefit Fraud offences.

The above table represents guidelines only. Where the Council is considering a prosecution, other factors will also be taken into consideration:

Every case will be considered individually according to the merits of the case and circumstances of the account holder.

Officers will consider the evidence available and likelihood of securing a conviction and reasonable sentence before instigating a prosecution.

The Council will only prosecute if officers consider it to be in the public interest to do so.

The Council will regularly publicise on its website, the number of fraudulent claims found and penalties imposed to act as a deterrent to the public.

The Council should backdate the removal of any discount or exemption to the date of the change, where the account holder has failed to declare a change in circumstances.

Insofar as the Councils retain responsibility for Housing Benefit Fraud investigation, pending formal transfer to SFIS, the current Sanctions and Prosecution Policy will continue to be adhered to. This is given at Appendix A.

Similarly, the Sanctions and Prosecution Policy, will be adhered to in the consideration of Fraudulent Claims for LCTR.

Delegations and Responsibilities.

This policy document is the responsibility of the Head of Finance. It will be updated from time to time to comply with all legal and technical requirements.

The operation of the implications of the policy, including the review of benefits, discounts, exemptions and reductions, and any punitive actions taken in respect of fraudulent activity, will be undertaken within the Local Taxation and Benefits Service.