

Title of meeting: Resources Portfolio

Date of meeting: 21st January 2016

Subject: Council Tax Penalties

Report by: Director of Community and Communications

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To seek approval to implement a policy of imposing fixed penalties on residents who fail to notify Portsmouth City Council within a prescribed timescale, of a relevant change in their circumstance which may result in an increase in their chargeable Council Tax.

2. Recommendations

RECOMMENDED

- 2.1. **That it is agreed that the implementation of fixed penalties from 1st April 2016, as permitted under the provisions of the Local Government Finance Act 1992, whereby anyone who intentionally or knowingly fails to notify the Council of any change affecting Council Tax Liability or the Local Council Tax Support Scheme may be liable to a fixed penalty fine.**
- 2.2. **That where an application is made to waive the penalty on the grounds of exceptional circumstances, the Local Taxation Manager or Director of Community and Communications be given delegated responsibility to use their discretion.**

3. Background

- 3.1. The Council has powers under the Local Government Finance Act 1992 (Schedule 3) to impose civil penalties to those charge payers who wilfully neglect to inform the Council of changes which affect their Council Tax liability.
- 3.2. The Council has a responsibility to deliver value for money and a duty to protect taxpayers' money. Evidence from other Local Authorities who have introduced these schemes demonstrates that the introduction of a penalty scheme encourages customers to notify the Council of changes in a speedier manner thus saving money through the administration of overpayment recovery.

3.3. It is important to distinguish the difference between the appropriateness of imposing a fixed penalty versus those cases managed under the Detection of Fraud and Enforcement Regulations. Where it is clear that the behaviour of the charge payer warrants a criminal investigation that action will still take place.

3.4. As agreed at the Resources Portfolio meeting of 22nd October 2015, and in order to understand resident opinion on this matter, a consultation questionnaire was distributed and residents across the city invited to participate. The consultation opened on 16th November 2015 and closed on 30th December 2015 and was available online or in print on request.

3.5. Details of the consultation responses are attached in Appendix 1.

4. Reasons for recommendations

4.1 The introduction of a fixed penalty has been shown to encourage customers to notify the Council of changes in a more timely manner. This in itself saves the authority time and money.

4.2 Whilst the overall number of participants to the consultation was modest, of those who took time to complete the questionnaire 67% indicated that they would support a penalty system.

5. Equality impact assessment

5.1 A full impact assessment has been completed, the results from the consultation that went out to residents did not identify any adverse impacts on the protected characteristics as described by the Equality Act.

6. Legal implications

6.1 There are a range of penalties under the Local Government Finance Act 1992, and under the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, payable in specified circumstances. These are prescribed, and capped to:

- (a) £70, failure to notify of change or provide information in specified circumstances;
- (b) £280, repeated failure to notify following a fine;
- (c) In the event of an over provision of discount, and as an alternative to prosecution the sum of a financial penalty is strictly regulated, and capped at 50% of the amount of the excess reduction (the sum which the charge payer has saved by not informing), rounded down to the nearest whole penny, and subject to:

- i. a minimum amount of £100; and
- ii. a maximum amount of £1000.

6.2 Accordingly, the proposal is lawful.

7. Director of Finance's comments

7.1 The value of new income arising from this proposal is difficult to quantify. However, the approved budget savings for 2016/17 include a provision for additional income of £100,000 as a consequence of the review of exemptions, discounts and late notifications

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Signed by:

Appendices: Appendix 1 - Consultation Results

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
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The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: