

| Report of | Meeting | Date |
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| Director of Customer and Advice Services (Introduced by the Executive Member for Resources) | Executive Cabinet | 25 June 2015 |

SINGLE FRONT OFFICE POLICIES REVIEW

PURPOSE OF REPORT

1. To gain approval for the following revised and updated policies:
 - a. Discretionary Housing Payments Policy
 - b. Council Tax Discretionary Hardship Policy
 - c. Sanction and Prosecution Policy
 - d. Debt Management Policy
2. To summarise the main principles, funding arrangements and notable changes affecting the policies.

RECOMMENDATION(S)

3. Members are recommended to:
 - a. Approve consultation on the policies by other precepting authorities, interested parties and the wider community.
 - b. Approve the adoption of the policies under delegated powers by the Executive Member for Resources, following a successful consultation outcome.
 - c. Delegate authority to the council's Chief Financial Officer/Executive Member for Resources to approve changes to the policies which are within the approved budget.

EXECUTIVE SUMMARY OF REPORT

4. As part of the implementation of the single front office, a review of policies within the service has been carried out to ensure that they are up-to-date and consistent with both the aims of the service and the council's corporate priorities.
5. The report provides a summary of each of the policies, outlining the legislative background, the general principles within each policy and the funding arrangements where applicable.
6. The policies provide transparency for customers in terms of the council's approach. In addition staff will follow operational procedures and guidance on a day-to-day basis.
7. The report also highlights any changes to the individual policies as a result of the review.

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| Confidential report Please bold as appropriate | Yes | No |
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| Key Decision? Please bold as appropriate | Yes | No |
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REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

8. The changes to the policies bring up-to-date a number of existing policies administered in Customer Services.

9. The policies are in line with the most recent government legislation, guidance and good practice.
10. The Discretionary Housing Payments Policy and the Council Tax Discretionary Hardship Policy provide a consistent and transparent approach to the consideration of applications for discretionary housing payments and hardship relief.
11. The Sanction and Prosecution Policy now reflects the position of the council following the transfer of Housing Benefit fraud investigation to the DWP's Single Fraud Investigation Service.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12. None.

CORPORATE PRIORITIES

13. This report relates to the following Strategic Objectives:

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| Involving residents in improving their local area and equality of access for all | | A strong local economy | |
| Clean, safe and healthy communities | | An ambitious council that does more to meet the needs of residents and the local area | √ |

DISCRETIONARY HOUSING PAYMENTS (DHP) POLICY

Background

14. The Discretionary Financial Assistance Regulations 2001 make provision for the awarding of DHPs.
15. The Department of Works and Pensions DHP Guidance Manual and good practice guide set out the framework for the scheme.
16. This revised DHP policy achieves three things:
 - a. Updates the policy in respect of the latest DWP advice regarding key welfare reforms of the benefit cap, reductions in local housing allowance and the removal of the spare room subsidy in the social rented sector.
 - b. Clarifies the qualifying criteria, priority considerations and other factors considered when assessing an application for a DHP and brings them in line with DWP guidance.
 - c. Updates the information regarding what types of income and expenditure will be disregarded for the purposes of a DHP.
17. The policy applies to customers in receipt of Housing Benefit or Universal Credit. Awards in relation to Council Tax Support (CTS) are covered by the council's CTS Discretionary Hardship Policy.
18. The purpose of a DHP is to provide customers suffering financial hardship with further financial assistance towards housing costs.
19. The application process will be based upon the eligibility criteria detailed in the policy and an application form will be available online.

General Principles

20. In deciding whether to award a discretionary housing payment the council will have the following objectives:
 - a. Preventing homelessness
 - b. Preventing families and young people from living in temporary accommodation
 - c. Supporting vulnerable or elderly people in the community
 - d. Encouraging and sustaining people in employment
 - e. Keeping families together
 - f. Supporting young people in the transition to adult life
 - g. Sustaining a tenancy whilst other solutions are put in place

- h. Helping those who are taking steps to help themselves
- i. Supporting claimants affected by key welfare reforms of the benefit cap, reductions in local housing allowance and removal of the spare room subsidy in the social rented sector (including disabled people, adoptive parents and foster carers).

Funding of DHPs

- 21. An amount of funding for the scheme is provided on an annual basis by the DWP. The DHP fund for 2014-15 was £132,369.00 and the council spent £104,527. The allocation for 2015-16 is £114,869.00.
- 22. The council can also award up to two and a half times this amount from its General Fund. There is no current budget provision for such additional awards, but the risk of having no provision is currently low.
- 23. The cash limit for the awarding of DHPs is made up of the combination of the two amounts. The council cannot make awards when this amount has been spent.

Notable changes to the DHP policy

- 24. The DHP policy has been updated in light of the welfare reforms including the benefit cap, reductions in local housing allowance, and removal of the spare room subsidy.
- 25. The eligibility criteria have been clarified to ease consistency in considering payment awards.
- 26. The income and expenditure which will be taken into account has been clarified in the light of recent case law.
- 27. Conditions are often attached to an award, such as the customer undertaking debt, housing or benefit advice, and this has been clarified in the policy.

Risks

- 28. There is a risk that the value of applications may exceed the funding available. In order to mitigate this risk the allocation of payments is closely monitored on a monthly basis.
- 29. To ensure adequate funding is available for those customers most in need, the policy gives priority to those in certain defined circumstances such as at risk of homelessness, affected by the benefit cap or fleeing violence.
- 30. To reduce the likelihood of multiple awards to the same applicant, customers are asked to take action to try to improve their circumstances as a condition of the award. This could include actively searching for alternative accommodation, debt counselling or engaging with the council's Housing Options team to maximise housing advice.

COUNCIL TAX DISCRETIONARY HARDSHIP POLICY

Background

- 31. The Local Government Finance Act 1992 (Section 13A (1) (c)) and the Local Government Act 2003 Section 76 give local authorities the discretion to reduce a part or all of the council tax liability where it is satisfied that the council tax payer would suffer hardship if it did not do so.
- 32. The purpose of the Council Tax Discretionary Hardship Policy is to set out the guidelines and criteria which the council will consider when administering requests for relief from paying council tax from customers experiencing severe financial hardship.

General principles

- 33. There is no statutory definition of hardship and the granting of relief is wholly discretionary.
- 34. Each case will be considered on its own merits and the granting of relief will only be considered in the most exceptional cases.
- 35. The council will consider the interests of council taxpayers and the impact of granting relief if it was to go against the authority's wider objectives for the local area.

Funding of hardship relief

36. The cost of granting council tax discretionary relief is 100% funded by the council from the General Fund. There is no current budget provision for such awards but the risk having no provision is low.

Notable changes to the Council Tax Discretionary Hardship Policy

37. The policy has been renamed from the Council Tax Exceptional Hardship Policy to bring it in line with the hardship policies for National Non Domestic Rates and Council Tax Support.
38. The policy has been updated to include clarification of the period for which awards may be made.
39. The eligibility criteria have been clarified to ensure consistency.
40. The legislation allows for the council to specify a class of hardship case where several people who pay council tax fall into a group because their circumstances are similar. The policy has been updated to include this.

Risks

41. As hardship relief is funded in full by the council there will be obvious budget implications as a result of any awards. These are mitigated by the discretionary nature of the policy and firm criteria which denote that relief will only be available in exceptional circumstances.

SANCTION AND PROSECUTION POLICY

Background

42. Legislation makes provision for the application of sanctions and for prosecution in cases of fraud or provision of misinformation in relation to housing benefit, council tax support and council tax.
43. This legislation includes 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.
44. The purpose of the Sanction 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.
45. The policy also clarifies which areas of fraud investigation work are the responsibility of the DWP.

General Principles

27. In deciding what action to take the council will consider the following:
 - a. Each case will be considered on its own merits.
 - b. There must be sufficient, reliable evidence to justify the action taken, and
 - c. The action taken must be in the public interest.
 - d. Any mitigating circumstances.
 - e. 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.
 - f. In exceptional circumstances, an alternative to prosecution (caution or administrative penalty) may be considered without regard to the amount of the overpayment.

Notable changes to the Sanction and Prosecution Policy

46. The Sanction and Prosecution Policy has been updated in light of the transfer on 1 May of Housing Benefit fraud investigation to the Single Fraud Investigation Service (SFIS) at the DWP.
47. The option to impose civil penalties has been introduced. In the event that information is negligently supplied or there is a failure to supply information that affects the amount of housing benefit or council tax support paid or council tax billed a financial penalty may be applied.

48. The policy has been simplified and made more accessible to customers by the removal of information relating to operational procedures.

Transfer to Single Fraud Investigation Service

49. Following the transfer to SFIS from 1 May 2015, the council no longer investigates housing benefit fraud although it retains its delegated powers as decision maker regarding administrative penalties for housing benefit.
50. The council will still make enquiries in cases where there is no evidence of fraud and the overpayment of housing benefit is less than £2,000.
51. The council has retained its power to investigate Council Tax Support fraud up to prosecution stage if appropriate.

Available Sanctions

52. There are three formal sanctions which are considered where there is evidence of fraud:
- Local Authority Caution: an oral warning where a CTS overpayment is up to £2,000
 - Administrative Penalty: a financial penalty for overpayments of Housing Benefit and Council Tax Support in circumstances not deemed serious enough for prosecution
 - Prosecution: will be considered in serious circumstances such as where the Housing Benefit fraud was deliberate or involved other people or was not a first offence.
53. A civil penalty may be applied where a customer has negligently supplied information but there is no evidence of fraud.

Risks

54. The council needs to ensure that, despite the transfer of criminal investigation into housing benefit fraud to the DWP, it still has a robust approach to protecting public funds and minimising overpayments. The policy provides the framework to achieve this.
55. The decision to prosecute is a particularly serious step and has implications for all those concerned. The Sanction and Prosecution Policy provides a detailed list of factors to be taken into account when prosecution action is being considered.
56. Other guidance will also be considered including both public and evidential interest tests and the Code for Crown Prosecutors.

DEBT MANAGEMENT POLICY

Background

57. The Council has a responsibility to collect the income due to it. This helps the council to pay for the services it delivers. This is the council's statement on how it will work with customers and partners to raise and collect debt. It outlines what the council will do to help those who are in debt.
58. The policy will apply to the collection of money owed to the council, primarily:
- Council Tax
 - National Non Domestic Rates (NNDR)
 - Housing Benefit overpayments
 - Miscellaneous invoices
 - Fixed penalty notices for parking and environmental crime
 - Income from planning application and building regulation fees and land charges
59. The purpose of the Debt Management Policy is to set out the council's approach to the management and collection of debt and also to identify the support and practical help which will be available to customers.

1. General Principles

60. The council's approach to income collection will be guided by some general principles:
- A professional, consistent and timely approach to collecting debt.
 - Collection will be in line with legislation

- c. Cost-effective collection of all monies owed to the council.
- d. A co-ordinated approach towards sharing information and managing multiple debts owed to the council.
- e. Where appropriate, the council will refer debtors to advice agencies
- f. Ensuring that the interests of all council tax payers are protected
- g. Opportunities for the collection of income in advance are maximised
- h. Management of debts in accordance with legislative provisions and best practice
- i. The effective use of online capability wherever possible.
- j. Collection of income will be by the most efficient means eg, direct debit, via the website or the automated payment line.
- k. All Council bills and invoices will be raised as soon as practicable and will include clear, relevant and full information as to:
 - i. What the bill is for
 - i. When payment is due
 - ii. How to pay
 - iii. How to contact us if there is a query
- l. A pro-active approach to collection of debt will be maintained where this will maximise income collection.
- m. Recovery action will be mindful of the council's duty to protect its finances and collect all outstanding debts.
- n. Recovery action will be proportionate to the amount of the debt outstanding.
- o. Ability to pay will be considered. The policy promotes positive actions in assisting those who may be unable to pay.

Notable Changes to the Debt Management Policy

- 61. Payment in advance of services being delivered is a key objective for the council and will help to maximise efficiencies.
- 62. Specific references to operational procedures have been removed. Such guidance is more suited to internal documents for use by officers.
- 63. The removal of specific procedures, timescales and values provides greater flexibility to take appropriate recovery action depending on circumstances.
- 64. The policy has been updated to include Charging Orders and Bankruptcy or Liquidation proceedings as options for recovery action. These may be considered as an alternative to committal to prison as legislative changes have limited the powers that enforcement agents and the police have to bring non-payers to court. There has also been an increase in costs incurred by the council for unsuccessful committal cases.

Risks

- 65. Charging Orders and Bankruptcy/Liquidation proceedings may be particularly sensitive areas. The council needs to ensure that cases are carefully considered on an individual basis before such action is taken.
- 66. Formal action in respect of bankruptcy and liquidation proceedings will be authorised by the council's Chief Financial Officer.

IMPLICATIONS OF REPORT

- 67. This report has implications in the following areas and the relevant Directors' comments are included:

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| Finance | √ | Customer Services | |
| Human Resources | | Equality and Diversity | √ |
| Legal | √ | Integrated Impact Assessment required? | √ |
| No significant implications in this area | | Policy and Communications | √ |

COMMENTS OF THE STATUTORY FINANCE OFFICER

68. There are two areas of financial risk highlighted in this report.
69. The first is in respect of Discretionary Housing Payments (DHPs). Funds are available to fund 40% of the maximum limit that may be awarded before the cap is reached. Although expenditure is demand led, past experience tells us that this level of provision is adequate and the chance of exceeding it is low. Nevertheless, to mitigate against this risk, a robust monitoring process is in place to ensure that any forecasted potential overspend is identified and addressed appropriately.
70. The second is in respect of the Council Tax Discretionary Hardship Policy. This cost type is also demand led and therefore by nature poses an element of financial risk. That said, past experience informs us that this risk is low and does not merit the diversion of current base funding from existing resources to provide a dedicated budget provision.

COMMENTS OF THE MONITORING OFFICER

71. The policies as proposed comply with the Council's obligations under the relevant legislation.

COMMENTS OF THE HEAD OF POLICY

72. Integrated Impact Assessments (IIA's) should be completed for each of the policies being updated and presented with the consultation findings as part of the Executive Member approval of the policies. IIA's should be carried out when changes are being made to a service, policy or procedure. This is to assess the impact that the changes to the policy will have on different groups within Chorley. The assessment includes consideration of how the changes would impact the equality strands, health, sustainability and the council's reputation and ability to deliver our priorities.

LESLEY-ANN FENTON
DIRECTOR OF CUSTOMER AND ADVICE SERVICES

There are no background papers to this report.

| Report Author | Ext | Date | Doc ID |
|------------------------|------|-------------|--------|
| Asim Khan/Helen Sutton | 5448 | 4 June 2015 | *** |