

Civil Penalties Update

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Purpose of the Report

To provide an update on Civil Penalties in Housing Benefit which were introduced from April 2017.

Actions Required

That members note the report.

Report Detail

At the time of writing the report we have applied 171 civil penalties to Housing Benefit recipients in 2017/18. The civil penalty can be collected by one of two methods. If the recipient remains entitled to Housing Benefit we collect the penalty by deduction from their on-going benefit at source. Of the 171 penalties applied 122 (or 68%) of them have, or are being collected in this way. In the remaining 49 (or 32%) cases we have issued an invoice covering both the civil penalty and the Housing Benefit overpayment.

The total value of the 171 penalties applied is £8,550. To date we have collected the full penalty in 51 cases amounting to a value of £2,550.

This figure is lower than we had anticipated due to the order in which the IT system was collecting the penalty and housing benefit overpayment from on-going benefit payments. We had anticipated it collecting the penalty first and once that was paid, moving on to the benefit overpayment.

Having identified this issue we have implemented a change to how we record the civil penalty in the IT system to ensure that the penalty is paid first. We are reviewing all cases and where this issue has arisen we are putting it right.

One penalty has been withdrawn because the overpayment was reduced below the penalties threshold and one penalty has been written off as the customer had no assets.

Appeals against the application of a penalty

To date we have two appeals against housing benefit overpayments where we have also applied a penalty. The application of the penalty will be reviewed in each case based on the outcome of the appeal against the overpayment.

Complaints

To date we have not had any complaints against the application of a civil penalty.

Multiple penalties

One of the main outcomes sought from the introduction of penalties was to bring about behavioural change by encouraging benefit recipients to report changes in their circumstances in a timely way. This will help prevent them from accumulating debt which then has to be repaid at a later date. This can have the detrimental effect of a “double whammy”, with their housing benefit support reducing and an overpayment to repay.

It is still very early days in determining the success of this ambition, but only two benefit recipients have had more than one penalty applied (two in each case).

Awareness raising

We continue to ensure that we take every opportunity to remind customers to tell us promptly about a change in their circumstances, including promoting our online form for reporting and evidence upload facility on our website.

Administration

A concern was raised by members when the policy was introduced about the cost of administering the penalties. The penalty is applied when a Housing Benefit overpayment of £150 or more occurs due to the non-reporting, or late reporting of a change in their circumstances. An overpayment is either collected from their on-going benefit payments or where they cease to qualify for benefit an invoice is issued. In both methods the application of the penalty takes only a couple of additional minutes. As we have not had any appeals there has been no impact on officer time.

The administration costs remain minimal in the application of civil penalties in Housing Benefit.

Future updates

A further progress report will be brought before Scrutiny Committee in the Autumn 2018.
