

## **AUDIT COMMITTEE**

**11 MARCH 2010**

### **NATIONAL FRAUD INITIATIVE – COUNCIL TAX SINGLE PERSON DISCOUNT**

Report from: Mick Hayward, Chief Finance Officer

Author: Patrick Knight, Revenues Manager

#### **Summary**

To advise Members of the review of the Audit Commission's data matching output on council tax single person discount.

#### **1. Budget and Policy Framework**

- 1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

#### **2. Background**

- 2.1 Since 1996, the Audit Commission has run the National Fraud Initiative (NFI) (a biennial data matching exercise) to identify fraudulent and erroneous payments from the public purse. This includes NHS, central government, police authorities, local probation boards and fire and rescue authorities as well as local councils. Whilst Medway Council has participated in previous exercises, 2008 was the first time that the Council had supplied details of council tax single person discount data.
- 2.2 Medway Council provided council tax single person discount and electoral register data to the Audit Commission for cross-system comparison for the prevention and detection of fraud in 2008. Medway Council is required to participate in these exercises under statutory obligation even though it continuously carries out a rolling review of all single person discounts.
- 2.3 Medway Council supplied the requested data in late 2008 and received the output from the data match in March 2009.
- 2.4 Where there are no other residents aged 18 or over (excluding disregarded categories) living at an address, householders can apply for a single person's discount (25 per cent of their council tax liability). Nationally, this costs councils around £2 billion a year, (Medway Council currently has nearly

31,000 single person discounts equating to a total of £8,880,000 for 2009/10) but by matching council tax records with the electoral register, the NFI can spot where this discount may have been awarded inappropriately.

### **3. Outcomes of data matching exercise**

3.1 Medway Council received two reports from the NFI exercise. These were:-

- Council Tax to electoral register (This identifies addresses where the householder is claiming a council tax single person discount on the basis that they live alone yet the electoral register suggests that there is more than one person in the household aged 18 or over.)
- Council Tax Rising 18s (This match identifies addresses where the householder is claiming a council tax single person discount on the basis that they are the only occupant over 18 years of age yet the electoral register suggests that there is somebody else in the household who is already, or is approaching, 18 years of age. This may have already made, or may be about to make, the SPD invalid.

3.2 Council Tax to electoral register - this report listed 1466 cases to investigate and of these:-

- 666 cases were already known to the Council and appropriate action had been taken,
- 668 cases where there were no issues arising,
- 4 cases of errors where information received had not been actioned
- 123 cases where single person discount was invalid and council tax was increased by £42,347 for 2008/9. £30,866 has already been recovered and council tax recovery action has been instigated for the outstanding amounts. The increased collection of council tax will also benefit the current and future financial years.
- 5 cases still under review.

3.3 Council Tax Rising 18s – this report listed 178 cases to investigate and of these:-

- 122 cases were already known to the Council and appropriate action had been taken,
- 54 cases where there were no issues arising, and
- 2 cases where single person discount was invalid and their council tax accounts have been redebited with any over claimed discount. The total reclaimed was £553 for 2008/9. This has been recovered in full. The increased collection of council tax will also benefit the current and future financial years.

3.4 Prosecution action will now be considered for the 125 cases where the single person discount was invalid.

- 3.5 This has been a very labour intensive exercise but the results have been worthwhile. The 125 cases identified where single person discount is invalid represent 8% of the cases listed by the NFI exercise. The NFI pilot exercise for this data match produced up to 30% success hit rate in other local authorities. A reason why Medway Council's figures are lower than those obtained in the NFI pilot may be due to the more proactive stance taken on SPD reviews by Medway Council.
- 3.6 A further data matching exercise is being run by the Audit Commission, again matching council tax single person discount and electoral registration data, and we expect to have the output from this exercise in the forthcoming months.

#### **4. Risk Management, Financial and Legal implications**

- 4.1 There are no risk management, financial or legal implications arising directly from this report.

#### **5. Recommendations**

- 5.1 Members are asked to note the outcome from examining the NFI council tax single person discount data matching exercise and to note that a similar exercise will be conducted in 2010, with the results reported to this committee in due course.

#### **Lead officer contact**

Name Patrick Knight  
Job Title Revenues Manager  
Telephone: 01634 333730 Email: patrick.knight@medway.gov.uk

#### **Background papers**

None