

Neath Port Talbot County Borough Council

Policy and Resources Cabinet Board

18 FEBRUARY 2016

Report of the Head of Financial Services – David Rees

Matter for decision

Review of Council Tax Single Person Discount

Wards Affected: All

Purpose of report

1. This report is to ask members to approve the Single Person Discount review for 2016/17. The proposed review will be in partnership with a company called Datatank.

Introduction

2. A Single Person Discount (SPD) which allows for a 25% reduction in a taxpayers Council Tax bill can be awarded to anyone living alone under the statutory scheme.

As of January 2016, Neath Port Talbot had a total of 23,635 claimants in receipt of SPD of which:

- 7,926 were CTS SPD claims
- 15,709 were non-CTS SPD claims

(CTS = Council Tax Support)

The Audit Commission's estimated level of SPD fraud is typically 5%, costing local authorities millions in lost income each year. Local authorities are obliged to carry out a review of SPD on a regular basis to ensure the discount is being awarded correctly and to ensure accuracy of the Council Tax Base.

Background on Datatank

3. Datatank are a company with over ten years' experience working in partnerships with over 100 local authorities. Datatank provide intelligent data solutions to local government and have developed a product called SPD Profiler.
4. SPD Profiler presents a complete solution for identifying Single Person Discount fraud, removing the need for local authorities to conduct an annual cold canvas of SPD claimants.

Proposed Method of Review

5. Datatank provides a service to handle the entire process from data analysis to managing all customer correspondence and updating records. Datatank use technology to effectively review and validate SPD entitlement and identify potential fraudulent claims to discount.

The process involves a file being provided to Datatank of all non Council Tax Support accounts that are in receipt of Single Person Discount. Datatank will process this information against different datasets, e.g. credit card records, phone records, other financial records etc. The output will be presented on a risk basis and only those cases which suggest that there is a possibility that discount should not be awarded will be investigated further. The cases where no risk is identified will not receive any form of postal review and their discount will be continued automatically, thus reducing costs on printing, postage, staff time and customer contact.

6. The proposal is not to review SPD for those customers in receipt of CTS as they will already have gone through a rigorous verification process during their benefit assessment.
7. In cases where a risk is identified as high or medium, the Council Tax payer will be sent a review form by Datatank asking them to confirm if they are still the sole resident in order for the discount to continue.

A sample letter is provided in appendix 1.

8. It is important that taxpayers in the County Borough are advised of the impending review in order to give them the opportunity of cancelling their SPD prior to its commencement. To that end there will be a publicity campaign prior to the review to encourage customers to check if they are incorrectly in receipt of SPD.
9. In circumstances where it is identified that the discount is no longer applicable, the Council Tax system will be updated to reflect the change and the appropriate bill(s) issued.
10. If the Council Tax payer does not return a review form the Single Person Discount will be cancelled and the appropriate Council Tax bill issued. In order for the discount to be re-instated, the Council Tax payer will have to provide a satisfactory explanation as to why the discount should be reinstated. Should the contacted person be deemed to be vulnerable the account will be referred back to the Council for follow up.

Potential Revenue

11. Based on a 3% cancellation rate the estimated level of recoverable revenue is given below:

Single Person Discount average value	£338.00
Number of customers in receipt of SPD (non CTS)	15,709
Estimated cancellations	3%
Estimated incorrect claims	471
Estimated recoverable Council Tax revenue	£159,198

Potential Return on Investment

12. The estimated cost of undertaking the review with Datatank is £14,500. Therefore the estimated additional revenue generated from the SPD review after costs is circa £144,700.

Data Protection

13. The Council Tax Regulations (Regulation 12 of the Local Authorities (Contracting Out of Tax Billing, Collection and Enforcement Functions) Order 1996) allow the contracting out of this process.

The data will be processed securely and in compliance with the principles of the Data Protection Act 1998 and is used under s29 (1)(a) – the prevention and detection of crime and s29 (1)(c) - the assessment or collection of any tax or duty or of any imposition of a similar nature.

Equality impact assessment

14. There was no requirement for an equality impact assessment in terms of this report.

Workforce impacts

15. There will be a small amount of staffing resource required to review some accounts and to deal with some customer queries.

Legal impact

16. There are no legal impacts arising from this report.

Risk management

17. There are no risk management issues arising from this report.

Consultation

18. There is no requirement under the Constitution for external consultation on this item.

Recommendation

19. It is recommended that the Single Person Discount review for 2016/17 be undertaken by Datatank and an appropriate press release be made in advance.

Reason for proposed decision

20. To decide on the method for carrying out a Single Person Discount review and enable the Council to comply with its duty to ensure discounts are awarded correctly.

Implementation of decision

21. The decision is proposed for implementation after the three day call in period.

Appendices

22. Appendix 1 – Sample Letter

List of background papers

23. The Council Tax Regulations (Regulation 12 of the Local Authorities (Contracting Out of Tax Billing, Collection and Enforcement Functions) Order 1996)

Local Government Finance Act 1992

Officer contact

24. Mrs Ann Hinder- Principal Council Tax Officer
Tel. No. 01639 763908
E-mail: a.hinder@npt.gov.uk

Mr David Rees – Head of Financial Services
Tel. No. 01639 763634
E-mail: d.rees1@npt.gov.uk

Dear

COUNCIL TAX - SINGLE PERSON DISCOUNT REVIEW

Neath Port Talbot County Borough Council is committed to keeping Council Tax to a minimum level by:

- Making sure that everyone receives the discounts they are entitled to;
- Making sure that discounts are awarded to the appropriate people;

Our records show you are currently receiving a 25% discount off your Council Tax as you have declared you are the only adult living at your property that should be counted for Council Tax purposes.

Before you confirm your details you should be aware that:-

- Supplying false information is fraud. We can impose a £50 penalty if you give information which you know is false.
- We will withdraw the discount from the 1st April 2016 if we do not receive your completed form within the next 14 days. You would then have additional council tax to pay.
- Any information you provide, including dates, may be verified using credit reference agency data and investigations may be carried out.
- You must always tell the council if your circumstances change, this includes telling us about any other people that live at this address.

Please read and sign the declaration overleaf, then complete either section 1 or 2 as detailed below and return this entire letter to **Discount Review (NPT), XXXXXXXX** within 14 days from the date of this letter.

- Complete **Section 1** If you are the only adult living in the property and therefore entitled to claim a single person discount.

If there is a person aged 18 or over who might consider this property to be their home but does not occupy it on a permanent basis, please give their details in the box provided. An example could be a son or daughter who is a student and studying away from home, who it is acknowledged may use the

family home address for mailing purposes. Please also give the name(s) and date(s) of birth of any occupiers aged 16 or 17.

- Complete **Section 2** If you are **NOT** the only adult living at the property and no longer entitled to claim the single person discount.

If you need to speak to someone in relation to this communication please telephone on XXXXXXX. Lines are open between 9am and 5pm Monday to Friday (excluding public holidays).

Yours sincerely

Principal Council Tax Officer