

Appendix A



Council Tax Single Person Discount Review

Audit Committee 29th June 2015
Gary Muskett

The Legislation

- CTAX is fundamentally a property tax but it differs from a pure property tax by allowing personal discounts for people who live alone.
- Sec 11 LGFA 1992 allows a discount if the number of residents is less than 2
- If only 1 resident in a dwelling 25% discount applied
- Councils are required to take “reasonable steps” to ascertain entitlement to discount as per Reg.14 of the CTAX (Administration & Enforcement) Regulations 1992
- No specified method of obtaining information about discounts.

Some CBC context

- We have about 114,000 properties registered for CTAX
- About 36,000 properties attract a SPD (32%)
- The total value of SPD discounts in 2015/16 = £13m
- Average SPD award = £360
- Ampthill band A = £288, band D = £432, band H = £865
- The last SPD review carried out in 2012/13.

What we used to do

- Historically reviewing SPD's was a paper based exercise which was costly and labour intensive.
- Review forms were posted to every household
- Residents would be required to confirm their circumstances had not changed or when another resident had moved into the property and from what date.
- We would generally have to take the residents word for whatever they said on the returned review form.
- The process was reasonably successful with removal rates of 3% to 4% of discounts.
- The reviews have been conducted on an ad-hoc basis.

Our 2015/16 SPD review

- In Jan 15 we tendered for an “end to end” review of our SPD discounts using credit reference data.
- The successful supplier would be required to conduct the review and update our CTAX records remotely.
- The tender price is based on a cost to remove each SPD discount i.e. paper, postage & staff time.
- 3 bids received ranging from £18 to £14.75 per removal
- Previous market rates had been £21 per removal
- Contract awarded to Capacity Grid with a start date of May 2015 for 12 months.

The Capacity Grid Review

- We passed a secure data file of our SPD caseload to Capacity Grid in May
- Our records were cross matched to the Credit Reference Agency (CRA) data for Call Credit to identify credit activity for anybody not on our data file.
- Approx. 3,000 or 9% of the cases identified a “mismatch”
- Canvass forms were posted to 2,800 residents, the remaining 200 are benefit claimants who we will review
- Residents are asked to log onto a secure website and complete an “intelligent form” using access codes
- The form will present the “mismatched” credit data to the resident and ask for clarification of their circs.

The Review continued

- The resident will be required to provide evidence to explain why CRA data for somebody else at their property exists.
- The evidence will be challenged if necessary by telephone call or letter back to the resident.
- Trained Capacity Grid staff will securely access the CBC Civica database to amend CTAX accounts and revised bills will be issued.
- We forecast a 4.5% removal rate of SPD's, so approx. 1,500 removals
- Additional full year CTAX revenue circa £500k $1,500 \times £363$

Moving Forward

- If the review is successful we will look to review all new SPD discounts on a 4 monthly basis.
- It takes about 3 months for somebody to create a credit footprint at a property e.g. mobile phone, credit card.
- We will pass a monthly file to Capacity Grid of all new SPD awards which will be matched to CRA data.
- This process will be advertised to deter fraudulent claims.
- Fraudulent claimants will be prosecuted, but any prosecution will be based on the level of evidence available and whether it is in the public interest to do so.