

POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE

7 January 2014

COUNCIL TAX SINGLE PERSONS DISCOUNTS INQUIRY UPDATE –
INFORMATION REPORT

Reason for the Report

1. To present the Committee with an update on an Inquiry which the former Committee membership undertook into Council Tax Single Persons Discounts in 2009.¹
2. Attached at **Appendix A** is a progress report setting out how the recommendations which were agreed to by the then Executive have been implemented. This should enable Members to monitor the impact of the Committee's scrutiny work.

Background

3. As part of its 2008/09 work programme, the Committee agreed to undertake a task and finish Inquiry into the Council Tax Single Persons Discount (SPD). The terms of reference were to examine the single persons discount with particular reference to:
 - The Council's strategic approach to monitoring and reviewing the validity of SPD allocations
 - Examining incentives for proactive and rigorous monitoring and review of the Council Tax Base.
4. The Inquiry came to 17 key findings (set out in **Appendix B** to this report) and nine recommendations. As the Inquiry felt that the Welsh Local Government

¹ Available on the Council's website at:

http://www.cardiff.gov.uk/content.asp?nav=2872,3250,4337,4681,4963&parent_directory_id=2865&id=2883

Association and Welsh Government could also make a contribution in this arena, two of the Inquiry recommendations were directed at them.

Issues

5. The Executive's response was agreed at its meeting on 5 November 2009. Of the nine recommendations:
 - Five were accepted
 - Three were partially accepted; and
 - One was rejected.

6. A recommendation tracking sheet has been completed by the service area and is attached at **Appendix A**.

Way Forward

7. When considering its work programme for the year, the Committee requested to receive this update for information only, with no witnesses being asked to attend the meeting. However, Members may wish to consider if they have any comments they would like to make to the Cabinet regarding the issues highlighted in the update report.

Legal Implications

8. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly

motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

9. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Consider the contents of the update report at **Appendix A**;
- ii. Report any comments, observations or recommendations to the Cabinet;
- iii. Consider the way forward for any further scrutiny of this item.

MARIE ROSENTHAL

County Clerk and Monitoring Officer

30 December 2013

Policy Review and Performance Scrutiny Committee

Council Tax Single Person Discount Inquiry

Tracking Progress – Recommendations Accepted by the Executive/Cabinet

Recommendation	Executive Response November 2009	Evidence of Progress December 2013
<p>R1 - Introduce a system to strengthen the verification of SPD applications by:</p> <ul style="list-style-type: none"> • Issuing a strongly worded declaration for signature by the applicant; and • Cross matching information with all other Council data held on the applicant. 	<p>The recommendation is partly accepted.</p> <p>Currently once a claim is received via one of the different channels that are available to customers (e.g. c2c, internet, email, letter etc) the discount is then awarded and a revised bill issued. The accompanying documentation makes it clear to customers that they are legally obliged to notify us if the discount is incorrect or if there has been a change of circumstances.</p> <p>A rolling review form is also then issued on a biannual basis to verify continuing entitlement. The declaration that must be completed before returning the form is as follows – <i>“I declare that the information provided above is correct and I understand that I must by law, advise the council within 21 days of any</i></p>	<p>The SPD forms includes the following statement:</p> <p>I declare that the information provided above is correct and I understand that I must by law, advise the council within 21 days of any material change of circumstances which could affect my entitlement to a discount eg a person has occupied the property (Please note, failure to do so may lead to a financial penalty and that if you provide false information that you may be prosecuted).</p> <p>It is considered that this declaration clarifies the legal position for customers and outlines the possible consequences of failing to advise the Council of a change in circumstances.</p> <p>Cross referencing of data is routinely carried out with checks against the benefit system and the electoral registration system. It should be noted that there is limited benefit from checking against the electoral register as this system is only updated once a year whilst council tax records can be updated daily.</p> <p>In addition to this where appropriate we also cross check information against Experian who are an external credit reference agency.</p>

material change of circumstances which could affect my entitlement to a discount eg a person has occupied the property (Please note, failure to do so may lead to a financial penalty and that if you provide false information that you may be prosecuted)."

It is felt that this declaration is robust and appropriate for a review of discounts. The acceptance of the recommendation would be inconvenient for customers and time consuming for staff. It would increase the time delay between the claim being made and an accurate bill being issued and would require the customer to either send a claim through the post or visit the enquiry counter. Often where a customer is asked to put something in writing they tend to forget which then results in a further delay in the claim being made (sometimes the delay can extend to after a summons is issued).

The recommendation on cross-referencing data is accepted. The Council will also cross-reference with other outside data where

	<p>appropriate. Information is routinely cross referenced with benefits however, we should be mindful that it is difficult to cross reference recent claims against the electoral register as it is a “snapshot” and thus not always up to date although the electoral register is very useful for verifying retrospective claims and is used accordingly.</p> <p>Cross referencing exercises against other council records such as payroll have been undertaken in the past but have proved problematic because of the accuracy of the data used.</p>	
<p>R2 Place the onus on the customer to reapply for SPD allowance every three years.</p>	<p>Response: Not accepted. Within the current level of resources it is felt that a biannual rolling review is the best way to resource this. Placing an onus on customers to reapply would be difficult to manage and result in increased work loads as discounts would be cancelled unnecessarily.</p>	<p>As previously stated this recommendation is not accepted as it would be very resource intensive and likely to result in a significant number of discounts being cancelled and then reinstated. The current rolling review of the City is considered to be the most effective way of reviewing single person discount claims and since 2009 2 full reviews of the City have been carried out.</p>
<p>R3 Identify opportunities to cross match internal databases to build customer profiles that facilitate validation of SPD</p>	<p>Response: The recommendation is accepted. See comments on recommendation 1. It is agreed that where possible cross-</p>	<p>We continue to identify ways of working smarter and using information that the Council already holds to validate claims. Recently we have started to use information from Traffic and Transport from the applications for bus passes. We have also previously used our own payroll system.</p>

<p>eligibility. For example, accessing student loan records to establish students approaching the end of their course.</p>	<p>matching internal databases should be used to assist with the validation of SPD claims. As far as students are concerned to claim a discount from the charge it is necessary for a student to provide a certificate of status from the educational establishment that they attend or we check the lists that we receive from the educational establishments in the city. Both of these include the end date of the course which is input onto the computer system at the time the discount is awarded.</p>	<p>In addition to this we ensure that we include a fair disclosure notice on all bills to advise customers that the information that we hold will be shared with other Council services. We routinely share information with education, private sector housing and benefits.</p>
<p>R4 Commit to resourcing the maintenance of an accurate and up to date electoral register against which all internal databases can be cross matched. The Executive are encouraged to recognise that it is illegal to fail to provide information requested on an Electoral Registration form issued by the Council and the current Electoral Roll captures 86% of residents. The Executive are therefore encouraged to establish a performance</p>	<p>Response: The recommendation is partly accepted. A series of performance standards as laid down in the Electoral Administration Act 2007 is already in place to ensure the database is maintained.</p>	<p>As per original response.</p>

<p>indicator for Electoral Services and appropriate targets to improve coverage on the electoral roll.</p>		
<p>R5 Produce a communication plan to raise awareness of citizen responsibility, strengthening understanding of Council Tax, Council Services and the personal benefit to the individual of establishing financial integrity through registering as a Council Tax payer and on the Electoral Roll.</p>	<p>Response: The recommendation is accepted.</p>	<p>Since 2009 we have worked closely with the communications team to ensure that messages relating to council tax are communicated effectively. During the last 12 months this has included making use of social media and the communications team have out council tax messages out on twitter and facebook.</p>
<p>R6 Consider implementing an amnesty period for SPD's where those who are aware they have a change in circumstances are invited to come forward and are reassured that the Council (for this short period) will not be collecting retrospective payment. Make clear the Council intention to adopt a more rigorous approach in future.</p>	<p>Response: The recommendation is partly accepted. It is more appropriate to have an amnesty from prosecution. A rolling review of the City has already been completed and discounts have already been cancelled and backdated. It would not be fair to change this treatment at this stage.</p>	<p>We have continued with an amnesty from prosecution and continued to cancel and backdate discounts as appropriate. As we continue to review the City on average once every 2 years it is considered to be the most effective approach. However if an individual was subsequently found to have been dishonest in an earlier review it may be necessary to consider prosecutions in these circumstances.</p>

<p>The Welsh Assembly Government is recommended:</p> <p>R7 To take forward the agenda to refine the calculation of an authority's Revenue Support Grant to incentivise Councils by allowing full use of monies recovered from SPD review activity for a three year period.</p>	<p>Response: The recommendation is accepted.</p>	<p>The Welsh Government were lobbied on this point but to date no change to the financial settlement on this point has been made.</p>
<p>The Welsh Local Government Association is recommended:</p> <p>R8 With a view to supporting R7, make representation to the WAG for a change in the formula for calculating the Revenue Support Grant on behalf of all Welsh local authorities, via the all Wales Treasurers group, the Distribution Sub-Group, and by testing the proposals to allow Councils to retain monies for a 3 year period on a political level.</p>	<p>The recommendation is accepted and WLGA are also actively pursuing this action.</p>	<p>As mentioned in r7 this point was pursued without success.</p>
<p>Subject to R7 and R8</p>	<p>Response: The</p>	

<p>being fulfilled, the following recommendation be added:</p> <p>R9 That the Executive commit to an “invest to save” approach by employing temporary agency staff to enable a whole authority review of SPD applications rather than a rolling review carried out within existing resources.</p>	<p>recommendation is accepted as additional resources would enable a more timely approach to SPD reviews.</p>	<p>Unfortunately we have not been able to persuade the Welsh Government to change their approach to the impact on the settlement to single person discounts. Therefore no additional staff have been employed on this matter.</p> <p>It should be noted however that since 2009 the whole City has been reviewed twice with 3243 discounts being cancelled during the 2009/10 review and 3407 discounts being cancelled in the second review. It should also be noted that at the time of the original scrutiny investigation there were 33.9% of properties claiming a single person discount and this figure is currently 33.1%. This reduction of 0.8% demonstrates the importance of the rolling review approach.</p>
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KEY FINDINGS

Strategic Approach

KF1 The Local Government Finance Act 1992 (Part IV section 11) states the Council must take reasonable steps to ascertain discount entitlement and for their part the taxpayer is under a duty to inform the authority if circumstances change.

KF2 Cardiff is considered one of the better Authorities having been the only council in Wales to participate in the 2006/07 National Fraud Initiative pilot exercise to identify households where Council Tax Single Persons Discount (SPD) appeared to be being fraudulently or erroneously claimed.

KF3 Currently 49,294 of Cardiff's banded properties receive a SPD. The financial value of a single persons discount is £211 costing the Council around £12.8m pa. Importantly proactive review and investigation into SPD's has resource implications.

KF4 Central government legislation allows the Council to issue a maximum fine of £250 where a citizen fails to inform the Council of a change in circumstances. In reality the Council administers very few prosecutions as there is a balance to be struck between the cost of chasing fraudulent behaviour and the sums recovered by the activity.

The Operational Challenge

KF5 Cardiff demonstrates some good practice in its current approach to reviewing single persons discount given that the Local Government Finance Act does not prescribe the frequency with which reviews should be administered. In practice the lack of a statutory obligation has led to a great deal of variation in the frequency of single persons discount reviews across the UK and little activity across Wales.

KF6 Primary research commissioned by the task group revealed Cardiff has a lower than average level of single person discounts (33.98%), however one comparator English authority, Ealing, are leading the field with a notably lower level of SPDs (27.75%).

KF7 The Council, like most other authorities, does not routinely verify single person discount applications. Evidence suggests there may be potential for tightening verification at the point of application. In addition to cross matching applications with information from the benefits section, Coventry was found to verify all claims using a third party solution, Experian's Citizen View. Further good practice was identified by Wakefield and Bristol who require the applicant's signature on a hard-copy application form. Bristol requires the applicant to sign a strongly worded declaration. (p23). Members suggested reference to the electoral register should be a matter of course, lending weight to the importance of maintaining an accurate register.

KF8 Accurate administration of the council tax service, although a treadmill of customer interactions (3,000 per week), is important in maintaining the Councils reputation. Currently SPD reviews are carried out within the framework of existing resources in Cardiff. There is evidence that other authorities use agency staff to undertake the additional work created by an SPD review.

KF9 Consideration was given to whether the onus to re-apply for SPD should become more focused on the individual on a 3 yearly basis. The requirement to re-apply after 3 years would fit with the Councils current rolling review approach.

KF10 The task group identified that all opportunities to 'remind' customers of their responsibility to keep the Council advised of their current circumstances with regard to SPD eligibility should be maximised. Examples highlighted were appropriate promotional literature, Council Tax notices, forms,

correspondence, and advertisements. Similarly all data held by the Council that might inform review activity should automatically be shared. Members highlighted the potential for identifying rising 18 year olds through the Electoral register and students finishing or dropping out of courses.

KF11 There is evidence that the retrospective collection of SPDs has proved too resource intensive in the past. Members highlighted that it may be feasible for the Council to estimate arrears payable by checking when the person joined the Electoral Register, lending further weight to the benefit of maintaining an accurate register. Research suggests some Councils have had success holding an 'amnesty' period in respect of SPDs encouraging those who have been wrongly claiming to be honest and forthcoming with a change in circumstances.

KF12 The Council faces reputational issues in how it tackles SPD fraud. The tone and sensitivity of communications around SPD review is very important. Members felt whilst the Council had a duty to undertake reasonable review activity it should make a commitment not intimidate older people and balance the review approach with a proactive campaign advising of benefits available. Whilst needing to be robust, the Council cannot afford to be reckless in withdrawing SPDs. There are implications for the Council's reputation if its approach is over zealous and lacking in sensitivity.

Sharing Data

KF13 The task group established that there is already a certain amount of sharing data across service areas, however there is a need to improve further the culture of data sharing both internally and externally across other bodies.

KF14 Evidence suggests there are significant numbers of residents not on the Electoral register. The effect of this, together with inaccuracies in the census population figures, has financial and strategic implications for the Council in areas of work such as the Local Development Plan. A number of the authorities surveyed identified the electoral register as a poor record. There

appears to be a need to raise its integrity by maintaining a proactive approach to maximising its validity, particularly in light of its potential to support retrospective investigations. It is illegal to fail to provide information requested on an Electoral Registration form issued by the Council, placing the Council as the initiator of information. Failure to comply with any requisition is an offence; however the Council does not prosecute. Aware of its resources and reputation Members identified opportunities to raise awareness of Council services; at 18 when a resident becomes eligible to vote; by targeting community leaders; and pre-warning householders of a canvassers visit.

KF15 A number of private sector companies provide databases that can be applied to single person discount reviews namely: Experian, Datatank and GB Accelerator

National Policy Framework

KF16 Current arrangements act as a disincentive to robust single persons discount reviews. Research confirms there are significant differences between the approaches of England and Wales to incentivising Councils to review their SPDs. English local authorities are allowed to retain all recovered SPDs for 3 years to improve public services, whereas in Wales there is a one-off gain only in the year the discount is cancelled. Whilst the Welsh Assembly Government acknowledge the difference in calculation of the Rate Support Grant, they point out that an overall view is taken through the WLGA who request that local government settlements should change annually to accommodate population shifts.

KF17 WLGA support the Council's findings in principle, agreeing to take them forward and discuss with WAG, via the all Wales Treasurers group, the Distribution Sub-Group, and by testing the proposal on a political level with the 22 Council leaders across Wales.