

# AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

26<sup>th</sup> April 2018

## COMPLIANCE TEAM UPDATE

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	√
Relevant Head of Service	Amanda Singleton, Head of Customer Access and Financial Support
Wards Affected	All Wards

### 1. SUMMARY OF PROPOSALS

This report provides an update on the work of the Council's Compliance Team following the transfer of benefits fraud to the Department of Work and Pensions' (DWP) Single Fraud Investigation Service in February 2016.

### 2. RECOMMENDATIONS

**The Committee is asked to RESOLVE, that subject to any comments, the report be noted.**

### 3. KEY ISSUES

- 3.1 In February 2016 responsibility for benefits fraud investigations transferred to DWP.
- 3.2 Various duties remained with the team at this time such as
  - Investigation of Council Tax Support claims
  - Verification of HB claims
  - Processing of Housing Benefit Matching Service (HBMS) referrals
  - National Fraud Initiative (NFI) data matching
  - Police requests for information / liaison
  - Support to DWP in respect of Housing Benefit fraud cases.
- 3.3 The authority has maintained a compliance team to enable the remaining duties to be performed. The role of the compliance team has developed to include; verification of on-going entitlement to Council Tax discounts, exemptions and reductions; and the use of data and intelligence to identify missing and undervalued business premises.

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## 4 Financial Implications

4.1 The table below set out at 4.2 details the results of the work completed by the compliance team during 2017/18.

4.2

<b>Work Stream</b>	<b>Additional Income (£)</b>
Council Tax un-banded properties	1,721
HBMS Referrals	14,934
NFI Referrals	15,322
Council Tax exemption compliance	23,839
Non-Domestic Rate unrated and underrated property	883,118
<b>Total</b>	<b>£938.934</b>

4.3 The total income comprises additional Council Tax, Non-Domestic rates and Housing Benefit overpayments identified by the team.

4.4 The Council Tax income is shared across precepts within the authority, approximately 13% of the additional income is retained by Redditch Borough Council.

4.5 Non-Domestic Rates income is shared between Local and Central Government. Approximately 40% of the additional income is retained by Redditch Borough Council.

4.6 HBMS and NFI referrals result in additional Council Tax being debited, and the creation of Housing Benefit overpayments. Council Tax is retained as detailed at 4.4. Housing Benefit Subsidy allows the council to claim an additional 40% or 100% on Housing Benefit overpayments collected meaning income of £1.40 or £2 is generated for the authority per pound.

4.7 The income from Council Tax exemption compliance has been generated from targeted reviews of cases where customers have failed to disclose changes to their entitlement to Council Tax exemptions. Customers have a legal duty to inform the authority that when they are no longer entitled to exemption. Customers must provide this notification within 21 days of the entitlement to exemption ending.

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- 4.8 The use of administration penalties would have increased the income to Redditch Borough Council by £8,050.
- 4.9 A review of Council Tax Discounts undertaken by The Audit Commission estimated that in 4% of cases there is no entitlement to discount. Presently 12,663 dwellings within Redditch are subject to a Council Tax discount, reduction or exemption.
- 4.10 A targeted review of discounts, reductions and exemptions with the imposition of financial penalties in appropriate cases has the potential to realise income to the council of up to £35,000.

## **5 Legal Implications**

- 5.1 There are no specific legal implications.

## **6 Service/Operational Implications**

### **6.1 Council Tax Discounts & Exemptions**

- 6.2 The Compliance Team will be supporting the development of a programme for the full review of discounts and exemptions from May 2018. Consideration will be given to the adoption of financial penalties where entitlement to discounts and exemptions is shown to have ended.

### **6.3 Non-Domestic Rates**

- 6.4 Work to identify missing and undervalued business premises is ongoing. The Compliance Team is undertaking a postcode review of the Redditch Borough in order to identify missing and underrated premises.
- 6.5 The area has been segregated at a postcode level. Multiple data; including business directories, aerial maps, planning records, licensing records, and internet listings are interrogated in order to identify business premises which are not subject to Non-Domestic rates, or where improvements not reflected in the businesses rateable value have been made. These cases are reported to the valuation office agency who will determine whether an amendment to the rating list should be made.

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## 6.6 Council Tax missing properties

The Compliance Team will be leading on the integration of the Council Tax and Non-Domestic Rates systems with the Local Land and Property Gazetteer. This integration will allow the two data sets to be compared to ensure that all domestic dwellings are subject to Council Tax. This is especially important where there is a degree of new development within an area, as there has been within Redditch, as there is the potential for single dwellings to be missed when they are completed at different rates.

## **7 Customer / Equalities and Diversity Implications**

- 7.1 The identification of overpayments, or incorrectly claimed discounts and exemptions requires the authority to raise demands for payment of Council Tax and Housing Benefit overpayments. The work to recover these debts can result in financial hardship.
- 7.2 All debts are recovered in accordance with the Council's recovery policy which includes provisions for recovery from vulnerable debtors and those with mental health conditions or exception needs.
- 7.3 Where potential financial hardship is identified officers would work with the individuals to put suitable arrangements and support in place.

## **8 RISK MANAGEMENT**

- 8.1 The work of the team is to reduce the risk of lost income to the authority and forms part of the authorities risk management strategy.

## **9 APPENDICES**

None

## **10 BACKGROUND PAPERS**

None

## **AUTHOR OF REPORT**

Name: Lisa Devey  
E Mail: lisa.devey@bromsgroveandredditch.gov.uk  
Tel: 01527 534162