

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

25th October 2018

COMPLIANCE TEAM UPDATE

Relevant Portfolio Holder	Councillor Tom-Baker Price, 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.
- 3.4 It should be noted that from October 2018 DWP will be rolling out joint working on Fraud cases affecting Universal Credit and Local Council Tax Support. This joint working will result in additional work pressures falling onto the Compliance Team and a significant amount of resource will need to be released for fraud investigations.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

25th October 2018

3.5 The team currently has two trained Fraud Investigators and two assistants.

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 the first 6 months of 2018/19

4.2

Work Stream	Additional Income (£000's)
Council Tax discount/exemption compliance	36
Council Tax un-banded properties	14
HBMS Referrals HB Overpayments	26
HMBS Referrals CTS Overpayments	3
NFI Referrals	4
Non-Domestic Rate unrated and underrated property	273
Total	£356

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

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.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

25th October 2018

- 4.8 Customers have a legal duty to inform the authority that they are no longer entitled to exemption. Customers must provide this notification within 21 days of the entitlement to exemption ending, where they fail to do so the council may impose an administration penalty of £70.00.
- 4.8 The use of administration penalties would have increased the income to Redditch Borough Council by £6,860
- 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 £35,500.

5 Legal Implications

- 5.1 There are no specific legal implications.

6 Service/Operational Implications

6.1 Council Tax Discounts & Exemptions

The team has identified £36,000 in incorrectly claimed Council Tax discounts and exemptions. The team are currently working with the Revenues department to implement procedures to reduce fraud and error within the discounts and exemptions

6.3 Non-Domestic Rates

The team has identified an additional £273,000 in Business Rates billing where businesses have not registered for business rates or have expanded in size and not declared it to the council. There is a 3 month backlog at the Valuation Office and we expect this figure to increase by £93,000 after decisions by the Valuation Office.

6.4 Council Tax missing properties

The team identified 10 missing properties which have all been valued by the valuation office, amounting to £14,000 per annum. The team have introduced a procedure within the Revenues department to mitigate the risk of missing properties.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

25th October 2018

The compliance team is leading a project to link the Council Tax database to the Local Land and Property Gazetteer. This development would allow for the control and oversight of new property developments and decrease the incidence of new properties valuation being delayed or omitted.

6.5 National Fraud Initiative

The team have completed all National Fraud Initiative referrals and identified £4,000 in overpaid Housing Benefit.

The Single Person Discount matching exercise is commencing in October 2018 with datasets to be available for checking and validation from 4th Quarter of 2018/19

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.

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

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