

REPORT TO: POLICY & RESOURCES COMMITTEE - 27 JUNE 2011
REPORT ON: COUNCIL TAX SINGLE PERSON DISCOUNT REVIEWS
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 255-2011

1.0 PURPOSE OF REPORT

This report advises members of a proposed pilot to undertake the review of Single Person Discount awards using data matching, rather than the current method of a postal review. The actual review would be undertaken by a third party provider.

2.0 RECOMMENDATIONS

It is recommended that members approve this proposal.

3.0 FINANCIAL IMPLICATIONS

The cost of this proposal is at present unknown, as the third party provider undertakes the work on a risk and reward basis. A sum of £30,000 has been set aside in the Finance Department Revenues budget to meet this cost. Only after the review has been completed will the true cost be known. Should the cost exceed the £30,000 set aside, then the excess will be met from the Revenues' budget. Due to the way in which the review is to be undertaken, there will be a significant reduction in printing and postage costs.

4.0 MAIN TEXT

There are approximately 32,000 domestic properties in Dundee city which currently receive a Single Person Discount. The split between benefit and non-benefit households is approximately half and half.

In previous years, in order to ensure continuing correct entitlement to Single Person Discount, the Revenues Division issued a review form to said recipients requesting that they confirm that there are no changes in circumstances and that the discount is still applicable. Once the review is returned, if there is no change reported, Revenues will update their records and continue the discount. No further checks are undertaken by Revenues to validate the information. In circumstances where Revenues are notified of a change of circumstances, the records will be amended and the appropriate bills issued.

Not all review forms are returned and Revenues are required to issue Reminder letters to the customers. When the last review was carried out, over 2,900 Reminder letters were issued. If the review is still not returned, the Single Person Discount is cancelled and the customer re-billed and the numbers involved are still significant. This usually prompts customers to contact Revenues to ascertain why their discount has been cancelled, although some customers do not make contact until their account is subject to Summary Warrant action.

The above method relies entirely on the honesty of the Council Tax payer and their understanding of the rules regarding entitlement to the discount.

It should be noted that the reviews are issued to the non-benefit households only. Due to information received by Revenues in respect of benefit claims, officers believe that there is much less likelihood of a Single Person Discount being awarded erroneously in a benefit case than in a non-benefit case.

It should also be noted that the Council takes part in the National Fraud Initiative, which compares Council Tax records with the Electoral Roll.

Many local authorities are now outsourcing their Single Person Discount reviews to third party providers, who have access to much more data matching information.

Officers have been in discussion with several companies which provide such a service and following an evaluation in terms of cost and service, recommend that CAPITA should undertake this review on behalf of the Council.

The process involves a file being provided to CAPITA of all non-benefit cases that are in receipt of Single Person Discount. CAPITA will have this information run against different datasets, eg credit card records, phone records, mortgage 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.

In cases where a risk is identified, the Council Tax payer will be contacted by letter and advised that in order for the discount to continue, they will be required to undertake a telephone interview. The letters will be issued on Council headed notepaper asking the customer to call a local number to arrange for a telephone interview. CAPITA call centre staff will deal with the calls and make the appointments. Where it is not possible to contact the customer by phone, it will be dealt with by letter.

Where it can be confirmed that the Single Person Discount has been correctly awarded, Revenues records will be updated to reflect this and no change to the record made.

In circumstances where it is identified that the discount is not/no longer applicable, Revenues will be advised by CAPITA and the appropriate bill(s) issued.

If the Council Tax payer refuses to take part in the telephone interview, Revenues will cancel the Single Person Discount and issue the appropriate Council Tax bill. In order for the discount to be re-instated, the Council Tax payer will be advised that they need to undertake the telephone interview.

As stated previously, CAPITA are undertaking this exercise on a risk and reward basis. CAPITA will receive a fee for each discount that is cancelled but will only receive payment for a case that has had discount removed for a continuous period of three months. The financial gain to the Council for each discount cancelled, after taking into account the fee charged by CAPITA is significant.

CAPITA have undertaken this type of work for other local authorities and have achieved good success rates. Revenues officers will work closely with CAPITA to ensure the best service is provided.

As far as discount being cancelled and extra monies being raised, the grid below details the extra gross income that would be generated per case, per Band for the financial year. Officers are unable to estimate what the likely number of discount cancellations will be. At the end of the exercise, statistics will be provided which will give a breakdown of the discounts cancelled per Band and the extra revenue generated along with the cost of fees for this exercise.

A	B	C	D	E	F	G	H
£267.43	£312.00	£356.57	£401.14	£490.28	£354.43	£668.57	£802.28

5.0 Policy Implications

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no significant issues.

The Equality Impact Assessment which has been carried out will be made available on the Council's website <http://www.dundee.gov.uk/equanddiv/equipact/>

6.0 Consultation

The Chief Executive, Depute Chief Executive (Support Services) and the Assistant Chief Executive have been consulted in the preparation of this report.

MARJORY STEWART
DIRECTOR OF FINANCE

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