

Report to: Audit Committee

Date of Meeting: 21 January 2021

Report Title: Chief Auditor's Summary Audit and Risk Report

Report By: Tom Davies
Chief Auditor

Purpose of Report

To inform the Audit Committee of the key findings from the National Fraud Initiative Council Tax to Electoral Roll matching exercise.

Recommendation(s)

1. That the Audit Committee accepts the report.

Reasons for Recommendations

To monitor levels of control within the organisation.

Summary Report to Audit Committee

National Fraud Initiative Council Tax Single Person Discount Data Matching Exercise

Background

1. Single Person Discount (SPD) is a 25% reduction in Council Tax liability for occupants who are the only adult residing at a property. There are currently 17,000 people in the borough claiming SPD and the total value of these discounts amounts to £6.7million per year.
2. It is therefore imperative that Single Person Discounts are awarded correctly and entitlement to SPD is regularly reviewed.
3. The purpose of the National Fraud Initiative (NFI) data matching exercise is to prevent and detect fraud, whilst also identifying potential issues caused by administrative error.
4. The main NFI data matching exercise is conducted every two years and compares computer records, held by Hastings Borough Council, with data from organisations such as Her Majesty's Revenue & Customs (HMRC); Department for Work and Pensions (DWP); National Health Service, and other local authorities.
5. In addition, separate matching exercises are conducted annually that compare the following data-sets:
 - * Council Tax Single Person Discount records with occupants listed on the Council's electoral register;
 - * Council Tax Single Person Discount records with those nearing the age of 18;
 - * Council Tax Single Person Discount records with HMRC household composition records;
6. This audit has concentrated on examining matches within the "Council Tax Single Person Discount to Electoral Register" data-set in order to gain assurance that Council Tax records are accurate and Single Person Discounts (SPD) should continue to be awarded for those cases where a match has occurred.

Audit Conclusion

Overall Audit Assessment: B – Satisfactory.

Some controls are in place to ensure SPD is awarded correctly and that entitlement is regularly reviewed. Additional controls are due to be re-introduced at the start of the 2021/22 financial year.

Key Findings

- * The audit examined 1,164 matches and found that SPD records were correct in approximately 59% (686) of the cases.
- * For approximately 40% (469) of the cases, data from the electoral register did not match the Council Tax records of either a current or previous occupant(s) at the address in question. Additionally, there was no trace on the Northgate Revenues & Benefits system of the occupant(s) at any other address. In such cases, further enquiries would be required in order to confirm the correct occupant(s) at each specific address.
- * Of the remaining matches examined, audit identified nine instances where SPD had been awarded incorrectly. The principal cause of these errors was often where a partner had joined a household and SPD had not been cancelled from that point.
- * Other errors included occasions where information on the Council Tax Reduction (CTR) claim had not been transferred to the Council Tax account correctly. An example of this is a case where the CTR claim confirmed that a non-dependant adult occupied the household, but the Council Tax account showed a Single Person Discount.
- * The total value of SPD awarded in error amounted to £7,572 and in all nine cases, the Council Tax payer was re-billed for the correct amount.
- * The recent Council Tax Reduction (CTR) audit confirmed that Single Person Discount entitlement is an area regularly checked by Quality Assurance officers, when reviewing CTR assessment calculations.
- * Audit have discussed the findings of the NFI exercise with the Revenues and Benefits Service Manager. It was agreed that further reminders and training would be given to staff in order to ensure SPD entitlement is reviewed whenever there is a change to occupants and CTR is in payment.
- * Although SPD entitlement is regularly reviewed for those individuals in receipt of CTR, a separate exercise must be conducted to review the entitlement of recipients who do not fall within this category.
- * Single Person Discount reviews have previously been undertaken on behalf of the Council and other Local Authorities in East Sussex by a company called Datatank Ltd.
- * The Hastings Borough Council (HBC) Council Tax web page contains details of a current Datatank SPD exercise that was intended to remain in operation for the period 2020/21.
- * The aim of this exercise was to:
 - + confirm the discount for genuine claimants efficiently and;
 - + accurately remove ineligible or incorrect claims and increase revenue for the Council.

- * In order to achieve these outcomes, Datatank utilise a combination of Council data, third party data sources and specialist validation services.
- * However, the audit has confirmed that, due to the current COVID-19 situation, it was not possible for the Revenues and Benefits Service Manager to finalise the details of the exercise and its implementation has therefore been postponed until the start of the 2021/22 financial year.
- * Audit are satisfied that a targeted review of SPD entitlement will be conducted as soon as possible, as this will further strengthen controls for ensuring SPD is correctly awarded to those recipients who are not in receipt of CTR.
- * It is also encouraging that further steps are being taken to provide additional training and reminders are given to staff that SPD entitlement should be reviewed whenever a change to occupants occurs where CTR is in payment.

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### Wards Affected

None

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### Policy Implications

Please identify if this report contains any implications for the following:

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|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No  |
| Crime and Fear of Crime (Section 17)  | No  |
| Risk Management                       | Yes |
| Environmental Issues                  | No  |
| Economic/Financial Implications       | Yes |
| Human Rights Act                      | No  |
| Organisational Consequences           | No  |
| Local People's Views                  | No  |
| Anti-Poverty                          | No  |

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### Additional Information

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### Officer to Contact

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