

Report to: **Audit Committee**

Date of Meeting: **28 July 2022**

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 Single Person Discount Data 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 2021-22

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 17,377 people in the borough claiming SPD and the total value of these discounts amounts to £7.1 million 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 householders who are now or nearing the age of 18;
 - Council Tax Single Person Discount records with other data sets (including Council Tax Reduction, Housing Benefit & Taxi Driver Licence schemes).
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, based on this audit's findings, are recommended within this report.

Key Findings

- The audit examined 1,128 matches and found that SPD records were correct in approximately 48% (547) of the cases. In comparison, the previous year's exercise (2020/21) confirmed that 59% (686) of the cases were correct.
- For approximately 51% (580) 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.
- Further in-depth analysis was conducted on those cases where electoral register data did not match Council Tax records. The results indicated that, in approximately 40% (246) of the cases, a non-dependant who is the son or daughter of the main occupant was registered at the address for electoral purposes only.
- Single Person Discount (SPD) is often awarded upon completion of a 'Single Person Discount application form'. A section in the form asks whether the application is being made because someone else has left the household. It also asks for details of their new address but evidence is not requested.
- On other occasions, for example, a discount is awarded when a partner passes away or Council Tax Reduction records are updated. In these specific instances, evidence supporting any changes in occupancy may be provided by other sources such as the Department for Work and Pensions, although this is not always the case.
- Audit therefore feel that the evidential requirements could be strengthened in situations where an application for a Single Person Discount is made by the occupant following the departure of their adult son or daughter. Audit recommend that, in these instances, evidence of the vacating son/daughter's new address is obtained before SPD is awarded.

Recommendation 1

Council Tax team to ensure that new SPD applications submitted by occupants, when an adult son or daughter has vacated the premises, are supported by evidence of their new address where possible.

Management Response

We agree with the recommendation.

- Of the remaining matches examined, audit identified one instance where information on the Council Tax Reduction (CTR) claim had not been transferred to the Council Tax account correctly. In this particular instance, the CTR claim confirmed that a non-dependant adult occupied the household but the Council Tax account showed a Single Person Discount had been awarded.

- The total value of SPD awarded in error amounted to £895.53 and the Council Tax payer was re-billed for the correct amount.
- This is a notable improvement upon last year's results in which the total value of SPD awarded in error amounted to £7,572 from nine individual cases. Audit are therefore pleased with the Revenues & Benefits team's response to this issue.
- Previous Council Tax Reduction (CTR) audits confirmed that Single Person Discount entitlement is an area regularly checked by Quality Assurance officers, when reviewing CTR assessment calculations.
- 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.
- At the time of the previous audit report in January 2021, the Datatank SPD exercise was intended to operate 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.
- However, the audit confirmed at the time that, due to the COVID-19 situation, it was not possible for the Revenues and Benefits Service Manager to finalise the details of the exercise and its implementation was therefore postponed.
- The Revenues and Benefits Service Manager then retired from the council in 2022 and it therefore appears that an SPD review has not been conducted since before 2020. The audit has established that there are no current plans to conduct an SPD exercise.
- In view of the NFI data matching results, Audit feel that it is important to conduct an SPD review exercise **by 31st December 2022**, as this will further strengthen controls for ensuring SPD is correctly awarded to those recipients who are not in receipt of CTR.

Recommendation 2

A Single Person Discount review exercise is conducted by an external company (such as Datatank) for those recipients who are not in receipt of CTR by 31st December 2022.

Management Response

Accepted. We will make further enquiries such as into potential cost sharing and pursue the most cost effective option.

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## Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

| Action | Key milestone | Due date (provisional) | Responsible |
|--------|---------------|------------------------|-------------|
| -      | -             | -                      | -           |

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## Wards Affected

None.

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## Implications

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

|                                       |     |
|---------------------------------------|-----|
| 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  |
| Climate Change                        | No  |

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## Additional Information

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## Officer to Contact

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