

ROTHERHAM BOROUGH COUNCIL – REPORT TO DEPUTY LEADER

1.	Meeting:	Deputy Leader
2.	Date:	16 April 2012
3.	Title:	Review of Council Tax Single Person Discounts
4.	Directorate:	Resources - Revenues and Benefits Service

5. Summary

This report covers a proposal that will have a positive impact on Council Tax income and help the Council tackle its budget challenge.

The proposal involves working with a partner supplier to identify wrongly claimed Council Tax Single Persons Discounts.

Additional Council tax income of over £400k per annum is expected to be achieved through the initiative and a further one-off sum of over £400k secured by backdating recovery of wrongly claimed discounts by one year.

6. Recommendations

The Deputy Leader is asked to support the proposals outlined in this report to appoint a supplier to identify wrongly claimed Council Tax Single Persons Discounts

7. Proposals and Details

The Council charges Council Tax on 113,036 properties of which 37,115 Council Taxpayers claim that they live alone and receive a 25% reduction in their Council Tax (Single Person Discount = SPD).

Currently the Revenues and Benefits service reviews all its discounts and exemptions on an annual basis. SPD cases are reviewed by issuing a review letter to the SPD cases and asking the Council Taxpayer only to return the letter if there has been a change and that they are not the only person living in their property. This obviously relies on the Council Taxpayers reporting any changes and can be influenced by any fraudulent activity, forgetfulness or apathy.

The proposal is to undertake a review of the SPD cases by using an external supplier who will cross-match our cases with other data that they hold to identify those cases where discounts should potentially not be claimed.

The suppliers suggest, based on similar work they have done at other Councils, that about 5% of the 37,115 discounts will be cancelled, which for Rotherham would mean 1,856 discounts being reversed.

There is no restriction in Council Tax legislation as to how far a cancellation of a discount could be backdated. Based on our experience and also advice given by the suppliers, backdating the reclaim of discounts for the current and previous financial years will normally be the most practical option. Some cases may warrant backdating further than the last two financial years because of the individual circumstances, but these are expected to be exceptional.

The procurement process has commenced and bids have been received from £30k to £45k for a service where the suppliers do all the identification work, to enable the Council then to review and then potentially cancel a discount. The identification of incorrect discount claims would also allow for a review of other potentially wrongly claimed benefits to be completed.

It is expected that the procurement process will be completed within the next few weeks and a decision made on the supplier to be engaged taking into account price and quality within the bids received.

Additional work will be required, for example to respond to queries raised over cancellations and any other related work. The existing teams will endeavour to incorporate this additional work into the existing day to day work of the teams, although this will be monitored to ensure performance on other key indicators is not diminished.

8. Finance

The increase in Council Tax income is substantially greater than the costs of undertaking this work. The estimated increase in Council Tax income raised in 2012/13 based on backdating the changes to the current and previous financial

years could be in excess of £800k. A prudent estimate of this potential additional income has been taken into account when estimating the Collection Fund Surplus available to the Council when finalising its 2012/13 Revenue Budget.

On an ongoing basis the Council's Taxbase would increase by over £400k per annum Council Tax income being generated (Rotherham Council's levy only) for future years.

The supplier and any additional staffing costs required to secure these savings are not expected to exceed £50k.

9. Risks and Uncertainties

The Council Tax collection rate will initially be adversely affected because the cancelling of discounts resulting in a higher level of income to be collected. This will be mitigated by starting the debt recovery process in May 2012 allowing a longer period in which to collect the additional income

Potential for more customer complaints may be received as we challenge customers on their living arrangements.

10. Policy and Performance Agenda Implications

Increase in the number of enquiries, telephone calls and complaints due to the challenges we will be making to customers living arrangements.

Increase in potential benefit fraud cases.

Increase in the volume of debt recovery action to collect and recover the outstanding amounts.

11. Background Papers and Consultation

a) Outline proposals have been supplied by some of the companies who offer this service with indicative costs

b) Spreadsheet with estimated income and costs

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