

**BENEFITS AND COMPLIANCE UPDATE – 2018/19**

Relevant Portfolio Holder	Cllr G N Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Resources
Wards Affected	All Wards
Ward Councillor Consulted	N/A

**1. SUMMARY OF PROPOSALS**

This report provides an update on the work of the council's compliance team which was created following the transfer of Housing Benefit (HB) Investigations 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**

**Financial Implications**

- 3.1 In February 2016 responsibility for HB fraud investigations transferred to DWP. Following the transfer of responsibility to DWP some duties carried out by the existing Investigations Officers remained with the authority. These duties included:
- 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.
- 3.2 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.
- 3.3 The compliance team's role is to maximise revenues to the authority by identifying fraud and error, and maximising the Council Tax and Non-Domestic Rate taxbase. The team is intended to be self-funding with

## BROMSGROVE DISTRICT COUNCIL

### **Audit, Standards and Governance Committee**

10th Oct 2019

income generated exceeding the salary costs of the service. The direct cost of the team to Bromsgrove District Council for the year ending 31<sup>st</sup> March 2019 was £52,170

3.4 The table at 3.6 details the income generated by the work carried out by the compliance team in the year ended 31<sup>st</sup> March 2019:

3.5

<b>Work Stream</b>	<b>Additional Income (£000's)</b>
Council Tax discount/exemption compliance	44
Council Tax un-banded properties	148
HBMS Referrals HB Overpayments	77
HMBS Referrals CTS Overpayments	18
NFI Referrals	13
Non-Domestic Rate unrated and underrated property	485
Verification of Earnings and Pensions (VEPs)	125
<b>Total</b>	<b>910</b>

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

3.7 The Council Tax income is shared across preceptors within the Worcestershire Area, approximately 13% of the additional income is retained by Bromsgrove District Council.

3.8 Non-Domestic Rates income is shared between Local and Central Government.

3.9 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 3.8. 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 of recovered overpayment.

3.10 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 or discount.

3.11 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. The administration penalties are retained by the billing authority.

- 3.12 A review of Council Tax Discounts undertaken by The Audit Commission estimated that in 4% of cases there is no entitlement to discount. Presently 14,067 dwellings within Bromsgrove are subject to a Council Tax discount, reduction or exemption.
- 3.13 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 £39,520.

**Legal Implications**

- 3.14 There are no specific legal implications.

**Service/Operational Implications**

- 3.15 The work of the compliance team is supported through the effective use of internal data and data supplied by DWP; during 2018/19 work relating to compliance has been completed in the following areas.

**Non-Domestic Rates**

The compliance team pro-actively search for business premises which are unreported or undervalued. This work is carried out through the examination of internal and external data sets, including cross referencing NDR database with Local Land and Property Gazetteer, examining current and historic planning applications, and proactively analysing external data sources to identify missing business premises. The work carried out during 2018/19 identified missing and undervalued RV of £692,510, which resulted in additional NDR liabilities of £485,037

**Council Tax Discounts & Exemptions**

Targeted reviews of Council Tax discount and exemptions are completed to ensure that entitlement to discount or exemption is ended at appropriate times. This work will include reviews of empty properties, analysis of records relating to probate to ensure identification of changes to liability for properties which are exempt and form part of an owner's estate. Limited work on empty properties was completed during 2018/19 and this work resulted in additional CT of £43,766

Council Tax missing properties

Council Tax property records are cross referenced to the Local Land and Property Gazetteer, Internal Planning and Building Control data, and Environmental Services records to identify missing or newly completed domestic premises. 80 dwellings were identified from the work completed by the compliance team in 2018/19

HBMS/VEPs

Data is provided by DWP which indicates that the information used for the assessment of Housing Benefit has changed, or was inaccurate when a claim was made. This information is compared to the information held within Housing Benefit and where permitted Council Tax reduction claims and entitlement is adjusted.

**Customer / Equalities and Diversity Implications**

- 3.17 Identification of overpayments, or incorrectly claimed discounts and exemptions and the subsequent work to recover these debts can result in financial hardship; therefore consideration is given to a customer's financial position when considering how to recover monies owed to the authority.
- 3.18 When action to recover a debt is required consideration will be made as to whether additional support, such as money management advice, is required and a referral to appropriate advisors will be made.

4. **RISK MANAGEMENT**

The work of the compliance team is to reduce the risk of lost income to the authority. The results show that this work is both necessary and financially rewarding.

5. **APPENDICES**

None

6. **BACKGROUND PAPERS**

None

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