

BENEFITS AND COMPLIANCE UPDATE – 2019/20

Relevant Portfolio Holder	Cllr G N Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester - Chris Forrester – Head of Finance and Customer Services
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 income generated exceeding the salary costs of the service.

3.4 The table at 3.6 details the income generated by the work carried out by the compliance team in the year ended 31st March 2020:

3.5

Work Stream	Additional Income £000
Council Tax discount/exemption compliance	0
Council Tax un-banded properties	184
HBMS Referrals HB Overpayments	14
HMBS Referrals CTS Overpayments	0
NFI Referrals	27
Non-Domestic Rate unrated and underrated property	1,853
Verification of Earnings and Pensions (VEPs)	60
Total	2,138

- 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 Council Tax exemption compliance work has not been completed in the year ending 31st March 2020. There is potential to complete target reviews in the forthcoming tax year and to identify cases where customers have failed to report the end of entitlement to discounts and exemptions.
- 3.11 Council Taxpayers have a legal duty to inform the authority that they are no longer entitled to exemption. Council Taxpayers must provide this notification within 21 days of the entitlement to exemption ending, where they fail to do so the council may impose and 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 £39,000 in administrative penalties, and £23,000 as a share of £176,000 of increased Council Tax income.

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 2019/20 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 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 2019/20 identified new, missing and undervalued RV of £2,092.950 which resulted in additional NDR liabilities of £1,853,373

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 2019/20 and therefore there was no additional CT.

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. The work carried out during 2019/20 identified missing or newly completed domestic premises which resulted in additional CT liabilities of £184,137

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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