

### **Council Tax procedures - reviewing a Single Person Discount**

A query has been raised in relation to letters recently sent out by the Revenues and Benefits Service in relation to the resident's eligibility to Single Person Discounts (SPDs). This query included a request for clarification against a number of observations noted by Councillor Cooke below, the letter was dated the 22 September 2013.

- with salutation 'Dear' and then his surname with no title or forename
- requiring a reply within only 14 days of the date of the letter with no allowance for the date received being after the date of the letter or for the resident possibly being away
- threatening to remove the discount (previously applied for and approved) if no reply was received when stipulated
- providing no envelope or postage for the reply so answering the Council's unsolicited query would be at the resident's expense
- stating that any telephone call to query the letter would be charged to the resident (at local rate)

The letters were sent as part of a review that is undertaken every year in line with best practice across all Councils. This annual survey has been undertaken for a number of years prior to the CSG contract being signed. The Review is undertaken to ensure that SPD is being correctly claimed by the Council Tax payer. This protects the Authority from fraudulent claims, from discounts continuing to be applied where a customer's circumstances may have changed or where the Council Tax payer has simply forgotten to advise us that the SPD is no longer valid as other people are now resident in the house and the full Council Tax should be paid.

These letters are not sent to all those claiming the 25% discount. We undertake some filtering prior to issuing the review documents. This is done using the data held in the Council Tax system on what households have a SPD in place and matching this with data provided by Equifax. Equifax are a credit rating agency who use data provided by customers which is shared with their agreement and allows us to assess how many people may live in a household based on activity. The cross match they provide indicates the likelihood that there is only one person in a household and therefore that the SPD had been correctly applied, giving a green flag, or that other residents may be in the house based on the credit activity at the address in which case an amber or red flag is returned. No personal information is exchanged and only household level data is used.

This information itself cannot however be guaranteed to reflect the occupancy at the premises as members of the family may live away from the address but still use it for credit applications (for example students). This is why we send a review letter requesting a validation of our findings. The letter always gives customers 14 days to respond and although this is not set within 14 days this timeframe is widely used across all our discount reviews as an acceptable time frame to respond in.

No reply paid envelopes are provided with the review forms, this is consistent with previous years and was the case prior to CSG running the service.

The publication on the notice of call charges is also standard on all our correspondence from Revenues and Benefits. This is meant to provide reassurance that customers will be charged at a local rate call, not any premium rate (as often used by retailers) and equally not a higher rate because they are calling the Coventry Contact centre provided by CSG.

Unfortunately the date of the review letter we issues was shown as 2013. This was an error and we apologise for this. As soon as this was identified we ensured that the CSG contact centre was made aware of this so that they could confirm to customers who contacted them that the review was correct and they needed to respond to the letter.

We have also been advised of some examples of missing names on letters where the salutation showed as "Dear' and then a surname with no title or forename. While this is not ideal, the letters are based on the information held on the Council Tax system which does not in all cases hold a title or forename if we have not been provided with the information when the council tax account was set up. However if there is any specific example of this that can be provided to CSG with an account number we can confirm what records we hold and ensure that there is not a more fundamental issues with the addressing of the letters for future reviews.

In terms of the process we will follow with these reviews. If no response is received to the first review letter, a reminder will be issued to prompt a response. However if after the reminder we have still not received a completed form the discount will be removed as no positive response has been received to confirm that the customer is still entitled to the discount. This is standard practise and in line with guidance. It is good practice from a fraud protection perspective that a positive response is needed for a discount to be confirmed as correct, particularly given the cross check to other data sources as good practice that has called the discount into question.

#### Benefit to the Council

Based on CSGs due diligence and analysis on the Council Tax data prior to contract, CSG believed that a large number of households were potentially claiming a 25% Single Person Discount that were not entitled to it.

As a result and based on Capita's experience of the market, of successfully managing target discount review campaigns and of utilising other household data to validate discounts, CSG contractually guaranteed to generate and collect additional Council tax revenue. The guarantee was for £318k additional revenue in year 1 of the contract and rising up to year 3 in order to deliver a total additional revenue of £4.6m over the term of the CSG contract. The first year target was lower due to the Council Tax year 2013/14 being the first year of the Council Tax Discount scheme, the effects of which on overall collection activity could not be qualified.

In line with the contract, since commencing the September 2013 CSG have been undertaking targeted reviews using the Equifax data described above and have

completed the annual SPD campaign in line with best practice. During the first year of the Contract and for the Council Tax year 2013/14 Capita actually generated £655k of additional revenue following the removal of SPDs where Council Tax payers were confirmed as no longer being eligible for the discount.