



Policy and Resources Committee

30 September 2021

Title	Response to Members Item in the name of Councillor G Cooke – 8 February 2021
Report of	Chairman of the Policy and Resources Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Annex A – Revised Process Annex B – Properties identified as not being banded
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Summary

The report provides a response to the Committee of a Member's Item posed at the Policy & Resources Committee on 8 February 2021.

The council's Local Land Planning Gazetteer (LLPG) is, as at August 2021, 99.997% accurate and considered gold standard against the national measurement of Valuation Office Agency (VOA) council tax records matched to an LLPG criteria. Against the number of households in the borough, the 0.003% potentially unknown equates to 4 properties.

These 4 potential properties, if considered to be Band D rated for Council Tax (the council charges £1,377.33 per Band D property in 2021/22), represent unknown and uncollected income of £5,509.32.

Unknown and uncollected income can be mitigated by the council's current policy to backdate any council tax liability to the banding date set by the VOA, no matter how far back they may determine the banding date to be once they become known to the council.

Enhancements to process and insights in response to the Member's Item include:

- using different sources of information and systems (already available within the council) to identify properties by cross-matching against council tax systems
- cross-referencing and sharing information collected through our LLPG with the council tax team, and
- exploring solutions within our current systems to identify unknown and/or uncollected income.

Processes will be put into place to regularly review the impact of these enhancements.

Officers Recommendations

1. Policy & Resources Committee notes the answer to the Member's Item as below.
2. A follow-up to investigation of data matching exercise to be provided to a future Policy and Resources Committee

1. WHY THIS REPORT IS NEEDED

- 1.1 A Member of the Committee requested that the item tabled below was submitted to the Policy and Resources Committee for consideration and determination on 8 February 2021. The Committee requested a response from officers of the Council.

Member	Item
Cllr Cooke Council Tax Revenue Safeguarding	<p>While enquiring about a particular case, I have discovered that the registration of properties for Council Tax after new-build, renovation, extension or sub-division depends on the developer or owner volunteering to the relevant authority that the work has been completed.</p> <p>There is little incentive for the developer to do that and so delays of years may occur and even a permanent loss of revenue to the council. No interest is charged on retrospective liabilities. It appears that this problem exists largely because of a lack of any comprehensive process for cooperation between public bodies to prevent it. Using computers to cross-reference information from disparate sources is already standard practice for the council in combatting fraud.</p> <p>I propose that the relevant senior officers review the situation, devise a suitable process and report their proposal back to Policy and Resources committee by September 2021 after considering proactive information sharing and cross-referencing between those responsible for:</p> <ol style="list-style-type: none">1. Council tax (Capita CSG)2. Property banding (Valuation Office Agency, part of national government)3. Building Control (Re)4. Planning (Re)5. Street Naming and Numbering (Re)6. Benefits (Capita CSG)7. Electoral Registration (Barnet Council)8. Corporate Anti-Fraud (Barnet Council)9. and any other agencies which hold relevant information. <p>If automatic cross-referencing with publicly available records of private sales and/or lets is possible, that should also be incorporated into the process.</p>

2. REASONS FOR RECOMMENDATIONS

- 2.1 Following the members enquiry, a full review of the inspection process has been undertaken, resulting in a revision to existing processes and introduction of new measures (see annex A).

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 To implement no changes as result of investigatory work. Opportunities to introduce improvements following a review of processes undertaken by other councils have been introduced within our recommendations. The revised process is included in Annex A.

4. POST DECISION IMPLEMENTATION

- 4.1 See section 5.4 for insight activity to be undertaken as part of this work.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 As and when issues raised through a Member's Item are progressed, they need to be evaluated against the Barnet Plan 2021-25, and other relevant policies.

- 5.1.2 This report is written in the context of the four Barnet Plan priorities:

- Clean, safe and well run
- Thriving
- Healthy
- Family Friendly

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The Council has budgeted to collect £198.05m for Council Tax in 2021/22. A Band D property incurs a charge of £1,337.33.

- 5.2.2 For scale, every 1000 properties, at Band D, that are unknown and not charged is a risk to the council's funding to the value of £1.337m.

- 5.2.3 As a mitigation to the risks above, the council tells the VOA of the earliest date it can evidence the property was complete and therefore liable for Council Tax. The VOA will then band the property from that date.

- 5.2.4 If the notification is later than it should be, then banding will be backdated. The developer/resident will therefore be liable to pay Council Tax from the start date. The VOA will send confirmation of the banding to the resident/developer, providing appeal rights if they disagree. There is no limit to backdating in respect of Council Tax banding.

- 5.2.5 The council has undertaken a matching exercise using Council Tax records and the LLPG. The results of the matching exercise provide us with an understanding of possible financial implications as a result of this members query.

- 5.2.6 The matching exercise has identified c.3,400 properties that do not appear on the CTAX register; of these c.1,200 require further investigation as they relate to development (c.700 of which are new

builds and could be in the process of being banded), the remainder being houses of multiple occupation with a single Council Tax bill, for example.

- 5.2.7 Based on a worst-case scenario, if all 1,200 properties were banded as a Band D, the possible loss of revenue to the council could be c.£1.6m per annum until such a date as the VOA bands and dates the properties for Council Tax.
- 5.2.8 The results of the further investigation and analysis will be brought back to a future Policy and Resources committee.
- 5.2.9 If liability is backdated then the statutory recovery process will be adhered to in accordance with the Local Government Finance Act 1992 (LGFA1992). If the amounts due fall within the current financial year then the Council Tax payer will have until end of financial year to pay, this can be in full or by instalments. If the liability is backdated for prior years, a separate demand for payment will be issued, a special arrangement plan can be agreed in this instance if the Council Tax payer cannot pay in full. If the Council Tax payer doesn't pay then they will go through the statutory recovery process in accordance with Reg.23 LGFA 1992 – reminder, 2nd reminder if appropriate, final notice if appropriate then summons to court. If taken to court, all costs reasonably incurred by the authority are added to the outstanding balance and are payable to the authority. The court has to agree these costs and a standard fee is set for all debtors irrespective of circumstances. Neither Primary or Secondary legislation allows the authority to charge interest on Council Tax.
- 5.2.10 In addition to the new process and additional measures introduced, officers are considering further options available from external partners. Any progression of external support will be payment by results-based. Properties not identified through the proposed internal process will attract a one-off percentage charge to be negotiated (there will be no fees payable for any backdating or future years' liabilities). A similar activity is currently undertaken for Business Rates properties.
- 5.2.11 This exercise will ensure the end-to-end process is robust and further support the new measures introduced, highlighting any potential gaps within the process. Any properties identified through a proposed external supplier will be used to continually review our own process.

5.3 Legal and Constitutional References

- 5.3.1 The Council's Constitution (Members of the Council, Article 2) states that a Member, including appointed substitute Members of a Committee or Sub-Committee will be permitted to have one matter only on an agenda that he/she serves. Members' items must be within the term of reference of the decision-making body which will consider the item.

5.4 Insight

- 5.4.1 The LLPG used by the council has been rated as gold standard* (99.997% accuracy, equating to 4 records unknown), this gives confidence that new properties in the main are known to the council.
*The statistic is VOA council tax records matched to an LLPG record - and is a national criteria.
- 5.4.2 In addition to the new processes introduced, the council, with its strategic partner Capita, are due to undertake a full data matching exercise across various services; this exercise will include the following:
- Matching exercise between Council Tax records and LLPG,
 - Matching exercise against Parking data (where data is available).
 - Matching exercise against Planning information (where data is available).
 - Process map to be created from receipt of a planning application through to CTAX/Business Rates being notified, including all stages in between such as Street Name and Numbering notifying the LLPG team.

- Ongoing process review with relevant departments involved in the process; to be reviewed regularly for service improvement.

5.4.2 Upon completion of the data matching exercise, consideration be given to an external audit of the Council Tax base as mentioned in 5.2.2.

5.4.3 The exercise will identify any properties that are not currently banded by the VOA or under inspection by Barnet's own inspection team. This initial exercise will allow for further review of the new processes in place.

5.5 **Social Value**

5.5.1 The council will secure appropriate social value outcomes through any procurement exercise it undertakes with respect to future external work to inspect the council tax base.

5.6 **Risk Management**

5.6.1 The lack of clear processes around the inspection process and ultimately collection of Council Tax could result in a significant loss of revenue for the council.

5.6.2 The changes to existing processes and introduction of new measures enables properties to be brought into the rating list at the earliest opportunity and therefore maximise Council Tax collection within Barnet.

5.6.3 Further mitigations are outlined earlier in 5.2.3 regarding backdating ability for banding and billing retrospectively to developers/residents where necessary.

5.7 **Equalities and Diversity**

5.7.1 Members' Items allow Members of a Committee to bring a wide range of issues to the attention of a Committee in accordance with the Council's Constitution. All these issues must be considered for their equalities and diversity implications.

5.8 **Corporate Parenting**

5.8.1 None identified in the context of this report

5.9 **Consultation and Engagement**

5.9.1 None in the context of this report.

6. **BACKGROUND PAPERS**

6.1 Policy and resources Committee, 8 February 2021, Item 6, Members item - <https://barnet.moderngov.co.uk/documents/s63175/Members%20Item.pdf>