

# East Midlands Improvement and Efficiency Partnership



## Nottinghamshire Single Person Discount Review ▾

### East Midlands Improvement and Efficiency Partnership Case Studies

The East Midlands Improvement & Efficiency Partnership is committed to celebrating the successful, innovative and imaginative project work that exists in the East Midlands region.

The EM IEP Support Team publish case studies showing how East Midlands councils are improving services, and delivering significant improvements and efficiencies.

The case studies are intended to inspire councils in the region, and indeed nationally, to transform services and benefit from the processes developed by those councils that have pioneered the way forward.

### Summary ▾

Revenues of over £1.8 million have been claimed back by seven Nottinghamshire district authorities who have worked together effectively to tackle false single person discounts council tax claims. This EMIEP funded project saw the councils hire a private company to cross check their records against the electoral register, public records and County Court Judgements and bankruptcies.

Over 5% of all discount claims were cancelled as a result of the project, generating additional revenue of more than £1.8 million pounds for all the precepting bodies.

The project was so successful that many other Councils across the country have decided to undertake their reviews in this way.

*"It's been a success. The Councils will see a huge benefit and the money saved can be ploughed back into services."*

Duncan Adamson  
**Business Development Manager**  
Gedling Borough Council

## Project Background ▾

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In 2007 the Revenues Team at Gedling Borough Council recognised that reviewing Council Tax single person discounts (SPD) annually was a labour intensive paper exercise that generated little results. Further, there was a clear discrepancy between the number of discounts being claimed and the number of single person households identified elsewhere, specifically, in the 2001 census.

It was felt that there could be an opportunity to generate more Council Tax revenue by better identifying fraudulent or mismatched discounts and cancelling them. With an average discount value per household of about £275 and discrepancies across all of the districts of between 5,000 and 19,000 accounts there was potential to recover millions.

Many companies offered a managed service using a variety of data matching techniques to undertake the review on behalf of all seven Nottinghamshire District Councils.

Northgate Information Solutions Ltd successfully tendered for the project and utilised records held by Experian UK to identify suspect discount claims. The East Midlands Improvement and Efficiency Partnership (EMIEP) felt that the project could deliver substantial cashable savings and so agreed to fund it saving the seven Councils nearly a quarter of a million pounds.

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## The Issue ▾

Since Council Tax began in April 1993 the number of single person discounts awarded has increased every year and at a greater rate than the number of overall households. Whilst this has been a national trend, the increases have been greater than those reported in the 2001 National Census figures. This was noticed by revenues officers at Gedling Borough Council who began to think over the procedures for awarding, monitoring and reviewing the discounts.

Nottinghamshire contains seven District Authorities and the 2001 Census figures showed 86,078 single person households. Census trends indicated that single households tend to increase at a rate of 0.5% per year and therefore even if 5% was added to the 2001 Census figures giving 90,381 there still appears to be a large discrepancy of over 19,000 cases.

	<b>2001 Census</b>	<b>2008 Taxbase</b>
Ashfield	12,559	16,676
Bassetlaw	12,045	15,165
Broxtowe	12,550	15,658
Gedling	13,289	16,750
Mansfield	11,779	15,814
Newark & Sherwood	11,933	15,484
Rushcliffe	11,923	13,838
<b>Total</b>	<b>86,078</b>	<b>109,385</b>

All Council Tax Billing Authorities are required to take “reasonable steps” to ensure that the tax due for each financial year has been calculated correctly and that a discount has correctly been applied.

In practical terms this has meant that, each year, Billing Authorities issue review forms followed by reminders and cancellation notices. There is little record cross-checking to validate, or invalidate, the discount, which effectively means

that if the taxpayer signs and returns the form, the discount continues.

The Nottinghamshire District Councils have always found it very difficult to manage an annual review and, in some cases, were only managing a full review every three or four years. It would be fair to say that the system that was in place was insufficiently robust, did not generate confidence in revenues officers and could easily be undermined by taxpayers - there was

clearly scope for change.

That possibility of change was introduced through the use of intelligent data set matching using Credit Referencing records to validate discount claims.

This was to include the cross-checking of Council records against its own Register of Electors, against other public records such as County Court Judgements (CCJs) and bankruptcies but, in essence, highlighting records where there appeared to be some kind of activity at an address, usually financial, for more than one person.

There would inevitably be a cost to this kind of procedure and it was considered that for one individual District Council to go alone, the cost could be greater than the revenue generated. However, if all the Nottinghamshire District Councils could work together and if the other precepting bodies could be persuaded of the potential for savings and increased revenue and therefore pay for their respective share, there could be a far greater potential for bigger savings giving a much more profitable return on the project investment.

The Project had found its starting point. Gedling Borough Council decided that they needed to get other people on board. They set out to outline the basis of the project and detail its financial implications to those who would also benefit, the

other precepting bodies.

Council Tax levied by a District Council is collected on behalf of the following:

77% for Nottinghamshire County Council

10% for the Police Authority

4% for the Fire Authority

9% for the District Council

It seemed fair then, that as the additional income would be generated in the above proportions, all the benefitting authorities should pay their relevant proportion of the project costs, thereby making it a much more viable proposition for the District Councils to undertake.

The estimates for the additional income to be raised based on the census discrepancies were between 5% and 15% discounts being cancelled which, at about £275 for each discount cancelled potentially added up to between £1.5 million to £4.5 million.

In February 2008 all of the authorities signed up to the project and a request for funding to the East Midlands Improvement and Efficiency Partnership (EMIEP) was granted, due to the potentially large cashable savings the project was set to achieve. The funding amounted to £205,000 which was of huge benefit to the Councils involved.

## What they did ▾

It was estimated that the cost of the entire project could be in the hundreds of thousands of pounds and therefore a full Contract Tendering process was undertaken from April 2008 onwards.

In order to highlight the project the Councils decided to advertise by way of offering any taxpayer in receipt of a discount that maybe they shouldn't be, the chance to "come clean". If they contacted the Council and advised that the discount should not

be on their account, the discount would be cancelled but there would be no questions asked and the discounts would only be cancelled for the current financial year.

A flyer was issued with all the annual Council Tax bills in March 2008:



Thousands of Council Tax payers claim single resident discount of 25%. If you are claiming this from the Council and you believe you are not entitled to the discount, please tell us now.

We are checking all status discounts with third party records. If you tell us now, you will avoid back charging and possibly a fine. Please see overleaf for more information.

To start the tender process a notice was submitted to the Official Journal of the European Community (OJEC) by Gedling Borough Council on behalf of all seven Councils and project specifications drawn up. Tenderers were asked to provide method statements detailing the records they would compare as well as the type of managed service they could offer that would have minimum impact on the Councils themselves and the taxpayers generally.

The successful tenderer was Northgate Information Solutions Ltd offering a fully managed service with Experian UK as their specialist data matching subcontractor. Northgate also offered, and this was taken up by all of the Councils, to update each Council's Revenues computer systems for a small additional cost per account. This meant that the entire review was virtually transparent to the Councils.

Contracts were exchanged and the first data extract was supplied to Northgate in October 2008 with the remaining six extracts supplied every two to three weeks thereafter.

The extracted data was matched against Experian records and where there was an indication that there may be more than one person at an address, Northgate issued discount review forms, followed up with reminders and ultimately with cancellations for those taxpayers who did not respond.

One of the conditions of the Contract specified that any discount that was removed must remain removed for three months before any fee was paid. It was the Revenues Officers experience of such discount cancellations that sometime taxpayers take no action until they receive a full Council Tax bill and that discounts if cancelled inappropriately are usually resolved within that period.

By March 2009 all of the Councils involved had completed their part in the project. 5.5% of the discounts had been cancelled at a cost of £250,000 but over £1.8m Council Tax had been reclaimed. For the authorities involved this meant increased revenue of :

Additional Council Tax Revenue generated

Property Band	No. of SPD's cancelled	District Councils	Notts County Council	Police Authority	Fire Authority	Total
A	3659	£95,586	£711,192	£89,760	£40,222	£936,760
B	1212	£35,783	£274,957	£34,723	£15,552	£361,015
C	661	£22,722	£171,529	£21,673	£9,703	£225,627
D	336	£13,143	£98,047	£12,385	£5,546	£129,121
E	183	£8,701	£65,254	£8,242	£3,691	£85,888
F	71	£4,034	£29,990	£3,793	£1,697	£39,514
G	43	£2,802	£20,886	£2,636	£1,181	£27,505
H	3	£237	£1,755	£222	£99	£2,313
<b>TOTALS</b>	<b>6168</b>	<b>£183,008</b>	<b>£1,373,610</b>	<b>£173,434</b>	<b>£77,691</b>	<b>£1,807,743</b>

## The Outcomes ▾

All the Councils involved agree that the project has been very successful and has achieved the following intended outcomes:

- The generation of additional Council Tax income.
- Increase in the tax base leading to increased council tax income and reduced council tax charge.
- The use of an innovative approach to conducting single person discount reviews across Nottinghamshire.
- Driver for enhanced collaboration of Revenue services within Nottinghamshire.
- Increased integrity of the tax base across Nottinghamshire.
- Deterrent against fraudulent claims for single person discounts in the future.
- Enabled an efficient and effective solution to conduct a review for those authorities that may have not fully reviewed discounts over the last few years.
- High profile marketing opportunity for Nottinghamshire authorities.

The initial funding request to the EMIEP of £205,000 was based on an estimate of the number of discounts cancelled.

As the actual number cancelled was greater than the estimate a further request for more funding of £25,000 has been made. As the project has been so successful Nottingham City Council have also submitted a request for funding to help them undertake the same project. Other Councils throughout the country have also expressed interest.

It would not be cost-effective to conduct this type of review every year and the Nottinghamshire Councils are currently discussing how next to proceed. It seems likely that a similar exercise may take place within the next three years but this may be dependent on the possibility of further funding. It will almost certainly be dependent on the precepting authorities agreement to share costs if funding was not available.

## Contacts and Further information ▾

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For more information, please contact:

**Name:**

Duncan Adamson

**Job Title:**

Business Development Manager

**Organisation:**

Gedling Borough Council

**Tel:** 0115 9013828

**Mobile:** 07964 268 579

**Email:**

duncan.adamson@gedling.gov.uk

**Name:**

Andrew Foster

**Job Title:**

Assistant Director

**Organisation:**

East Midlands Improvement & Efficiency Partnership

**Tel:** 07921 491 698

**Email:**

andrew.foster@nottscc.gov.uk

**Web:**

[www.eastmidlandsiep.gov.uk](http://www.eastmidlandsiep.gov.uk)

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