

Report to:	Cabinet	19 October 2021
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Finance	
Lead Officer:	Peter Maddock, Head of Finance	

Cambridgeshire Council Tax Compliance & Counter-Fraud Initiative

Executive Summary

1. The purpose of this report is to consider the content of a business case developed by the County Revenues Group and Cambridgeshire County Council, to protect the Council Tax base via enhanced compliance and counter fraud activity.

Key Decision

2. No

Recommendations

3. It is recommended that Cabinet approves the business case shown in Appendix A, providing agreement to proceed with the project. It is also recommended that Cabinet delegates authority for signing any required agreements as part of this project to the Chief Finance Officer, in consultation with the Lead Cabinet Member for Finance

Reasons for Recommendations

4. Council Tax discounts, exemptions, and reductions in South Cambridgeshire total over £17m pa and exceed £90m across the county area. Whilst all billing authorities carry out checks to ensure that any reductions are correct based on the information available, invariably there will a proportion that that are claimed incorrectly or for longer than applicable. This initiative seeks to enhance the processes already in place to ensure a more robust and uniform council tax compliance and counter-fraud strategy across the county-wide area.

Details

5. Cambridgeshire District Councils have been working with Cambridgeshire County Council via the County Revenues Group (CRG) to consider options to provide an enhanced mechanism to protect the taxbase from fraud and compliance issues arising from discounts, exemptions and reductions being claimed incorrectly.
6. Following a review of similar arrangements adopted across Essex and Norfolk authorities, representatives from the Cambridgeshire billing authorities have worked closely with the County Council to develop a business case for a counter fraud and compliance initiative, which draws upon the experiences of both the Essex and Norfolk arrangements. The business case is shown in Appendix A.
7. The initiative focusses on output from data matching software, procured to compare a range of data sets held across the County-wide County and District Councils in order to detect anomalies. Whilst all Councils already participate in a data matching exercise by way of the National Fraud Initiative (NFI) check, this data is extracted annually and can readily become out of date.
8. The proposal therefore focusses on a more frequent data matching exercise, across a wider range of data sets than those used by the NFI, thus increasing the likelihood of detecting anomalies. By matching data on a frequent basis, any “cleanliness” issues are also highlighted, allowing data controllers to ensure the accuracy of data held, in line with requirements set out in the General Data Protection Regulation 2018.
9. Whilst the exact datasets to be matched will need to be determined as part of the project, it is proposed that it will include information such as benefits, electoral roll, housing waiting lists, Blue Badges, concessionary bus passes, payroll, and deceased persons.
10. In addition to a proposal for data matching, the business case also contains a financial proposal, where both the costs and gains of the initiative are shared. Currently, the administrative cost for council tax falls to the billing authority. The business case proposes that the costs of this initiative are spread across all of the preceptors (excluding parishes), proportionality in accordance with their current share of the Council Tax.
11. Likewise, it is proposed that any additional council tax generated by the initiative will be shared on different proportions. The current position sees the County Council retaining at least 68% of the council tax collected in each district, with the district councils retaining around 12% on average (before parish precepts). The business case proposes that where additional council tax is generated as a result of the additional activity set out in the business case, the County Council will pay 25% of their proportion to the district councils.

Options

1. There are two options available relating to this matter:

OPTION 1 – Decline to participate in the project further, and continue to monitor and detect fraud and compliance issues under existing arrangements

OPTION 2 – Agree to participate in the project as detailed in the business case in Appendix A. If this option is agreed, Cabinet are also asked to delegate authority for the signing of any agreements required as part of this project to the Chief Financial Officer, in conjunction with the Lead Cabinet Member for Finance.

Implications

12. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

Financial

13. Financial forecasts have been completed as part of the business case, which indicate that the cost of the project would be covered by additional council tax generate. There is also a potential to generate additional income as a result of additional council tax yield being shared in different proportions. Further details are shown within the business case.

Legal

14. As part of the project, agreements will be put in place to cover the sharing of data, as well as setting out financial and performance monitoring arrangements. These will be developed by the project team, and subject to legal oversight where required.

Risks/Opportunities

15. This project offers the opportunities to improve Council Tax compliance, protect the Council Tax base and raise additional income for preceptors. Data controllers may realise further opportunities depending on the final data sets selected for matching.

Equality and Diversity

16. An Equalities Impact Assessment has been completed and no foreseeable risks of negative impacts have been identified. There are also considered to be no risks of disproportionate impacts on specific groups with protected characteristics

Alignment with Council Priority Areas

A modern and caring Council

17. Whilst the Council benefits from very high collection rates for council tax, any discount, reduction or exemption claimed incorrectly has a direct impact on the council tax base, negatively impacting the ability to fund local services. It is of benefit to all residents that the Council maintains a robust compliance regime to ensure any such reductions are awarded correctly, and the proposals contained within the report seek to enhance existing arrangements across the county, furthering this aim.

Appendices

Appendix A: Cambridgeshire Council Tax Compliance and Counter-Fraud Initiative Business Case.

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