Capita and the London Borough of Bexley
Working together, with Equifax, to review single person council tax discounts, delivering vital cost savings and eradicating fraud

Overview
The challenge
With local authority purse strings being tightened like never before, and the spotlight on benefit and discount fraud growing increasingly stronger, the London Borough of Bexley decided to undertake a major review of single person discounts (SPD) for its council tax base. This would ensure that those receiving the discount were genuinely entitled to it and those claiming fraudulently were identified and their entitlement removed. The review would also potentially create much needed revenue for the Council and help to ensure that council tax for citizens of the Borough was kept as low as possible. It was essential that the review was conducted in the most efficient and cost-effective manner possible with minimal impact on council tax employees, and it needed to perform better than previously-tried processes.

The solution
A fully-managed SPD review was carried out by Capita, in conjunction with Equifax, to identify risk and remove SPDs where appropriate. Crucially, Capita took on the project on a risk-and-reward basis, with Bexley only being charged for any discounts that were actually removed and that stayed off for a defined period. Capita, therefore, provided the resources from its dedicated SPD team to conduct the review, ensuring there was no additional workload for staff within Bexley’s council tax office.

The benefits
A total of 2,036 SPD were removed as a result of the review, representing 9.6% of the original caseload. This created £750,000 worth of additional current year revenue for the London Borough of Bexley, as well as £450,000 for previous years. By reducing the number of SPD claimants, Bexley Council has been able to increase its council tax base with the result that it will be able to keep council tax as low as possible in future years, benefiting local citizens in the longer term.

“By working together with Bexley, and gaining a deep understanding of the Council’s ambitions from the outset, we were able to assist it in finding and eradicating fraud. Not only has this enabled Bexley to generate greater revenue and recover losses, but ultimately has also aided the Council in delivering even better services to its citizens.”
Giles Reid, Sales Director for Capita’s local government business
The Borough of Bexley lies within the south-east corner of Greater London and covers 23 square miles, stretching from the Thames in the north to Kent in the south. Over 218,000 people live in the Borough which, like most local authorities, has small pockets of high unemployment and deprivation in some areas, contributing to the growth of benefit claims and discounts issued by the Council.

Tackling fraudulent SPD claims

Like many other local authorities across the UK, the London Borough of Bexley identified that reviewing its single person discount claimants – to ensure that council tax discounts were being claimed by citizens who were genuinely entitled to them – could provide a valuable means by which to increase revenue and clamp down on fraud. A reduction in the level of fraudulent SPD claims would also mean that Bexley would be able to increase its council tax base, providing the potential to keep council tax charges as low as possible in future years, benefiting its citizens in the long term.

Previously the Borough had applied a rolling review of all SPD recipients, using a simple review form which was sent to those who had registered for the discount. Taxpayers simply returned the form to the Council in order to claim the SPD. While the Government’s National Fraud Initiative process was used to back up the manual process, it was difficult to validate that all claimants were still in fact sole occupants.

A fully-managed review

In order to maximise efficiency, and also ensure that the resources required to carry out the review would not outweigh the benefits that could be achieved in the long term. As the UK’s largest and most experienced provider of local government services, Capita’s dedicated SPD review team was commissioned to provide the Borough with a fully-managed SPD review, utilising credit reference data from Equifax.

The use of credit reference data provides a valuable first-step verification process, identifying where there is potential risk and then investigating further by letter. On more complex cases where claimants are identified as high risk, Capita deploys its innovative Voice Risk Analysis (VRA) solution which combines cutting-edge voice recognition and analysis technology with the behavioural-assessment skills and experience of its telephone operators.

The SPD review service, developed by service experts at Capita’s local government business, is being utilised by a number of local authorities across the country with proven results. This meant that Bexley had confidence in the knowledge that it was employing a solution that would effectively address its own requirements without the need for upfront investment or unnecessary risk.

A three-stage process

The first stage of the review used credit reference data from Equifax to determine the likelihood of sole occupancy and highlight risk. As a result this has:

- Cut the number of accounts that needed to be reviewed
- Enabled resources to be more effectively focussed
- Reduced unnecessary customer contact
- Minimised the environmental impact of sending every SPD claimant a letter.

In total, over 20,000 cases were reviewed with just over 7,000 cases deemed as no risk. Any cases that did show a risk were first contacted by letter, with the highest risk cases being reviewed using Capita’s Voice Risk Analysis (VRA) – a process using voice-pattern recognition technology and behavioural analysis over the phone to pick up on potential fraud.

“The Council found the use of an offsite-team to undertake SPD checks to be an effective way of impacting on back office operations at the same time. The SPD review proved to be a successful means of validating SPD eligibility and is something we would not hesitate to undertake again.”

Mark Underwood, Head of Exchequer Services at The London Borough of Bexley
Reducing impact on Council employees

To reduce the impact on council tax employees, Capita handled all correspondence relating to the review. A specific SPD software application was used to track each case through the review process, further reducing the impact on Council resources.

Protecting the Council’s reputation

Aware of the potential for negativity from local citizens and the media in respect of the SPD review, Capita approach was to handle these matters sensitively should they arise. In particular, where members were involved in individual cases of SPDs being removed, members of Capita’s senior management team attended relevant Borough committee meetings to provide evidence and reports. Bexley members fully supported the line taken by the SPD review in these cases.

A rolling review

Since the full review was carried out, Capita has been commissioned to manage an on-going review of SPD for Bexley. New discount claims are being reviewed, from three months after the discount is claimed. This will help in continuing to ensure that taxpayers not entitled to SPD don’t receive it, with evidence showing that the review process is particularly effective in urban and metropolitan areas where population change is at its highest.

The results

It is normally anticipated that between 6-8% of cases would be removed in an SPD review. However Capita surpassed this expectation. A total of 2,036 SPD were removed – out of the 20,000+ cases reviewed – at the London Borough of Bexley, representing 9.6% of the original caseload. This has given Bexley a clearly identified benefit – the review has created £750,000 worth of additional current year revenue for the Borough, as well as £450,000 for previous years. The review has also increased Bexley’s council tax base which will help to keep council tax as low as possible for its citizens in future years.

Results-based payment

The fully-managed SPD review for the London Borough of Bexley was conducted on a risk-and-reward basis. Capita only charged for its service where any fraudulent claims were identified and the discounts were actually removed and stayed removed for a defined period. The London Borough of Bexley has, therefore, been able to show a clear, and undeniably successful, return on investment for the SPD review it commissioned with Capita.