



**REALISING THE POTENTIAL OF LOCAL  
AUTHORITY CASHABLE SAVINGS  
AND PROTECTING SYSTEM INTEGRITY**



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# REALISING THE POTENTIAL OF LOCAL AUTHORITY CASHABLE SAVINGS AND PROTECTING SYSTEM INTEGRITY

## Introduction

Over the past few years there has been considerable pressure placed on financing local government. All authorities have been affected by the government's austerity programme with successive reductions in funding. The need to consolidate your local authority's financial position has become critical. The maximisation of income and the maintaining of financial integrity, whether that be within Revenues and Benefits or any other department it is essential that all departments consolidate and protect their revenue streams.

This reduction in funding has led to **many** departments seeing their budgets being driven by financial savings targets. These targets tend to be grouped into two categories, 'notional and cashable savings'. Because of their immediate impact a large emphasis has been placed on 'cashable savings' and 'invest to save' projects. It is therefore vital that any resources employed in such projects produce a realistic return on investment.

One of the biggest hurdles an authority has to overcome is to find appropriate resources in order to achieve the best return. In reality savings have to be delivered and these savings will also have to meet the cost of the extra resource utilised to achieve them, but what if you don't have the resource to achieve these savings? The answer can be found in projects that are based upon a no success, no fee basis which does not involve any financial risk.

## The Matrix of No Fee, No Risk Projects

As the need for cashable savings grows there are a series of quick wins that should be constantly applied to certain key service areas. These are achieved by a series of targeted data matching campaigns. Using this technique a local authority can focus resources to where the most achievable savings can be made. By utilising the power of your own data and exclusive external data sets you can highlight priority cases and focus your resources on these key areas.



From research and work carried out by intec and the IRRV with a number of local authorities, it is clear that most local authorities could achieve significant savings in various areas shown on the matrix.

## Multiple Data Sources

As reported in last year's "Protecting the Public Purse Report", the success of local authorities in the fight against fraud and the maximisation of income is becoming more dependent on the effective use of "big data". The use of multiple data sources and sophisticated matching software has added to the intensity of the fight against fraud and the maximisation of all income sources.

As part of our continuing research with one of the UK's leading data matching and case management software supplier, intec for business, we have become increasingly aware of the "leakage" of income in key areas of activity. The following examples are extracts from this work.

### Single Person Discount

Simple credit data checks can provide a wealth of savings. A major unitary authority is mid-way through a full comprehensive SPD review. Only six months into the project they have recorded savings of over £113,000. This is significant return on any investment and they still have six months of the project left to work on.

### New Homes Bonus

This was one of the most effective way for an authority to generate extra revenue. Simply by identifying a long term empty property that is now occupied, the authority claimed significant amounts of revenue. Last year a provincial city generated over £400,000 from this project alone.

### Council Tax

A shire city identified over 100 properties not on the council tax register from one campaign, at an average of Band D income of £1400 per property, this represents an increase of over £140,000 per year in council tax revenue together with the recurring benefit of expanding the tax base.

### Non Domestic Rate

A review of mandatory relief and the levy of empty rate reinstated over £300,000 of rate income, 50% of which was retained by the billing authority under the rate retention scheme.

### Procurement

Local authorities reported over £3.8 million worth of savings last year by utilising simple data checks on new and existing contracts

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## Insurance

A provincial city reduced their premium by over £1million by subjecting their claims experience to regular data checks.

## Parking Permits

Two major cities have reported significant savings by subjecting residents parking permits to regular "big data" scans. Figures released by councils in response to freedom of information requests show they received more than £44m from residential permits in 2014-15. The potential for further savings is enormous.

## Student Exemptions

Figures suggest there are around 1.75 million under graduates in the UK, Student exemptions from council tax dramatically affect the tax base. Many authorities fail to carry out regular checks on student accommodation. Data scans of exempted properties have revealed widespread abuse.

## The Approach to Analysis

Many Local Authorities simply do not have the resource to run data matching campaigns. Using a third party data matching experts gives local authorities the advantage of utilising the search techniques and algorithms. These companies have refined their products to give local authorities the most cost effective solution. This generally involves four operational steps:

- Make the source files available by simple download
- The data company activates the matching campaigns and highlights the priority cases
- Make the results available to the local authority
- Remit to the data company the agreed contractual contingency fee built around a results based structure.

The Institute will continue to work with intec to provide the expertise to local authorities to protect the integrity of their data bases and identify those abusing systems by fraud and misinformation.

## About intec for business

The UK's leading software supplier to local government for Data Matching, Data Hubs and case management for over 20 years.

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## About the IRRV

The Institute of Revenues, Rating and Valuation is the professional body for local taxation, benefits and valuation. We promote best practice and support the professional activities of our members working in government and commerce.

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