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K Hodgkinson
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17 November 2009

Dear Sir or Madam

Freedom of Information request – data matching involving electoral register and council tax data

I refer to your two information requests sent by email on 25 October 2009 about data matching involving the electoral register and council tax data. Our response is set out below and in the four attachments to this message. Our response is cross referred to the numbered sections of your initial message but addresses firstly our response to your second request.

What is inconsistent with what?

Council tax payers are eligible for a Single Persons Discount (SPD) where they are aged 18 or over and are the only occupant of a household. However they can also apply for this discount if anybody else living at that address falls into certain categories that allow them not to be counted as 'other occupants'. These categories, known as disregards, can be found on page 8 of a Communities and Local Government document at <http://www.local.communities.gov.uk/finance/ctax/ctaxbillguide.pdf>

The data matching exercise compares a council tax record with the number of persons on the Electoral Register (ER) at the same property, taking into account those cases where SPD has been deducted and there is no disregard attached. Where the matching identifies addresses where the ER suggests that there is more than one person in the household aged 18 or over a 'match' is reported which the relevant council can follow up, as appropriate.

The follow up of a match may lead the council to conclude that the SPD was correctly deducted, deducted in error, or that the taxpayer failed to disclose circumstances affecting their entitlement. The action that is taken in response to the outcome is for the council to decide.

As you identify from our fair processing notice there is no presumption that any match represents fraud or error. A match identifies a potential inconsistency which must be investigated before any conclusion is drawn and/or action taken by a council.

In summary, in the case of SPD matches the inconsistency (or to be strictly accurate, the potential inconsistency), is that the ER suggests that there are two or more persons resident at the property when, at the same time, an SPD has been allowed.

ONE

Audit Scotland's fair processing notice

The NFI guidelines referred to in our fair processing notice were available at the link provided when we first published the notice on our web site in June 2008. However, revised guidelines have since been prepared by the Audit Commission, and for SPD matches, which contain information aimed specifically for council investigators. These guidelines were transferred, we understand, to the NFI secure website in February 2009. This website is restricted to authorised council investigators and auditors.

However, I assure you that the explanation of the reasons for the council tax/ER matching provided earlier in this letter is the same as that contained in current SPD guidelines.

Audit Scotland will need to review its fair processing notice, at the latest before the next NFI cycle, and we will consider with our colleagues in the Audit Commission how to provide more specific information for the public about the reasons for data matches.

Please note, nevertheless, that Audit Scotland's 2008/09 NFI handbook, available at http://www.audit-scotland.gov.uk/docs/central/2008/nr_080605_national_fraud_initiative_handbook.pdf does refer to the collection of council tax and electoral register data; and page 16 of the Audit Commission's report on the 2006/07 National Fraud Initiative (NFI) available at <http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/NFI0607report.pdf> contains information about SPD matching and the results of the work.

TWO

The rationale and significance of this type of data matching was identified to Audit Scotland through discussions with our colleagues in the Audit Commission which had already piloted this work in a number of English councils. We recall these discussions being similar to the content of the Audit Commission's 2006/07 national report (link provided above). It is normal practice for Audit Scotland to extend its data matching in areas where pilots undertaken elsewhere in the UK have shown that the matching could also be beneficial to Scottish public bodies. We readily understood the SPD matching and we did not prepare any internal material discussing the significance and rationale of this match (but see later).

We had an interest in the debate that took place in England about the provision of the ER for data matching purposes and were regularly updated through discussions with our colleagues in the Audit Commission. Audit Scotland was of the view from the outset that it was lawful for the ER to be provided in Scotland for these purposes and we also considered Senior Counsel's advice provided to the Audit Commission to be persuasive in Scotland. I have **attached** three PDF files to this response being copies of:

- a letter that we sent to Scottish Councils on 17 December 2007
- the Counsel's advice referred to above which was enclosed with that letter
- further Counsel's advice to the Audit Commission addressing the arguments that were made by certain councils in England.

It was ultimately for councils to seek their own advice, if they considered that necessary, before deciding whether or not to agree to our request to submit the ER for NFI purposes. A further PDF file **attached** contains, in that respect, a copy of a letter that Audit Scotland received from SOLAR (a group representing council legal officers in Scotland) on 21 March 2008.

We understand that the vast majority of councils in the UK have been sufficiently satisfied to provide the ER for data matching purposes.

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THREE

There was no significant difference between the respective English and Scottish legal provisions that governed this exercise at the time when Audit Scotland embarked on it. I would refer you again to the **attached** letter to Scottish councils dated 17 December 2007 which contrasted the legal provisions in England and Scotland at that time.

Whilst Audit Scotland continues to request the data for NFI exercises under s100 of the Local Government (Scotland) Act 1973 (the 1973 Act) the Audit Commission now request data and undertake their matching in accordance with new provisions in the Serious Crime Act 2007. The equivalent provisions for Scotland are contained in the Criminal Justice and Licensing (Scotland) Bill that is currently being considered by the Scottish Parliament. Until those powers are enacted, Audit Scotland's NFI exercise will remain limited in certain respects compared to the rest of the UK.

Audit Scotland will prepare a new Code of Data Matching Practice, which will be more in line with the Audit Commission's current Code, when our new powers are enacted.

Finally, a small minority of Scottish councils have argued that the ER is not a document 'relating to the accounts' as specified in the auditors' powers of access in s100. While we respect this view, we do not agree with it. The Council Tax Income Account is one of the main financial statements subject to audit, it reflects the amount of discounts awarded, and the electoral register is an effective source of the number of persons that appear to reside in a household when testing the validity of an SPD. Please note that this particular debate is not relevant in England.

I trust that this information addresses your questions.

Yours faithfully

David Beveridge
Senior Manager (Audit Strategy & NFI)

Appendix to Audit Scotland's FOI response dated 20 November 2009

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If, after that, you are still not satisfied you can ask the Scottish Information Commissioner to review how we dealt with your request. The Commissioner is independent of Audit Scotland and can decide whether we acted properly and according to the Freedom of Information Act.

The Information Commissioner can be contacted at: The Scottish Information Commissioner, Kinburn Castle, Doubledykes Road, St Andrews, Fife, KY16 9DS, Tel 01334 464 610, email enquiries@itspublicknowledge.info