

Audit Committee Meeting	
Meeting Date	21 January 2020
Report Title	Fraud Service Update
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Zoe Kent, Revenues and Benefits Manager
Key Decision	No
Classification	Open
Recommendations	1. That the report is noted.

1 Purpose of Report and Executive Summary

- 1.1 In 2016 Housing Benefit fraud was moved from being investigated by the Council's Housing Benefit service to the Department for Work and Pensions (DWP). The Council took the decision to continue with a shared fraud team as part of Mid Kent Services using the team to investigate fraud and error in Council Tax, Business Rates and other Council services.

2 Background

- 2.1 The localisation of Council Tax Support and Business Rates changed the financial risk to the Council and preceptors. Whilst there had been some activity to address the risk associated with single person discounts for Council Tax, the service had historically focused its efforts on Housing Benefit.
- 2.2 The transfer of the Housing Benefit fraud function to the DWP created both a risk and opportunity to the Council. With the administration of Housing Benefit and Council Tax Support being directly linked the Council had in effect been able to 'police' the two systems at the same time. With the removal of Housing Benefit and the investigation resource that was deployed with it, this had the potential to leave Council Tax Support and therefore Council Tax exposed to fraud with no identified resource to investigate or deter fraud.
- 2.3 The change also created an opportunity in releasing a team of experienced specialist staff, with good local knowledge, to both manage the ongoing risk within Council Tax Support and deliver capacity to expand their work into other areas both within the Council Tax and Business Rates system.

- 2.4 With the value of discounts and exemptions estimated at £30m and the risk of customer fraud high, agreement was reached with the support of the precepting authorities to fund the current team on the understanding that there would be a suitable return on investment.
- 2.5 The agreed business case set out a method of sharing the cost and projected savings in line with the value to each partner based on their level of precept.

2018/19 Outturn

- 2.6 The work programme for 2018/19 included activity aimed at addressing fraud and error within the Council Tax system (single person discount), Business Rate system (small business rate relief) and maximising the income to partner authorities through new homes bonus.

Table 1. Summary of revenue generated 2018/19

Projects	SBC
KIN – Destin SBR*	6,592
360 Call Credit	22,792
Charities	Nil
NHB	211,400
NFI	Nil
Penalties	Nil
Totals	240,784

*Destin Solutions work on behalf of the Kent Authorities checking business rates accounts that receive small business rates relief to check whether they run from more than one business address.

2019/20 Outturn (to date)

- 2.7 The focus in the current year has been on the new release of National Fraud Initiative data and small business rate relief accounts, whilst a new system is being implemented for the monitoring of Single Person Discounts.
- 2.8 The team have just finished working on the New Homes Bonus project. This has been a really worthwhile exercise for the team, with no additional costs apart from postage and a few credit checks being incurred. 160 properties were found to be occupied. The total amount of properties is multiplied by £1,400 to give the final results of the exercise amounting to savings of £224,000. Table 2 shows the results for 2019/20 up to 31 December 2019.

Table 2. Summary of revenue generated 2019/20 to date

Projects	SBC
NFI main data match HB and CTS	2,768
NFI – Council tax matches	4,000
KIN – Destin SBR	2,981
Kin – referrals non domestic rates	44,563
Other	19,717
Penalties	140
NHB	224,000
Totals	298,169

3 Proposals

3.1 That the report is noted

4 Alternative Options

4.1 The Council could decide to not have a fraud and compliance team and to leave any reviews of Council Tax and NNDR discounts and reviews to the Revenues team. This would not be recommended because reviews would be carried out more infrequently. The Fraud and Compliance team is trained to carry out investigations so has the experience to look in depth into cases where necessary.

5 Consultation Undertaken or Proposed

5.1 None.

6 Implications

Issue	Implications
Corporate Plan	Delivering the Council of tomorrow BV9 – Percentage of Council Tax collected BV10 – Percentage of non-domestic rates collected
Financial, Resource and Property	75% of funding for the cost of the team is provided by the major preceptors. It is possible that if the team did find savings that were higher than the running costs, funding may not be provided by the major preceptors in future years.
Legal, Statutory and Procurement	Local authorities are empowered to investigate Council Tax Support and associated discounts and exemptions.
Crime and Disorder	None
Environment and Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	The Fraud and Compliance team minimises the risk of fraud and error occurring within the revenues services. By carrying out reviews it reduces the likelihood of exemptions and discounts being incorrectly claimed. Therefore, if in the future we ceased to have this team there would be a risk of incorrectly claimed discounts increasing.
Equality and Diversity	None
Privacy and Data Protection	None