

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE****15 March 2021****Fraud and Compliance Team Update 2019-20**

Final Decision-Maker	Audit Governance and Standards Committee
Lead Head of Service	Stephen McGinnes Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
Classification	Public
Wards affected	All

Executive Summary

To update the Committee on work undertaken by the Revenues and Benefits Fraud & Compliance team for the financial year 2019-20.

Purpose of Report

Noting

This report makes the following recommendations to this Committee:

That the contents of the report are noted.

Timetable

Meeting	Date
Audit Governance and Standards Committee	15 March 2021

Fraud & Compliance Team Update 2019-20

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities.	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Cross Cutting Objectives	None	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Risk Management	This report is presented for information only and has no risk management implications.	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Financial	The Fraud & Compliance team receives funding from Kent County Council of £136,620 (on expected 3:1 savings). The cost to Maidstone Borough for the service is £23k	Section 151 Officer & Finance Team
Staffing	There are no changes to staffing proposed in this report.	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Legal	<p>It is a function of the Audit, Governance and Standards Committee to monitor the effectiveness of Council's counter-fraud and corruption Strategy.</p> <p>This report provides an update on the work undertaken by the Revenues and Benefits Fraud & Compliance team.</p> <p>There is no statutory duty to report regularly to Committee on the Team's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. Reports on the Team's performance assist in demonstrating best</p>	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership

	value and compliance with the statutory duty.	
Privacy and Data Protection	Accepting the recommendations will not increase the volume of personal data held by the Council.	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Public Health	No impact	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Crime and Disorder	No impact	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership
Procurement	No impact	Sheila Coburn Head of Mid Kent Revenues and Benefits Partnership

2. INTRODUCTION AND BACKGROUND

- 2.1 The purpose of this report is to advise the Committee of the work undertaken by the Fraud & Compliance team within the Mid Kent Revenues and Benefits Partnership.
- 2.2 In 2016 the responsibility for investigating Housing Benefit fraud was moved from the Council's Housing Benefit service to the Department for Work and Pensions (DWP).
- 2.3 The Council took the decision to continue with a shared fraud team along with Swale and Tunbridge Wells borough councils as part of Mid Kent Services using the team to investigate fraud and error within Council Tax and Business Rates.
- 2.4 The localisation of Council Tax Support and reliance on Business Rates as an income for the authority 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.
- 2.5 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.

- 2.6 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 systems.
- 2.7 With the value of discounts and exemptions estimated in excess of £16 million 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.
- 2.8 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.

2019/20 Outturn

- 2.9 The focus of the 2019-20 financial year was on the new release of National Fraud Initiative data and small business rate relief accounts, whilst a new system was being implemented for the monitoring of single person discounts.
- 2.10 The New Homes Bonus project in October 2019 was a worthwhile exercise for the team, with no additional costs apart from postage and a few credit checks being incurred. For Maidstone, 147 properties were found to be occupied. The number of properties is multiplied by £1,400 to give the results of the exercise amounting to savings of £205,800.
- 2.11 In 2018-19 penalties were introduced where those residents who do not report changes or who fraudulently make claims for discounts are issued with a penalty of £70. The number of penalties issued increased in 2019-20.
- 2.12 Table 1 shows a summary of savings generated across the 3 authorities by the team for 2019/20.

Table 1

Small Business Rate Relief	£257,954
Single Person Discount	£19,059
New Homes Bonus	£543,200
National Fraud Initiative (Council Tax Reduction and Single Person Discount)	£389,936
Housing Benefit Matching Service (HBMS)	£72,721
Penalties	£3,010
Other	£55,745

Total	£1,341,625
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2020-21 (so far)

- 2.13 In conjunction with the Kent Intelligence Network (KIN) software was partly funded by Kent County Council with a view to share information with other authorities in Kent to help reduce fraud and error in the county.
- 2.14 We were proposing to use this software in 2020-21 to further increase the savings that can be identified.
- 2.15 However, the amount of work the Fraud & Compliance team has been able to carry out this year has severely been disrupted by the COVID pandemic.
- 2.16 For the first 3 months of the financial year, all members of the Fraud & Compliance team were assisting in other areas of the Council in response to the pandemic.
- 2.17 For the rest of the year the team has been able to carry out limited projects with the annual New Homes Bonus showing favourable results.
- 2.18 Kent county Council has partly funded a debtor tracing tool (Retriever) which is used to trace the whereabouts of Council Taxpayers who have left their properties owing amounts of Council Tax.
- 2.19 This has been successful with over 400 Council Tax debtors being traced so we can contact them at their current address to recovery monies due.
- 2.20 Table 2 shows the progress so far for 2020-21

Table 2

New Homes Bonus	£758,800
Retriever (Council Tax debt brought back into recovery)	£779,656
Penalties	£350
Total	£1,538,806

3. AVAILABLE OPTIONS

- 3.1 Option 1 - The Council could decide not to have a Fraud and Compliance team but this is not recommended given the team has demonstrated a return on the funding by Kent County Council by more than the required 3:1.
- 3.2 Option 2 - The Council continues to have a Fraud & Compliance team to ensure it has a dedicated resource to address fraud and error.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 Option 2 is the preferred option for the reasons stated.

5. RISK

5.1 This report is presented for information only and has no risk management implications.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

None

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

None

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

None