

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

26 July 2022

Fraud and Compliance Team Update 2020-21 and 2021-22

Final Decision-Maker	Audit Governance and Standards Committee
Lead Head of Service	Georgia Hawkes Mid Kent Services Director
Lead Officer and Report Author	Zoe Kent, Interim 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 years 2020-21 and 2021-22.

Purpose of Report

Noting

This report makes the following recommendations to this Committee:

1. That the contents of the report are noted.

Timetable

Meeting	Date
Audit, Governance and Standards Committee	26 July 2022

Fraud and Compliance Team Update 2020-21 and 2021-22

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 the achievement of the corporate priorities.	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Cross Cutting Objectives	None	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Risk Management	This report is presented for information only and has no risk management implications.	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Financial	The Fraud & Compliance team receives funding from Kent County Council of £150,040 (on expected 3:1 savings). The cost to Maidstone Borough Council for the service is £28,894	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Staffing	There are no changes to staffing proposed in this report.	Zoe Kent Interim 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 the 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</p>	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership

	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 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	Zoe Kent Interim 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.	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Public Health	No impact	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Crime and Disorder	No impact	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Procurement	No impact	Zoe Kent Interim Head of Mid Kent Revenues and Benefits Partnership
Biodiversity and Climate Change	No impact	Zoe Kent Interim 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 Works 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.
- 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 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.

2020/21 Outturn

- 2.9 The focus in 2020-21 changed due to COVID-19. The majority of compliance reviews were halted, and the team were moved to helping with the applications for Business Rates Grants and Test and Trace payments.
- 2.10 In 2018-2019 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. Penalties were not issued during 2020-21 due to the disruption caused by the COVID pandemic.
- 2.11 Table 1 shows a summary of savings generated across the 3 authorities by the team for 2020-21.

Table 1

Single Person Discount	£127,024
Housing Benefit Matching Service (HBMS)	£110,930
National Fraud Initiative (Council Tax Reduction and Single Person Discount)	£17,888
Other	£194,455
Total	£450,297

2021-22

- 2.12 In conjunction with the Kent Intelligence Network (KIN) software was partly funded by Kent County Council with a view to sharing information with other authorities in Kent to help reduce fraud and error in the county.
- 2.13 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.
- 2.14 This has been successful with over 730 Council Tax debtors being traced so we can contact them at their current address to recover monies due.
- 2.15 Table 2 shows a summary of savings generated across the 3 authorities by the team for 2021-22.

Table 2

Retriever – Council Tax Debt brought back into recovery	£978,237
Penalties	£980
Total	£979,217

3. AVAILABLE OPTIONS

- 3.1 Report is presented for information only.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Report is presented for information only.

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