

<b>Audit Committee Meeting</b>		<b>Agenda Item: 7</b>
<b>Meeting Date</b>	13 September 2017	
<b>Report Title</b>	Mid Kent Services Fraud and Compliance	
<b>Cabinet Member</b>	Cllr Dewar-Whalley, Cabinet Member for Finance and Performance	
<b>SMT Lead</b>	Emma Wiggins	
<b>Head of Service</b>	Amber Christou	
<b>Lead Officer</b>	Zoe Kent	
<b>Key Decision</b>	No	
<b>Classification</b>	Open	
<b>Forward Plan</b>	<b>Reference number:</b>	
<b>Recommendations</b>	1. To note the results of the Mid Kent Services Fraud and Compliance Team for 2016/17	

## **1 Purpose of Report and Executive Summary**

- 1.1 In March 2016 responsibility for the investigation of Housing Benefit fraud moved to the Department for Work and Pensions (DWP). This report provides a summary of the activities and outcomes undertaken by the Mid Kent Fraud and Compliance team since this change.

## **2 Background**

- 2.1 In 2015/16 the DWP introduced the Single Fraud Investigation Service (SFIS) moving the investigation of Housing Benefit fraud into a service investigating all types of benefit fraud. Staff within the Mid Kent Investigation team were given the opportunity to TUPE over to the DWP.
- 2.2 Kent County Council, Kent Police and Kent Fire & Rescue (the major preceptors) and the Kent billing authorities saw this as an opportunity to refocus the expertise held within districts to investigate fraud and error within the Council Tax Reduction Scheme, Council Tax and Business Rates discounts, exemptions and reliefs.
- 2.3 The cost of such Council Tax discounts and exemptions to the council and major preceptors is £9 million (Swale £990k).

- 2.4 Funding was made available by the major preceptors to give billing authorities the opportunity to provide a service reviewing the award of Council Tax and Business Rates discounts and to investigate fraud within the Revenues Service.
- 2.5 Mid Kent Services successfully bid for funding of £410,000 towards the cost of running the team for a period of three years. Swale, Maidstone and Tunbridge Wells Borough Councils approved funding of £150,000 for the three years making a total cost of £560,000. A cost to Swale of £16,609 in 2016/17.
- 2.6 Prior to the role out of the new team the Investigation Team Manager and one Investigator made the decision to move to the DWP. Zoe Kent Revenues & Benefits Manager – Technical & Financial managed the team on an interim basis until the manager’s post was filled in July 2016.
- 2.7 The roles within the team were reviewed with a new compliance officer post created, reflecting the move away from high value, low volume housing benefit fraud investigations to lower value, high volume council tax and business rates discounts. It was decided to replace two vacant Investigator posts with two compliance posts. Two posts were held whilst a work plan was put in place to ensure the correct structure was implemented. The team now has a full complement of staff again.
- 2.8 A work plan was put in place to ensure that those areas within the Revenues Service where there is a high risk of fraud and error are reviewed most frequently.
- 2.9 In 2016 KCC bid for a pot of funding from DCLG to form the Kent Intelligence Network (KIN). The purpose of KIN is to share data within Kent across all services provided by KCC and the district councils. The data is matched between services and reviewed by the Fraud and Compliance team to find irregularities. For example a person claiming a single person discount and two parking permits being claimed at an address. Data provided from the matching exercises has been built into the timetable for the team.

*Table 1. Work plan 2016/17 and 2017/18*

<b>Year</b>	<b>Type of Review</b>
2016/17	<p><b>Review of National Fraud Initiative data</b> The National Fraud Initiative (NFI) matches data such as single person discount awards against electoral role data to find discrepancies.</p> <p><b>Capita single person discount review</b> Externally managed review of Single Person Discount awards</p> <p><b>DWP Housing Benefit fraud case reviews</b> Information from Housing Benefit files is sent to the DWP on a weekly basis as evidence in investigations.</p>

	<p><b>Empty homes review</b> Review of Council Tax properties listed as empty to maximise the New Homes Bonus grant.</p> <p><b>Small business rate relief review</b> Review of businesses receiving SBRR to ensure they only occupy one property.</p>
2017/18	<p><b>Student discount review</b> Review of accounts where a discount is awarded due to one or more residents being a student.</p> <p><b>Deceased persons exemption review</b> Review of accounts to check whether probate is completed or properties are now occupied.</p> <p><b>KIN small business rate relief review</b> Matching bank account data for businesses across Kent, where the business has claimed they are only occupying one property.</p> <p><b>KIN social housing register review</b> Matching names listed on social housing register applications against single person discounts</p> <p><b>Monthly single person discount review</b> Reviews of SPD awards where credit data shows a high probability of another adult being resident.</p> <p><b>Empty homes review</b> Review of council tax properties listed as empty to maximise the New Homes Bonus grant.</p> <p><b>KIN NDR charitable relief review</b> Reviewing businesses claiming a charitable relief against Charity Commission data.</p> <p><b>Carer discount review</b> Review of those claiming to be giving care or receiving care in another property.</p> <p><b>Detained persons discount review</b> Review of properties where a discount has been given because a resident is in prison.</p> <p><b>DWP Housing Benefit fraud case reviews</b> Information from Housing Benefit files is sent to the DWP on a weekly basis as evidence in investigations</p>

- 2.10 In 2015/16 Maidstone, Swale and Tunbridge Wells Borough Councils approved a one off Single Person Discount Review to be carried out by Capita Services Ltd. The main part of the funding of this review was provided by the major preceptors based on the percentage of Council Tax received by them. The review started in April 2016 and the management of it was taken on by the team.
- 2.11 Prior to the business rates retention scheme 100% of business rates was paid into the business rates pool and income was received from the Government as Revenue Support Grant plus other grants. In April 2013 the funding of local government changed and part of the business rates collected was retained locally. To ensure that we received the maximum income from business rates during 2016/17 the team carried out a review of small business rates relief (awarded to businesses with only one property, with a rateable value below £12,000).
- 2.12 A review was also carried out on homes that had been empty for more than 5 months to ensure a maximum amount of New Homes Bonus was claimed. Since April 2015 properties that are empty for more than 1 month receive no discount, it is therefore difficult to get owners to report when a property is occupied because they are already paying 100% council tax. In the past this type of review had been carried out by an external company, in 2016 we were able to use the compliance team to carry out the review.

*Table 2. Savings and expenditure 2016/17*

<b>Reviews 2016/17</b>	<b>Number of Removals</b>	<b>Savings</b>
Capita SPD Review	703	£219,898
Empty Property Review	63	£78,857
Small Business Rate Relief Review	232	£416,093
<b>Total</b>	<b>998</b>	<b>£714,848</b>
<b>Cost of team to SBC</b>		<b>£16,069</b>

- 2.13 The change in working practices has been an opportunity for the Fraud and Compliance team to look at new ways of keeping fraud and error out of the Revenues Service rather than mainly focusing on Housing Benefit fraud. Now that the team has a full compliment of staff it will be able to look for new areas it can review. In December 2016 a report was provided to the major preceptors, they agreed to continue the funding for 2017/18. Funding was also agreed for credit data software to enable the team to carry out targeted reviews on those customers who are most likely to have incorrectly claimed a single person

discount. The data is provided on a monthly basis and picks up changes to credit data.

### **3 Proposals**

3.1 That the results of the Fraud and Compliance Team for 2016/17 are noted.

### **4 Alternative Options**

4.1 In order that the work of the Fraud and Error team is effective it is vital that results are reported and reviewed. Reporting results to Members is necessary to provide assurance that processes are in place to reduce fraud and error within the revenues systems. An alternative option would be not to provide a report or to monitor the results of the reviews but this would counter the effectiveness of the reviews and would also be against previous views expressed by this committee.

### **5 Consultation Undertaken or Proposed**

5.1 None

### **6 Implications**

<b>Issue</b>	<b>Implications</b>
Corporate Plan	Open for business 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 and Statutory	Local authorities are empowered to investigate Council Tax Support and associated discounts and exemptions.
Crime and Disorder	None
Environmental Sustainability	None
Health and Wellbeing	None
Risk Management and Health and	The Fraud and Compliance team minimises the risk of fraud and error occurring within the revenues services. By carrying out

Safety	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