

Audit Committee Meeting		Agenda Item No. 11
Meeting Date	12 September 2018	
Report Title	Mid Kent Services Fraud and Compliance	
Cabinet Member	Cllr Dewar-Whalley, Cabinet Member for Finance and Performance	
SMT Lead	Nick Vickers	
Head of Service	Nick Vickers	
Lead Officer	Zoe Kent	
Key Decision	No	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	1. To note the results of the Mid Kent Services Fraud and Compliance Team for 2017/18	

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 during 2017/18.

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. 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.
- 2.2 The cost of such Council Tax discounts and exemptions to the council and major preceptors is £8 million (A cost to Swale of £880k).
- 2.3 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 2017/18.

- 2.4 Basing the team as part of Mid Kent Services enables reviews to be carried out across the three boroughs. This ensures that fraud carried out across the boundaries of the authorities is picked up.
- 2.5 Projects are also undertaken across Kent as part of the Kent Intelligence Network. Data is matched across all 13 districts and Medway Council. Sharing data enables authorities to find those claiming benefits, discounts and reliefs that would not be picked up if only using data from a single authority.
- 2.6 An outline of the reviews carried out in 2017/18 can be found from paragraph 2.7 to 2.16

Reviews of Council Tax and NNDR Discounts

- 2.7 **Single Person Discount Reviews** are carried out using credit data information to find addresses where a single person discount is being claimed and the credit data shows more than one adult living there. Funding for the credit data was provided by the major preceptors. Using the data enables the reviews to be carried out specifically on cases where there is evidence of more than one adult in the property. The reviews are carried out on a monthly basis, with around 100 accounts being reviewed each month. This is seen as being more effective than carrying out a bulk review every few years.
- 2.8 The Council also signs up to the Cabinet Office National Fraud Initiative exercise. This matches Council Tax data against Electoral Roll data. Carrying out two different types of reviews ensures that we are using all available data to find incorrectly claimed discounts. The value of the removals has reduced, this is because the credit data is reviewed on a monthly basis which means incorrectly claimed discounts are removed significantly quicker than when annual or bi-annual reviews are carried out.

Table 1. Single Person Discount Review 2017/18

	Number of Removals	Savings
Single Person Discount Review	132	£31,259
National Fraud Initiative Review	101	£26,881
Total	233	£58,140

- 2.9 **New Homes Bonus Review** – The New Homes Bonus funding is based on the number of new properties in the borough less the number of long term empty properties. Previously an external company had been used to carry out a review of our long-term empty properties. Using the compliance team to carry out the reviews is a cost saving because we are not charged for each property found to be back in use. Using staff with local knowledge also cuts back on the time taken to carry out the review.

- 2.10 As the Council only gives one months discount to empty properties, owners pay 100% Council Tax on properties after one month, this means they are less likely to tell us when they have moved into a property that has been empty. If the review is not carried out annually the amount of New Homes Bonus received could be significantly reduced.

Table 2. New Homes Bonus – Empty Property Review 2017/18

Empty Property Review	Number of Removals	Savings
	153	£211,400

- 2.11 **Additional Council Tax Reviews** – It is prudent to review all Council Tax discounts and exemptions periodically to ensure those living in the property are still entitled to the discount they are receiving. By using the Compliance Team rather than Council Tax staff we are able to carry out more in depth reviews using their fraud training and experience. Reviews were carried out on student, carer and deceased person's exemptions. The carers and deceased person's reviews concluded that all exemptions had been awarded correctly and were still valid. This showed that the correct processes are in place to ensure that these types of exemptions are reviewed frequently and removed as soon as the exemption is no longer relevant. Having a robust review process in place ensures that exemptions are awarded correctly and the public purse continues to be protected.

Table 3. Additional Council Tax Exemption Reviews 2017/18

	Number of Removals	Savings
Student Exemptions	45	£30,411
Carer Exemptions	0	£0
Deceased Persons Exemption	0	£0
Total	45	£30,411

- 2.12 **Business Rates - Small Business Rate Relief Review** Small Business Rate Relief (SBRR) is awarded to any business where the rateable value is below £15,000 and the owner does not own any other businesses. Now that business rates makes up part of the funding of the council's revenue it is imperative that we are only awarding business rate reliefs where a business is entitled to receive a reduction. Businesses that claim SBRR are less likely to report changes because they consider they do not pay rates.
- 2.13 The first review carried out in 2016/17 covered all SBRR accounts. This led to a significant number of accounts having their SBRR removed. This was a good exercise to cleanse our database and means going forward we are able to use data matching to review cases.

- 2.14 A review was carried out across Kent comparing SBRR data. As a full review had been carried out in 2016/17 the matches for Swale were low.

Table 4. Small Business Rate Relief Review 2017/18

	Number of Removals	Savings
SBRR Review	2	£5,922

- 2.15 **External Reviews** – When Housing Benefit fraud was moved to the DWP the Council signed an agreement with the DWP to provide evidence to the DWP for their investigations. Funding is provided by the DWP but this does not cover the staff time involved. It is a time consuming exercise however necessary to ensure prosecutions can be carried out.

3 Proposals

- 3.1 That the results of the Fraud and Compliance Team for 2017/18 are noted.

4 Alternative Options

- 4.1 The team's funding continues until 31 March 2019. If KCC reduce the funding the future of the team will need to be considered.

5 Consultation Undertaken or Proposed

- 5.1 None

6 Implications

Issue	Implications
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	Local authorities are empowered to investigate Council Tax

Statutory	Support and associated discounts and exemptions.
Crime and Disorder	None
Environmental 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