

Mid Kent Fraud & Compliance update

For Audit and Governance Committee

Summary

Lead Member: Councillor Tom Dawlings, Portfolio Holder for Finance and Governance

Lead Director: Stephen McGinnes, Director of Mid Kent Services

Head of Service: Sheila Coburn, Head of Revenues and Benefits Partnership

Report Author: Sheila Coburn, Head of Revenues and Benefits Partnership

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Audit and Governance Committee	24 August 2021

Recommendations

Officer recommendations as supported by the Portfolio Holder:

1. That the contents of this report are noted.

1. Introduction and Background

- 1.1 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.
- 1.2 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).
- 1.3 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 within Council Tax and Business Rates for Maidstone, Swale and Tunbridge Wells Borough Councils.
- 1.4 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.
- 1.5 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.
- 1.6 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 system.
- 1.7 With the value of discounts and exemptions estimated for Tunbridge Wells Borough Council alone at approximately £17million and the risk of customer fraud and error 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 in investment of 3:1.
- 1.8 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.

1.9 2019/20 Outturn

- 1.10 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.
- 1.11 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 Tunbridge Wells 81 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 £113,400.
- 1.12 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. Although the numbers are small, the number of penalties issued increased in 2019-20 to 17.
- 1.13 Table 1 shows a summary of savings generated across the 3 authorities by the team for 2019/20 and the amount applicable to Tunbridge Wells.

Table 1

	Mid Kent	Tunbridge Wells
Small Business Rate Relief	£257,954	£122,331
Single Person Discount	£19,059	£10,334
New Homes Bonus	£543,200	£113,400
National Fraud Initiative (Council Tax Reduction and Single Person Discount)	£389,936	£177,498
Housing Benefit Matching Service (HBMS)	£72,721	£24,567
Penalties	£3,010	£1,190
Other	£55,745	£14,209
Total	£1,341,625	£463,529

- 1.14 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.
- 1.15 We were proposing to use this software in 2020-21 to further increase the savings that can be identified.
- 1.16 However, the amount of work the Fraud & Compliance team was able to carry out during 2020-21 was severely disrupted by the COVID pandemic.
- 1.17 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.

- 1.18 For the rest of the year the team had been able to carry out limited projects with the annual New Homes Bonus showing favourable results.
- 1.19 For Tunbridge Wells, 90 properties were identified as occupied resulting in New Homes Bonus savings of £126,000.
- 1.20 2020-21 was the last year for identifying properties for New Homes Bonus via the team as in future any money will be allocated based on historical data.
- 1.21 Kent County Council has partly funded a debtor tracing tool (Retriever) which is used to trace Council Taxpayers who have left their properties owing Council Tax.
- 1.22 This has been successful with over 400 Council Tax debtors being traced across the partnership (Tunbridge Wells 59) so we can contact them at their current address to recovery monies due.
- 1.23 Table 2 shows the progress for 2020-21 across the 3 authorities and the Tunbridge Wells figures.

Table 2

	Mid Kent	Tunbridge Wells
New Homes Bonus	£758,800	£126,000
Retriever (Council Tax debt brought back into recovery)	£779,656	£199,346
Penalties	£350	£210
Total	£1,538,806	£325,556

- 1.24 The expected return on investment for the 3 authorities is £409,860, with Tunbridge Wells expectation estimated at £114,761.
- 1.25 The table above shows that the savings achieved by the team far outweigh the expected return on investment.

2. Options Considered

- 2.1 This report is for information only

3. Cross Cutting Issues

A. Legal (including the Human Rights Act)

It is a function of the Audit, Governance and Standards Committee to monitor the effectiveness of Council's counter-fraud and corruption Strategy.

This report provides an update on the work undertaken by the Revenues and Benefits Fraud & Compliance team.

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 value and compliance with the statutory duty.

Gina Clarke, Mid Kent Legal 16.07.2021

B. Finance and Other Resources

The Fraud & Compliance team receives funding from Kent County Council of £136,620 (on expected 3:1 savings return on investment). The budgeted cost to Tunbridge Wells Borough Council for the service is £21,400 and represents good value for money. Over the last year, the team have also been an integral part of our due diligence process for issuing the Government Covid Business Grants compliantly.

Jane Fineman - Head of Finance, Procurement and Parking

C. Staffing

There are no changes to staffing proposed in this report.

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021

D. Risk Management

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

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021

E. Environment and Sustainability

No impact

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021

F. Community Safety

No impact

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021

G. Equalities

No impact

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021

H. 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 23.06.2021

I. Health and Safety

No impact

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021

J. Health and Wellbeing

No impact

Sheila Coburn, Head of Mid Kent Revenues and Benefits 23.06.2021