

## Counter Fraud &amp; Compliance Team 2017/18 – End of Year Report

**1. Introduction**

This report is to update the Audit Committee on the work undertaken by the Counter Fraud & Compliance Team for the year ending 31 March 2018.

**2. Background**

The work of the Counter Fraud & Compliance Team mainly falls into one of three categories - prevention, detection and investigation.

**Prevention**

The Counter Fraud & Compliance Team has forged close working relationships with colleagues within Council Tax, Benefits, Business Rates and Housing to prevent erroneous claims and allowances being paid or persons receiving support that they do not qualify for.

Investigation officers vet requests for back-dated Council Tax Single Person discounts and assist with the verification of evidence received in respect of new and changes in circumstances in respect of Housing Benefit & Council Tax Support claims.

**Detection**

The Counter Fraud Manager co-ordinates Sevenoaks District Council's participation in the National Fraud Initiative exercise (NFI). This national wide exercise, led by the Cabinet Office, matches data from hundreds of sources with the intention of discovering fraud and error in local authority databases. Dartford BC takes activities such as this very seriously and takes part in all of the government run anti-fraud initiatives.

Sevenoaks District Council has invested in the latest credit reference matching software to highlight potential discrepancies within the information we hold on our local residents. This investment has been repaid back many times over through the incorrect claims and allowances it has allowed to be highlighted.

Sevenoaks District Council has joined with the other Kent local authorities to create a data-matching group with the objective of finding fraud and error in local authority databases.

**Investigation**

The officers within the Counter Fraud & Compliance Team are trained investigators with many years of local authority experience. Every £1 of tax payers money is precious and hundreds of investigations are conducted every year into potential abuses of the public purse. Members of the general public can report fraud suspicions to the Council's fraud hotline (01732 227299) and officers will take the appropriate action to the information received.

### 3. Successes

Most of the successes achieved by the Counter Fraud & Compliance Team are tangible and a monetary figure can be apportioned to them (see tables below):

	Monetary Savings	Projected Additional Tax Payer Loss (if the irregularity had not been discovered)					
		1 Month	2 months	3 months	6 months	12 months	24 months
Council Tax Single Person Discounts/ Council Tax Reduction Claims	£99,050	£5,778	£11,556	£17,334	£34,668	£69,336	£138,672
Council Tax Exemptions	£20,355	£978	£1,956	£2,934	£5,868	£11,736	£23,472
Totals	£119,405	£6,756	£13,512	£20,268	£40,536	£81,072	£162,144

The Counter Fraud & Compliance Team keeps comprehensive records on all cases reviewed. This allows the team to accurately work out money it saves. The table above shows the need for urgent attention as after just 1 month the tax payer would have lost a further £6,756.

The team's work also impacts on Housing claims, the table below shows the saving to the public purse:

	Value of Adjustment
£ of HB claims Removed after review	£113,059

## 4. Cost Benefit Analysis 2017/18

	Total £	SDC Counter Fraud & Compliance  £	
Expenditure:			
Gross Expenditure - Partnership with DBC	204,146	102,073	Costs of the Counter Fraud & Compliance Team are split 50:50 with Dartford BC.
External contributions from Major Preceptors	(124,332)	(62,166)	From Kent CC, Kent Fire & Rescue as they are major beneficiaries
Net Expenditure - Partnership with DBC	79,814	39,907	
Fraud discovered:			
Council Tax Discounts/Council Tax Reductions	(99,050)	(11,886)	SDC receive 12%
Council Tax Exemptions	(20,355)	(2,443)	SDC receive 12%
Housing Benefit Overpayments	(113,059)	(45,224)	SDC receive additional subsidy of 40% of overpayments discovered
Future savings/Deterrent Factor		(4,864)	Assume a 26 week future benefit element of which SDC receives 12 %. See (a) below.
Uncollected Estimate (HB)		13,567	Assume 30%. See (b) below.
Uncollected estimate (Council Tax)		100	Assume 0.7% as Council Tax collection rate is 99.3%
Net Position		(10,843)	

- (a) External funding organisations allow us to record a 26 week future benefit element. This is an assumption that the fraud/error would have continued for an average of 26 weeks after the intervention of the Fraud & Compliance Team. See first table in section 3 of this report.
- (b) We are assuming a non recovery rate of 30% in HB overpayments and 0.7% in Council Tax related savings.

## **5. Future Developments**

The Counter Fraud & Compliance Team is working closely with colleagues in the Business Rates Collection Section to eradicate false and erroneous claims for Small Business Rates Relief (SBRR).

The authority has recently invested funds into a data-matching facility which identifies companies which are falsely claiming SBRR. The exercise has only recently commenced but is already proving a great success.

The Department for Work & Pensions has made a proposal to re-commence joint working on cases involving potentially fraudulent joint claims for welfare benefits and Council Tax. Sevenoaks District Council is keen to re-start this anti-fraud work as it allows all different types of fraud committed by the same person to be investigated under one investigation. Work within this area is hoped to re-commence later this year.