

Counter Fraud & Compliance Team 2023/24 – 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 2024.

2. Background

The Counter Fraud & Compliance Team is based within the Revenues & Benefits Section at Argyle Road and has been part a shared service with Dartford Borough Council for over 13 years.

Sevenoaks District Council is a member of the Kent Intelligence Network (KIN), which is a counter fraud hub across the 13 Kent local authorities. This group brings together specialist officers who strive to protect and increase their own authority's Local Tax revenue streams. The hub is always looking to find the best technology and techniques which would help to identify fraud & error within local authority databases.

3. Counter Fraud work programmes 2023-24

Business Rates

Local authorities must ensure that commercial premises are properly registered to pay Business Rates and businesses that receive Business Rates reliefs and exemptions are doing so correctly.

The Counter Fraud Team, supported the Kent Intelligence Network, investigate units which appear to have not registered themselves to pay the tax and using various data-matching techniques the team investigates incorrect claims for reliefs such as Small Business Rates Relief (SBRR).

The table below shows the results of our work in this area for the last three years:

	2021/22	2022/23	2023/24
Number of cases Adjusted	21	39	38
Increase in tax yield (£)	329,479	303,753	828,130
Increase in net revenue (£)	225,641	142,708	574,048

The increase in net revenue of £574,048 represents the team's best yearly result in the 7 years that we have conducted work in this area.

Council Tax

In the 2023/24 the Counter Fraud & Compliance Team continued to make good progress using the data-matching software procured by the Kent Intelligence Network in 2021/22 in relation to highlighting invalid claims for Council Tax Single Person Discount.

Local residents can receive a 25% discount on their annual Council Tax liability if they are the only eligible adult in a household, however, some fail to declare that additional members have joined the household or deliberately lie to the authority in order to obtain the reduction.

The data-matching technology utilises credit reference data which can indicate if there are more than one adult linked to the claim address.

The Counter Fraud & Compliance Team have able to expand review of other Council Tax discounts and exemptions during 2023/24 which has yielded even more revenue for the authority.

The following results have been achieved by the team over the past three years:

	2021/22	2022/23	2023/24
Number of cases Adjusted	177	133	249
Increase in tax yield (£)	213,466	149,401	334,043
Increase in net revenue (£)	213,466	149,401	334,043

The increase in revenue of £334,043 represents the team's best yearly result in this area of work.

Housing Benefit

Local authorities administer Housing Benefit on behalf of the Department for Work & Pensions (DWP), although Housing Benefit fraud is investigated by DWP fraud investigators.

Sevenoaks District Council has an active Service Level Agreement with the Department for Work & Pensions which allows joint working between local authority investigators investigating Council Tax offences and Civil Service investigators investigating welfare benefits.

The table below shows that impact of local authority investigations on Housing Benefit claims over the last three years:

	2020/21	2022/23	2023/24
Number of Housing Benefit claims adjusted	7	2	6
Value of Housing Benefit Removed (£)	33,744	25,972	80,513

4. Cost Benefit Analysis 2023/24

The table below compares the cost of running the Counter Fraud & Compliance Team in 2023/24 against the benefit derived from counter fraud campaigns conducted on behalf of the local authority. Assumptions are made with respect to uncollectable elements in respect of Council Tax and Housing Benefit overpayments. The comparison shows a surplus of £276,729.

	Total £	SDC Element £	
Section 1 Expenditure			
Gross Expenditure - Partnership with DBC	212,597	89,291	Costs of the Counter Fraud & Compliance Team are split with Dartford BC.
External contributions from Major Preceptors	(102,045)	(42,859)	From Kent CC, Kent Police, Kent Fire & Rescue as they are major beneficiaries
Net Expenditure - Partnership with DBC	110,552	46,432	
Section 2 Fraud discovered (SDC):			
Council Tax	(334,043)	(35,075)	SDC receive 10.5%
Investigations			
Housing Benefit Overpayments	(80,513)	(32,205)	SDC receive additional subsidy of 40% of overpayments
Business Rates (net)	(574,048)	(229,619)	SDC receive up to 40%
Total	(988,604)	(296,899)	

Section 3 Adjustments (SDC):			
Future savings/Deterrent Factor		(46,040)	Assume a 104-week future benefit element of which SDC receives 10.5%. See (a) below.
Uncollected Estimate (HB)		9,662	Assume 30%. See (b) below.
Uncollected estimate (Council Tax)		702	Assume 2.0% as Council Tax collection rate is 98.0% (in year)
Uncollected estimate (Business Rates)		9,414	Assume 4.1% as Business Rates collection rate is 95.9%
Total Adjustments		(26,262)	
Net Cost/(Surplus)		(£276,729)	

- (a) External funding organisations allow us to record a 104-week future benefit element. This is an assumption that the fraud/error would have continued for an average of 104 weeks after the intervention of the Fraud & Compliance Team.
- (b) We are assuming a non-recovery rate of 30% in HB overpayments, 2.0% in Council Tax and 4.1% in Business Rates related savings.

5. Future Developments

A restructure within the Revenues & Benefits Section will see the Visiting Team joining colleagues in the Counter Fraud & Compliance Team to create a new team called the Fraud, Visiting & Compliance Team.