

**AUDIT BOARD**  
**17 JULY 2019**

**COUNTER FRAUD & COMPLIANCE TEAM ANNUAL REPORT**  
**2018/19**

1. Summary

This report is to update the Audit Board on work undertaken by the Counter Fraud & Compliance Team during the year ended 31 March 2019.

2. RECOMMENDATION

2.1 That Members note the work undertaken by the Counter Fraud & Compliance Team in 2018/19.

3. Background and Discussion

3.1 The Counter Fraud & Compliance Team is based within the shared service Revenues & Benefits Department.

3.2 Dartford Borough Council is committed to supporting the most vulnerable groups within the district by awarding them the discounts, exemptions, reductions and reliefs to which they are entitled.

3.3 The Counter Fraud & Compliance Team co-ordinate the Council's participation in all of the government led anti-fraud initiatives and creates pro-active exercises designed to protect valuable Council Tax and Business Rate revenue collection.

**Summary of Issues in the Report**

4 The update as shown at Appendix A summarises the following aspects:

- An overall summary of the work conducted by the Counter Fraud & Compliance Team during 2018/19.
- A breakdown of the successes achieved by the Counter Fraud & Compliance Team during the period April 2018 to March 2019.
- A summary of plans for 2019/20.

5 The Council is determined that the culture and ethos of the organisation is one of honesty and opposition to fraud and corruption. The work of the Counter Fraud & Compliance Team reinforces the Council's zero tolerance approach to fraud and corruption.

## AUDIT BOARD

17 July 2019

- 6 Members are requested to note the contents of the report and endorse the work of the team.
7. Financial, legal, staffing and other administrative implications and risk assessments

|                             |  |
|-----------------------------|--|
| Financial Implications      | The cost of the service for 2018/19 has been mostly met from funding from the major preceptors and from the income recovered via identified fraud. |
| Legal Implications          | None   |
| Staffing Implications       | None   |
| Administrative Implications | None   |
| Risk Assessment             | No uncertainties and/or constraints.   |

### Appendices

Appendix A – 2018/19 Counter Fraud & Compliance End of Year Report

#### BACKGROUND PAPERS

| <u>Documents consulted</u> | <u>Date</u> | <u>File Ref</u> | <u>Report Author</u>       | <u>Section and Directorate</u> | <u>Exempt Information Category</u> |
|----------------------------|-------------|-----------------|----------------------------|--------------------------------|------------------------------------|
| N/A                        |             | N/A             | Glen Moore<br>01732 227471 | Revenues & Benefits            | N/A                                |

# AUDIT BOARD

17 July 2019

## Appendix A

### Counter Fraud & Compliance Team

#### Year End Report 2018/19

#### 1. Introduction

This report is to update the Audit Board on the work undertaken by the Counter Fraud & Compliance Team for the year ending 31 March 2019.

#### 2. Background

The Fraud & Compliance Team has been purposely located within the Revenues & Benefit Department as the value of discounts, exemptions, reductions and allowances allowed by the varying teams within this service far exceed any of those given by any other department within the Council.

A summary of the larger allowances provided by Revenues & Benefits are as follows:

|   | <b>Value Allowed 2018/19<br/>(£)</b> |
|---|--------------------------------------|
| Council Tax (Single Person Discount)        | <b>5,234,000</b>                     |
| Council Tax (Property Exemptions)           | <b>2,456,000</b>                     |
| Council Tax (Council Tax Reduction)         | <b>6,297,000</b>                     |
| Business Rates (Small Business Rate Relief) | <b>2,525,000</b>                     |

Dartford Borough Council is committed to supporting and assisting the most vulnerable groups within its district and further to support small businesses to grow and build a healthy and thriving local economy.

The Fraud & Compliance Team primary role is to work closely within the individual teams within the Revenues and Benefits Service to ensure that the discounts, exemptions, reductions and allowances given are only awarded to those persons/businesses which are entitled to them. Further to this the team will instigate action against those deemed to have abused or not followed the correct rules within each scheme.

## **AUDIT BOARD**

**17 July 2019**

### **3. Successes**

#### **Business Rates**

During 2018/19 Dartford Borough Council issued Business Rates bills totalling over £73 million. The Fraud & Compliance Team has forged even closer links with Business Rates billing officers throughout 2018/19 to fulfil the following three objectives set at the beginning of the year:

- Identifying businesses which have not registered themselves to pay Business Rates
- Identify business premises which have changed and therefore more Business Rates should be paid
- Identifying businesses which are claiming Small Business Rate Relief, but due to their set-up should not be entitled to this relief.

The table below shows the results of work conducted by the Business Rates Team & the Fraud & Compliance Team in respect of these three key areas:

|   | <b>Additional Tax Charged<br/>(£)<br/>2018/19</b> |
|---|---|
| Businesses found incorrectly claiming Small Business Rate Relief                              | <b>£35,500</b>                                    |
| Business Premises not registered for tax/found to have altered requiring an additional charge | <b>£93,500</b>                                    |

#### **Council Tax**

Section 2 of this report showed that Dartford Borough Council allowed over £13.9 million in Council Tax discounts and Council Tax exemptions during 2018/19. The Fraud & Compliance Team has put in place processes and procedures which are specifically designed to highlight incorrect claims within this area.

The team co-ordinates the authority's annual participation in the Council Tax National Fraud Initiative which aims to highlight incorrect claims for Council Tax Single Person Discount by matching Council Tax data with Electoral Registration data.

## AUDIT BOARD

17 July 2019

The Fraud & Compliance Team, backed by funding from the Council Tax major preceptors, invests funds into the latest credit data matching software which allows potential false discount claims to be investigated.

The results achieved by the team last financial year are as follows:

|  | Monetary savings<br>2018/19 | 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/<br>Council Tax Reduction Claims | £157,513                    | £8,818  | £17,636  | £26,454  | £52,908  | £105,816  | £211,632  |
| Council Tax Exemptions   | £26,216                     | £2,570  | £5,140   | £7,710   | £15,420  | £30,840   | £61,680   |
| Totals   | £183,729                    | £11,388   | £22,776  | £34,164  | £68,328  | £136,656  | £273,312  |

This package of anti-fraud initiatives has been in operation since February 2016 and the table above represents the team's best results to date.

### 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.

On 1<sup>st</sup> February 2019 the DWP and the Council re-commenced joint working on fraud cases which allows the two bodies to investigate alleged benefit fraud offences alongside Council Tax offences.

The Fraud & Compliance Team co-ordinate reviews of Housing Benefit claims in order to confirm that the correct entitlement is being awarded. This work has produced the following results:

## AUDIT BOARD

17 July 2019

|  | Value of Adjustment |
|--|---------------------|
| £ of HB claims<br>Removed after review | £89,637             |

#### 4. Future Developments

Dartford Borough Council is part of the Kent Intelligence Network (KIN). KIN drives anti-fraud initiatives across the Kent local authorities. In 2019/20 Dartford Borough Council will be working closely with KIN on the following initiatives:

- Finding properties not registered to pay Council Tax
- Business Premises not registered to pay Business Rates
- Data-matching exercises to highlight false claims for Council Tax discounts & exemptions and Business Rates reliefs.