

AUDIT BOARD
22 JULY 2020

COUNTER FRAUD & COMPLIANCE TEAM ANNUAL REPORT 2019/20

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 2020.

2. RECOMMENDATION

2.1 That Members note the work undertaken by the Counter Fraud & Compliance Team in 2019/20.

3. Background and Discussion

3.1 The Counter Fraud & Compliance Team is based within the Dartford/Sevenoaks shared services Revenues & Benefits Department.

3.2 The Council is committed to supporting the most vulnerable groups within the Borough of Dartford 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 counter 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 responsibilities of the Counter Fraud & Compliance Team during 2019/20.
- A breakdown of the successes achieved by the Counter Fraud & Compliance Team during the period April 2019 to March 2020.
- A summary of plans for 2020/21.

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.

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- 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 2019/20 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 – 2019/20 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 01732 227471	Revenues & Benefits	N/A

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Appendix A

Counter Fraud & Compliance Team

Year End Report 2019/20

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 2020.

2. Background

The Counter Fraud & Compliance Team is a team of officers specially trained to investigate instances of fraud and financial irregularity. It is purposely located within the Revenues & Benefit Department to assist in reviewing the validity of discounts, exemptions, reductions and allowances allowed by the Business Rates, Council Tax and Benefit Assessment Teams. The team also provides general advice and assistance to all other departments in relation to anti-fraud matters.

3. Successes

Business Rates

The Counter Fraud & Compliance Team has made big strides in recent years in increasing its support to the Business Rates Team in relation to counter fraud matters. In 2018/19, Dartford Borough Council joined a Kent wide initiative designed to highlight fraud within the area of Small Business Rate Relief and thereby increase the revenue that the authority can collect.

This year the Counter Fraud & Compliance Team has been able to build on those early successes by working closely with the Kent Fraud Hub (the Kent Intelligence Network) to expand enquiries into the area of businesses, which have deliberately failed to register themselves to pay the business tax. Dartford Borough Council and the Kent Intelligence Network have had success in identifying even more commercial units, which should have been paying Business Rates.

The table below shows the financial impact on the local authority of this work over the last three financial years:

	2017/18	2018/19	2019/20
Number of cases Adjusted	0	6	10
Increase in tax yield	0	£35,499	£92,078
Increase in net revenue	0	£35,499	£64,956
Increase in next years net revenue	0	£4,779	£33,308

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The tax yield is the gross amount that the authority would issue bills for, but some units/businesses are eligible for reliefs or exemptions, for example Small Business Rates Relief (SBRR). SBRR attracts a 100% reduction in the annual charge and so the ratepayer pays no tax for the year. Work conducted by the Counter Fraud Team resulted in £92,078 more in bills being issued with a net effect of £64,956 more revenue being attained. An important point to remember is that once a unit is registered for Business Rates the preceptors will benefit from additional revenue in subsequent years. The £33,308 figure in the previous table shows an estimate of the potential increase in Dartford Borough Council's tax revenue for 2020/21 from the work conducted by the Counter Fraud Team in 2019/20.

Council Tax

The Counter Fraud & Compliance Team continues to support the Council Tax Team in preventing, detecting and investigating erroneous claims for Council Tax discounts and exemptions. Dartford Borough Council participates in all of the government led counter fraud initiatives as well as creating pro-active local programmes in collaboration with our Kent partners through the Kent Intelligence Network.

The Council Tax related results achieved by the team last over the past three financial years are as follows:

	2017/18	2018/19	2019/20
Number of cases Adjusted	216	260	198
Increase in tax yield	123,504	183,730	179,263
Increase in net tax revenue	123,504	179,263	179,263

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.

When local authority investigation officers review the claims made by Council Tax Reduction recipients there is a high probability that those same claimants are also receiving help with their rent, i.e. Housing Benefit.

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

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	2017/18	2018/19	2019/20
Number of Housing Benefit claims adjusted	23	28	14
Value of Housing Benefit removed	80,517	89,637	66,044

4. Future Developments

The Counter Fraud & Compliance team will continue to strive to use the technology available to discover residential properties not registered to pay Council tax and business units which fail to register themselves to pay Business Rates as well as assisting the authority in reaching its goal of eradicating fraud and corruption within the organisation in line with the Council's Anti-Fraud and Corruption Strategy.