



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

26 September 2023

Report of Councillor Philip Knowles,
Cabinet Member for Corporate
Governance and Licensing

Counter Fraud Annual Report 2022/23

Report Author

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Purpose of Report

One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to monitor and review the counter fraud arrangements in place and the activities that are being undertaken to mitigate those risks.

Recommendations

That the Committee approves the contents of this report including the proposed action plan for 2023/24.

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

High performing Council

Which wards are impacted?

All

1 Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 These are contained within the report where appropriate.

Completed by: Alison Hall-Wright, Assistant Director of Finance and Deputy S151 Officer

Legal and Governance

- 1.2 The report, including the action plan for 2023/24, are to be welcomed from a governance and legal perspective as they represent effective ways of identifying and dealing with counter fraud. Members should note the performance and scrutinise any elements to assist the role of the Governance and Audit Committee.

Completed by: Mandy Braithwaite, Legal Executive

2 Background to the Report

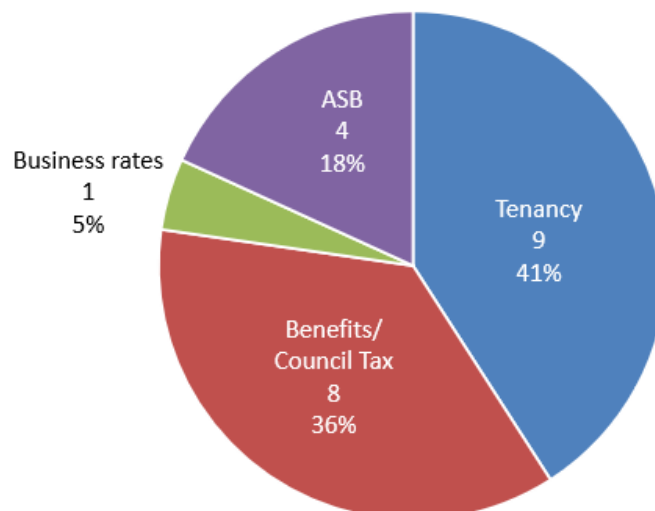
- 2.1 In accordance with the terms of reference of the Committee it is a requirement to produce an annual report on the counter fraud arrangements in place and the activities undertaken. The report being presented covers the financial year 2022/23 and details the various aspects of work delivered during the year. Counter fraud is fundamental to the Council's achievement of its strategic objectives.
- 2.2 The Council is committed to the highest standards of quality, probity, openness, and accountability. As part of the Committee's terms of reference, counter fraud is one of the key areas of focus being an essential element of delivering good governance. To develop and promote greater awareness, and in line with best practice, a review of the Council's counter fraud arrangements has been undertaken, culminating in this Annual Report for 2022/23. This report sets out the key outcomes from the counter fraud work delivered during the year relating to both welfare/benefit fraud and non-welfare/benefit fraud.
- 2.3 Like any organisation South Kesteven District Council is inherently vulnerable to the risk of fraud and corruption and, with reducing Government funding and the current economic position, it is vital that robust arrangements for the prevention and detection of fraud are maintained, and best use of information and knowledge is made to ensure effective fraud prevention procedures are in place.

3 Whistleblowing

- 3.1 Assurance Lincolnshire manages the Confidential Reporting Line on behalf of the Lincolnshire Counter Fraud Partnership and acts as a central point of contact.
- 3.2 An analysis of district related referrals made to the Reporting Line during 2022/23 identified that 52 referrals were received (56 in 2021/22, 63 in 2020/21).
- 3.3 Of the 52 district referrals received by the Confidential Reporting Line, 20 (38%) were for South Kesteven District Council. This is the same as the previous year of 20.
- 3.4 Summary of referrals by Authority:

Authority	Number 2022/23	Number 2021/22	Number 2020/21
Boston	4	2	3
City of Lincoln	22	25	20
East Lindsey	0	0	1
North Kesteven	3	3	3
South Holland	2	1	1
South Kesteven	20	20	31
West Lindsey	1	5	4
Total	52	56	63

- 3.5 The main type of district referrals in 2022/23 related to benefits/council tax and housing tenancy.
- 3.6 In addition to the 20 whistleblowing allegations to the Confidential Reporting Line, the Council received two allegations that were reported direct – these were in relation to benefits. All 22 whistleblowing allegations have been investigated and action taken where appropriate.
- 3.7 Breakdown by category of allegation received for South Kesteven 2022/23:



4 Fraud elearning

- 4.1 The Lincolnshire Counter Fraud Partnership had developed a bespoke elearning module but have not had the capacity to adapt this for districts. The Council is therefore now looking at alternative providers.

5 Housing Benefit and Council Tax Support Fund

- 5.1 Fraud cases are identified in numerous different ways with referrals coming from various sources. A primary channel is through joint working with the Department of Work and Pensions (DWP). The Council is currently undertaking joint working arrangements on several cases where there has been an allegation of fraud against a claimant within the district that is claiming Housing Benefit and/or Council Tax Discount. Fraud cases can also be referred from other departments within the Council. This could include, but is not limited to, the Income Recovery Team, Visiting Officers, or Housing Officers. It is also possible for referrals to come from other authorities. Whistleblowing from members of the public also plays a crucial part in combatting fraud within the Housing Benefit system. Referrals can be made online, via email and via the phone.
- 5.2 Summary of Housing Benefit Overpayments for 2022/23:

	Number of invoices raised	Amount of debt	Amount recovered*
2022/23	283	£227,305	£322,440
2021/22	313	£272,797	£340,409
2020/21	386	£329,937	£310,687

*the amount recovered includes prior year debt

6 Single Person Discount (SPD)

- 6.1 For Council tax purposes residents can apply for Single Person Discount (SPD) should they be the sole adult occupier of a property. Residents who wish to apply for SPD are asked to complete a declaration confirming that they are the only adult resident in the property and that they are eligible to claim the discount.
- 6.2 The Council's primary approach for checking SPD entitlement is to participate biennially in a county wide counter fraud review alongside all Lincolnshire authorities. The process for this includes taking a data extract from the Council Tax records of accounts in receipt of SPD. This data is then put through a screening process to identify accounts which may be claiming SPD, where they are not entitled to, highlighting accounts where contact is needed. The next review is due to take place in 2023, with discussions currently being undertaken with prospective suppliers.
- 6.3 Partnership resource is currently being reviewed which will include the consideration of the business case proposals for alternative approaches to the current bi-annual SPD bulk review. This is driven by opportunity for further reductions in the levels of Council Tax revenue, lost to fraud or error, when SPDs

are incorrectly granted or not cancelled following a change in household circumstances.

- 6.4 Under current arrangements, and with a rolling review, intelligence, and experience of other local authorities, shows that some of the SPD removals will continue to be paid, or be subsequently re-instated, following contact from claimants where it was shown they had deliberately lied, upon review, in order to maintain their discount.
- 6.5 In addition to the proposed continuous review, the business proposal will include cost/benefit analysis of further options to use a fraud referrals service to identify historic cases for revenue collection and options to pursue sanctions, including prosecution. Use of such a fraud referrals service provides all the information needed to demonstrate strong grounds to challenge those claimants who appear to have deliberately lied to maintain their discount or exemption. Local Authority information it holds about claimants is cross-matched with other data sources – highlighting anomalies (such as evidence of other adults living at the property) and pinpointing cases to be investigated further. Whilst this could increase collection rates, and sanctions would act as a future fraud deterrent, pursuing such cases does have the potential to cause reputational damage and prosecution success is not guaranteed.

7 Business Rates Relief – Retail Discount

- 7.1 At the Budget on 27 October 2021 the Chancellor announced a new business rates relief scheme for retail, hospitality, and leisure properties for 2022/23 with 50% relief, up to a cash cap of £110,000 per business. Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England
- 7.2 Where a ratepayer had a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. The RHL relief scheme guidance provided local authorities with information about the intended operation and delivery of the policy. The Government anticipated that local authorities would include details of the relief to be provided to eligible ratepayers for 2022/23 in their bills for the beginning of the 2022/23 billing cycle.
- 7.3 The Government published guidance setting out the eligibility criteria for the scheme. This guidance can be found here: [Business rates guidance: 2022/23 Retail, Hospitality and Leisure Relief Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/business-rates-guidance-2022-23-retail-hospitality-and-leisure-relief-scheme)
- 7.4 The Council applied the relief when the annual business rates bill was raised in March 2022. Included in the bill was a letter, requesting the ratepayer to complete an online form, either opting-in or opting-out of the relief scheme – responses were required by 31 March 2022.
- 7.5 For those businesses who opted-out or did not complete the form, their relief was removed and amended bills issued from 1 May 2022.

7.6 As of 31 March 2023, the Council awarded business rates relief during 2022/23 of £3,772,287

7.7 Business Rates support has been provided for previous financial years as a result of the coronavirus pandemic:

2021/22 £8,186,370

2020/21 £20,838,703

8 Counter Fraud Action Plan 2023/24

Action	By when	Owner
<p>1) Fraud risk assessment</p> <p>Understand the fraud risks that public bodies and other organisations face and conduct a fraud risk assessment across the Council. Facilitated workshops to take place during the autumn with the output being presented in January 2024</p>	January 2024	Governance & Risk Officer and Service Areas
<p>2) Housing Benefit Investigations</p> <p>Continue to support DWP Housing Benefit investigations</p>	Ongoing	Head of Revenues, Benefits and Customer Service
<p>3) Single Person Discount Review</p> <p>Review eligibility for reliefs</p>	August 2024	Head of Revenues, Benefits and Customer Service
<p>4) Business Rates Empty Properties and Small Business Rate Review</p>	January 2024	Head of Revenues, Benefits and Customer Service
<p>5) Fraud awareness including elearning</p> <p>Continue to raise awareness amongst staff, stakeholders, and partners about the risk of fraud in all areas of the Council's business.</p>	March 2024	Governance & Risk Officer

3. Key Considerations

3.1 The Committee should monitor and review the counter fraud arrangements currently in place and the activities that are being undertaken to mitigate those risks.

4. Other Options Considered

4.1 None.

5. Reasons for the Recommendations

5.1 Governance and Audit Committee, as part of its terms of reference, 9.1 (xx) Approve the Counter Fraud, Bribery and Corruption Framework, including Whistleblowing Policy and Anti-Money Laundering Policy, should monitor and review the counter fraud arrangements currently in place and the activities that are being undertaken to mitigate those risks.