



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



## Governance and Audit Committee


Tuesday, 16 July 2024

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

## Counter Fraud Annual Report 2023/24

### 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 Counter Fraud Annual Report 2023/24.**

### Decision Information

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information not for publication?

No

What are the relevant corporate  
priorities?

Effective council

Which wards are impacted?

(All Wards);

## **1 Implications**

- 1.1 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***

- 1.2 There are no specific financial implications arising from this report.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

### ***Legal and Governance***

- 1.3 There are no significant legal and governance implications arising from this report which are not already referenced in the body of the report.

Completed by: Graham Watts, Monitoring Officer

## **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 2023/24 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 Framework has been undertaken, culminating in this new Counter Fraud, Bribery and Corruption Strategy 2024-26.
- 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 in order to ensure effective fraud prevention procedures are in place.
- 2.4 Good governance is essential in the public sector to meet legal requirements and to uphold public expectations that we will make good use of resources. The Accounts and Audit Regulations 2015 requires authorities to implement measures to enable the prevention and detection of inaccuracies and fraud.

## **3 Counter Fraud, Bribery, and Corruption Strategy 2024-26**

- 3.1 The Counter Fraud Framework has been reviewed and the Whistleblowing Policy and Anti-Money Laundering Policy appendices removed as standalone policies as

they may cover activities and issues that are not related to fraud – these two policies were reviewed and approved by Governance and Audit Committee on 19 June 2024.

- 3.2 The Fraud Response Plan has also been separated from the Framework as it is not appropriate to have that document in the public domain – this remains an internal guidance document.
- 3.3 The new, revised document has therefore been renamed as the Counter Fraud, Bribery and Corruption Strategy 2024-26 and this is being presented as a separate agenda item to Committee.

## **4 Key Activities Undertaken in 2023/24**

### **Counter Fraud Risk Assessment**

- 4.1 Every organisation, no matter the size, maturity or industry has a varying degree of risk of fraud and bribery. It is therefore key for organisations to be proactive in ensuring systems, processes and controls are continually assessed, with the aim of reducing fraud risks, where possible. A live and continually assessed fraud risk register will help significantly in this being achieved.
- 4.2 The objective of the Fraud Risk Assessment workshop, and production of a draft Fraud Risk Assessment, was to assess the organisation's fraud risk profile and susceptibility to some of the most common areas of known fraud threats.
- 4.3 A fraud survey was shared with staff, seeking their insights into key areas where fraud and bribery risks were deemed to be prevalent to the organisation. These areas were used to direct and focus areas of the fraud risk workshop areas of awareness and those to be captured as part of the draft assessment/workshop group exercises.
- 4.4 The draft Fraud Risk Register will be developed during 2024/25 to have:
  - Scoring applied to the risk areas, in line with the established scoring methodology in place
  - Key areas of priorities and actions to be identified and agreed with Corporate Management Team
  - Identification of timing/process for review and ownership of managing risks
- 4.5 The conclusions drawn will assist the Council in building a longer-term counter fraud strategy and, in turn, help mitigate fraud and bribery risks. This may identify areas for improvement that would fit for internal audit review or other external assurance providers.

### **Housing Benefit and Council Tax Support Fund**

- 4.6 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). Where appropriate, the Council will undertake joint working arrangements with the DWP 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 a dedicated hotline.

#### 4.7 Summary of Housing Benefit Overpayments for 2023/24:

	Number of invoices raised	Amount of debt	Amount recovered*
2023/24	234	£223,994	£270,395
2022/23	283	£227,305	£322,440
2021/22	313	£272,797	£340,409

\*Amount recovered includes prior year debt

#### **Single Person Discount (SPD)**

- 4.8 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.
- 4.9 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.
- 4.10 A bulk SPD review commenced in March 2024. This is being undertaken by an external provider who offers a fully managed service of the review.
- 4.11 As a result of the review, 4,424 initial canvass forms were issued for those deemed high risk. Of those, 2,303 were returned. Reminders were issued to 1,075 and 482 were returned.
- 4.12 The review has resulted in 573 Single Person Discount awards being removed from the Council Tax account – this is broken down as follows:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Removals	264	162	74	33	34	10	6	0

- 4.13 As a result of the 573 removals, the revenue generated is £75,611.
- 4.14 The review will conclude in August 2024 at which point, a proposal for the commencement of a rolling review will take place. Intelligence from the current

review, and experience of previous reviews, 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. Therefore, it is important to continue reviewing this discount to ensure the revenue generation is at least maintained, or even increased.

- 4.15 The business proposal for a rolling review 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.

#### **Business Rates Relief – Retail Discount**

- 4.16 At the Budget on 17 November 2022, the Chancellor announced a new business rates relief scheme for retail, hospitality, and leisure properties for 2023/24 with 75% 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.
- 4.17 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 2023/24 in their bills for the beginning of the 2023/24 billing cycle.
- 4.18 The Government published guidance setting out the eligibility criteria for the scheme. This guidance can be found here:  
<https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance>.
- 4.19 The Council applied the relief when the annual business rates bill was raised in March 2023. 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 2023.
- 4.20 For those businesses who opted-out or did not complete the form, their relief was removed and amended bills issued from 1 May 2023.
- 4.21 As of 31 March 2024, the Council awarded business rates relief during 2023/24 of £3,625,161

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

2022/23	£3,772,287
2021/22	£8,186,370
2020/21	£20,838,703

#### **Business Rates – Small Business Rates Relief**

- 4.23 A review of all Small Business Rates Relief awards was undertaken in October 2023.
- 4.24 Of the 1,973 properties where relief was awarded, 1,184 were visited and 789 were issued a letter. The review resulted in 23 reliefs being removed as they were no longer entitled (5) or there was a new occupier/tenant (18).

### **5 Key Considerations**

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

### **6 Reasons for the Recommendations**

- 6.1 Governance and Audit Committee, as part of its terms of reference, 9.1 (xx) should monitor and review the counter fraud arrangements currently in place and the activities that are being undertaken to mitigate those risks.