



Thursday, 13 November 2025

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

Counter Fraud Annual Report 2024/25

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

The Committee is recommended to approve the Counter Fraud Annual Report 2024/25.

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Does the report contain any exempt or confidential information not for publication?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: David Scott – Assistant Director of Finance and Deputy 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:

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 2024/25 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.

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 current Counter Fraud, Bribery and Corruption Strategy 2024-26 was approved by Committee on 16 July 2024 to ensure that it remained fit for purpose

and reflective of the current arrangements and operating environment of the Council.

4 Key Activities Undertaken in 2024/25

Housing Benefit and Council Tax Support Fund

4.1 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). 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.

4.2 Summary of Housing Benefit Overpayments for 2024/25:

	Number of invoices raised	Amount of debt	Amount recovered*
2024/25	236	£347,241	£391,434
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)

4.3 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.

4.4 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.

4.5 A bulk SPD review commenced in June 2024. This is being undertaken by an external provider who offers a fully managed service of the review.

4.6 As a result of the review, 4,740 initial canvass forms were issued for those deemed high risk. Of those, 2,422 were returned. Reminders were issued to 1,075 and 497 were returned.

4.7 The review has resulted in 664 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	291	196	86	45	30	9	7	0

4.8 As a result of the 664 removals, the revenue generated is £299,834 (SKDC's share is £26,985).

4.9 The review concluded in August 2024 at which point a proposal commenced of an annual rolling review to take place from June 2025. 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.

4.10 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.

4.11 The outcome of the review has resulted in the Council entering into contract with a third party to undertake an annual rolling review over the next three years (2025/26, 2026/27 and 2027/28).

Business Rates Relief – Retail Discount

4.12 At the Budget on 22 November 2023, the Chancellor announced a new business rates relief scheme for retail, hospitality, and leisure properties for 2024/25 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.

4.13 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 2024/25 in their bills for the beginning of the 2024/25 billing cycle.

4.14 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>.

4.15 The Council applied the relief when the annual business rates bill was raised in March 2024. 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 2024.

4.16 For those businesses who opted out or did not complete the form, their relief was removed and amended bills issued from 1 May 2024.

4.17 As of 31 March 2025, the Council awarded business rates relief during 2024/25 of £3,677,321.

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

2023/24	£3,625,161
2022/23	£3,772,287
2021/22	£8,186,370
2020/21	£20,838,703

Business Rates – Small Business Rates Relief

4.19 A review of all Small Business Rates Relief awards has not been undertaken during 2024/25. A review was undertaken in October 2023 and 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).

4.20 A review is ongoing for 2025/26 which commenced in June 2025.

4.21 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 Action Plan 2025/26

Action	Timeline
1. Keep under review the fraud risks and update the Fraud Risk Register accordingly	Ongoing
2. Roll out fraud awareness elearning including the Council's Counter Fraud, Bribery, and Corruption Strategy 2024-26	Quarter 3
3. Ongoing review of Housing Benefit and Council Tax Support Fund overpayments	Ongoing
4. Undertake a review of Business Rates – Small Business Rates Relief	Quarter 1
5. Undertake annual rolling review of Single Person Discount	Ongoing

6 Key Considerations

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

7 Reasons for the Recommendations

7.1 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.