
**REVENUES AND BENEFITS ANNUAL COUNTER FRAUD
ACTIVITY REPORT 2017/18**

SUMMARY REPORT

Purpose of the Report

1. To inform members of the work of Revenues and Benefits in respect of counter fraud activity for the financial year 2017/18.

Summary

2. The report highlights counter fraud activities undertaken by Revenues and Benefits staff in relation to Housing Benefit and Local Taxation reliefs awarded by the Council.

Recommendation

3. It is recommended that the Revenues and Benefits Counter Fraud Activity Report for 2017/18 be noted.

Reasons

4. To inform members of counter fraud activity work within Revenues and Benefits.

**Paul Wildsmith
Director of Neighbourhood Services and Resources**

Background Papers

No background papers were used in the preparation of this report

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|--|---|
| S17 Crime and Disorder | There is no specific impact. |
| Health and Well Being | There is no specific impact. |
| Sustainability | There is no specific impact. |
| Diversity | There is no specific impact. |
| Wards Affected | All wards are affected equally. |
| Groups Affected | All groups are affected equally. |
| Budget and Policy Framework | This report does not affect the budget or policy framework. |
| Key Decision | This is not a key decision. |
| Urgent Decision | This is not an urgent decision. |
| One Darlington: Perfectly Placed | There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements. |
| Efficiency | Undertaking Revenues and Benefits inspection activities to generate additional income for the Council represents an efficient use of resources. |
| Impact on Looked After Children and Care Leavers | There is no specific impact. |

Main Report

Background

5. Whilst the Department for Work and Pensions (DWP) has overall responsibility for the scope and structure of the Housing Benefit scheme, Darlington Borough Council has the day-to-day responsibility for its administration. This remit includes the prevention of potential Housing Benefit fraud, although the investigation of alleged fraud is the responsibility of the DWP. In addition, the Council is also responsible for Council Tax Support, Council Tax and Business Rates discount and exemption counter fraud activities.

Housing Benefit

6. All new Revenues and Benefits staff and Customer Services staff who answer telephone queries about Housing Benefit receive training to notify allegations of potential fraud to the DWP to investigate. Staff who also see customers who call in to the Council, receive training in verifying original documents and how to identify forged or counterfeit passports and other forms of identity.
7. Since the transfer of fraud investigation responsibilities to the DWP in October 2015, the Council has in place a service level agreement with the DWP. This agreement sets out the arrangements for:
 - (a) Referring allegations of Housing Benefit fraud to DWP investigators.

- (b) The exchange of information to support Housing Benefit fraud investigations.
 - (c) DWP requests for Housing Benefit decision making and overpayment calculations, where an investigation has been concluded.
 - (d) DWP requests for documentary evidence and witness statements to support prosecutions.
 - (e) The notification of the outcome of DWP investigations, following a referral from the Council.
8. From April 2017 to January 2018, the following activities have been recorded:
- (a) The Council referred 42 allegations of Housing Benefit fraud to the DWP.
 - (b) The Council received 149 DWP requests for information and documentary evidence to support fraud investigations.
 - (c) The Council reassessed 19 Housing Benefit claims following evidence provided by the DWP relating to a fraud investigation.
 - (d) This resulted in a total of £57,972 of overpaid Housing Benefit, which is being recovered.

Council Tax Single Occupancy Discount Review

9. People who are liable to pay Council Tax, where there is only one person aged 18 or over in the household, are entitled to a 25% single occupancy discount. This discount is by far the largest in terms of overall expenditure for the Council, with over 18,000 recipients in Darlington at an annual cost in 2017/18 estimated as £5.6 million.
10. The Council has a statutory duty to ensure that all Council Tax and Business Rates reliefs are properly claimed. However, an annual review of all 18,000 single occupancy discounts would be unfeasible. Therefore, the Council has a contract with Northgate plc to undertake this annual review on its behalf.
11. The Council uses Northgate as they are the Council's contracted IT suppliers for Revenues and Benefits software, and therefore have access to the data required for this review.
12. Northgate have an agreement with Experian plc, which allows them to match all of the Council's single occupancy discount data with credit reference agency data, at no cost to the Council. The results of this data matching exercise informs Northgate of which Council Tax accounts to review, where the data matching indicates the potential presence of another person aged 18 or over in the property. Typically this will be where a person (other than the person liable for Council Tax) has applied for credit using that address.
13. In 2017/18, 1,875 review forms were issued to Council Tax payers in Darlington receiving the single occupancy discount. As a result of this exercise, 268 single occupancy discounts were removed. Under the contract with Northgate, the Council only pays them a fee for the discounts that have been cancelled, and therefore the cost of this exercise for 2017/18 was £7,772. However, the annual

saving in single occupancy discounts was over £81,000 and this is a recurring saving, assuming that the discounts would have continued without Northgate's intervention.

14. Undertaking the annual review of single occupancy discounts in this way is the most cost effective for the Council.

Council Tax and Business Rates Inspections

15. The Council currently employs 3.8 full-time equivalent staff whose main role is to maximise Council Tax and Business Rates income by undertaking property inspection work. Specifically this is:

- (a) Bringing new domestic and commercial properties into the Taxbase as early as possible,
- (b) Challenging existing valuations that do not accurately reflect the size and use of commercial properties, and
- (c) Reviewing entitlements to Council Tax and Business Rates discounts, exemptions and other reliefs.

16. **Table 1** below sets out the outcome of these reviews and inspections during 2017/18 in terms of the additional Council Tax and Business Rates generated as a result.

Table 1: Additional Council Tax and Business Rates generated as a result of review and inspection work from April 2017 to January 2018

| | Council Tax | Business Rates | Total |
|---------------------|--------------------|-----------------------|-------------------|
| Council Tax Support | £8,846 | | £8,846 |
| Discounts | £10,140 | £54,384 | £64,524 |
| Exemptions | £129,721 | £158,888 | £288,609 |
| New properties | £440,884 | £197,337 | £638,221 |
| Valuation changes | | £311,968 | £311,968 |
| Total | £589,591 | £722,577 | £1,312,168 |

17. In addition, the Council can use civil remedies for any Council Tax incorrectness it discovers using the provisions in regulations 11, 12 and 13 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

Conclusion

18. The Revenues and Benefits service continues to maintain its commitment to its counter fraud activity across a range of benefits, discounts and exemptions. This is illustrated by the support provided to DWP fraud investigators and the continued level of successful reviews and inspections undertaken in 2017/18.