

Date of Meeting 21 November 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Delivery Plan for Corporate Fraud, Corruption and Compliance Strategy

Report summary:

This report covers:

- the delivery plan which sits under the Fraud, Corruption and Compliance Strategy 2024-2028 that was approved at the Audit and Governance meeting in March 2024.
- the delivery plan will be reviewed and updated on an annual basis to take account of new or emerging risks along with legislative & technical changes.
- an interim update on the work being undertaken during 2024/25.

Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

Recommendation:

1. For Audit and Governance to approve the delivery plan as part of the Corporate Fraud and Compliance Strategy for 2024-2028 which will be reviewed and reported on annually.
2. For delegated authority to be given to the Assistant Director responsible for Fraud and Compliance to update the delivery plan during the year to take account of changes in legislation, new and emerging fraud risks or auditors recommendations which will be done in consultation with the Director of Finance and Director of Governance.

Reason for recommendation:

The delivery plan is the mechanism for implementing the aims and objectives of the new fraud strategy. It was agreed when the fraud strategy was approved that the delivery plan would follow. Without having a thorough and comprehensive delivery plan there is a danger that the fraud strategy does not deliver on its aims and objectives. With the changing world of fraud, it needs to be a living and breathing document and therefore reviewed annually to take account of new and emerging risks along with any legislative/technical changes.

Approving the delivery plan will ensure we have a roadmap for delivery on the objectives of the strategy in managing fraud and protecting the public purse.

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Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
☐ Coast, Country and Environment

- ☐ Council and Corporate Co-ordination
- ☐ Communications and Democracy
- ☐ Economy
- ☒ Finance and Assets
- ☐ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Culture, Leisure, Sport and Tourism

Equalities impact Low Impact

The delivery plan has been assessed as low as it provides the roadmap on the work requirements to be carried out as part of our strategy. It should be noted that any investigation or action on an individual would fall under our Anti-Fraud, Theft and Corruption Policy or our Regulatory Enforcement and Prosecution Policy. As set out in our strategy where possible we will capture data on demographics in-line with our Equalities duties to better understand any patterns/trends against those with protected characteristics and to help inform any adjustments needing consideration.

Climate change Low Impact

Risk: Medium Risk; Not having a plan on how the Fraud strategy will be implemented may increase the risk of fraud and error therefore harming funding available for public services within East Devon.

Links to background information

[\(Public Pack\)Agenda Document for Audit and Governance Committee, 21/03/2024 15:00 \(eastdevon.gov.uk\)](#)

[Fighting fraud and corruption locally | Local Government Association](#)

[*Include the FFCL checklist* with numbering](#)

Link to [Council Plan](#)

Priorities (check which apply)

- ☐ A supported and engaged community
- ☐ Carbon neutrality and ecological recovery
- ☒ Resilient economy that supports local business
- ☐ Financially secure and improving quality of services

1 Background

- 1.1 In March 2024 the updated Fraud, Corruption and Compliance strategy for 2024-2028 was approved by the Audit and Governance (A&G) committee. At that meeting it was agreed that a delivery plan, would need to be presented to the next meeting in July. This was not possible due to available resources.
- 1.2 The delivery plan that sits as part of this strategy has been developed to take account of the following areas:
 - A full self-assessment against the [Fighting Fraud and Corruption Locally Strategy 2020's](#) (FFCL) which provides a checklist for authorities to follow to ensure we have a robust

approach to addressing fraud and error. There are 33 items on the checklist which is included under section 4.

- All requirements and key findings from the SWAP Fraud Audit (September 2022) have been addressed or reflected in the delivery plan.
- Outstanding Grant Thornton improvement recommendations from their annual reports of 21/22 and 22/23.
- Specific risk areas including compliance initiatives that had already been prioritised for 2024/25 such as completing Small Business Rate Review, Single Person Discount Review, National Fraud Initiative (NFI) 2024 etc.
- Input in shaping the delivery plan from the Director of Governance, Director of Finance and SWAP (Principal Counter Fraud Investigator) including consensus on the actions and timelines for implementation.
- The Delivery plan has been structured to take account of the approach set out in our strategy which is to use the 'five key pillars' from the FFCL. These are Govern, Acknowledge, Prevent, Pursue and Protect.

2 Delivery Plan

- 2.1 The plan provides a clear roadmap in the work that has currently been identified as needing to be completed. We recognise that this needs to be a living document which will be reviewed and updated annually for A&G approval.
- 2.2 Recommendation 2 allows for the delivery plan to be updated mid-year to take account of new legislation requirements or new fraud risks which need to be prioritised. An example of this is the upcoming Economic Crime and Corporate Transparency Act and the new failure to prevent fraud offence. We are currently awaiting detailed government guidance on what impact and additional requirements this may place on us, and other Councils and government departments.
- 2.3 The delivery plan uses the 'five pillars' in line with our strategy. There are 29 requirements we need to meet which has resulted in 49 actions to be completed. The timelines and the owner for these are also included in the document. The table includes elements where we are partially meeting the requirements.
- 2.4 It is expected that there will be additional actions as we progress with this work and some actions need timelines to be determined as they are dependent upon certain work to be done first to help inform the prioritisation of this work, such as updating the fraud risk assessments.
- 2.5 Nearly half of the actions (23) are due to be completed within the 2024/25 year and 13 actions are continuous/annual/monthly tasks. Most of the remaining actions (11) we aim to complete during 2025/26 with one action 26/27 and another to be determined. We recognise the importance of addressing most of the issues in particular good governance within the current year so that we are putting in place robust foundations. Moving forward this will ensure we can better demonstrate that we are meeting our commitment in tackling fraud and corruption and reducing the effects of this to an absolute minimum.
- 2.6 Although the owners of the actions fall primarily to Director of Governance, Director of Finance, Assistant Director for Fraud and Compliance and SWAP it is important to recognise that delivering against these actions will require the involvement of other Managers and officers within the Council. As set out in our strategy Councillors, Managers and all employees have responsibilities in relation to protecting the Council from fraud and error.

3 Update on work undertaken - April to September 2024

3.1 While working on the delivery plan there has been a number of activities undertaken in relation to Fraud and Compliance within the council. The main areas are:

3.2 Govern

- Training is scheduled to take place for A&G Members on the 21 November 2024 by SWAP and our Revenues and Fraud Manager.
- A fraud training module has been designed by SWAP to go as part of the induction for new staff and then rolled out for all existing staff. This is due to be presented to SLT before implementation and inclusion in mandatory training for all staff. It is expected that this will be in place for the new financial year.
- The Finance Portfolio Holder is provided updates on the Fraud and Error as part of their regular updates.

3.3 Acknowledge

- Updated procedures and risk assessment in relation to fraud and non-compliance for Council Tax and Housing Benefits in line with the Regulatory, Enforcement and Prosecution Policy.
- Updated procedure and reporting including risk assessment on the referral process for compliance and fraud matters to the Fraud Forum.
- 10 fraud alerts have been disseminated to the teams within the wider council and external partners.

Note: the above would also fall under Govern.

3.4 Prevent

- 19 Right to Buy applications reviewed as part of the verification process of which 2 have been rejected.
- 9 Devon Home Choice applications referred for further verification checks. 3 had been rejected.

Outcome: 5 applications have been rejected. Financial saving of £210,000* (£42K per property)

**This is the national standard formula to arrive at an average national cost for measuring tenancy fraud. RTB will normally have a higher asset value, so this is the minimum saving this achieves. [Calculating losses from housing tenancy fraud - Prevent Charity Fraud](#)*

3.5 Pursue

- 26 new fraud allegations have been received via the fraud hotline since 1 April 2024.
- 70 cases have been closed that primarily cover Council Tax but also cover Covid Grants, Tenancy cases, Business Rates, etc.

Outcome: £23,686.34 (3-year figure £38,948.31)

- 12 cases referred to the Department of Work and Pensions (DWP).
- Rates Liability - avoidance/compliance litigation case

Although this covered previous rating years final settlement wasn't resolved until April 2024

Outcome: £300,290 fully recovered which includes legal fees. East Devon has retained £42,357 + the legal fees of £35,000

3.6 Protect

➤ Single Person Discount (SPD) review for Council Tax

Review conducted as part of a Devon District wide approach funded by Devon County Council (who receive most of the Council Tax income). 24,019 households claim SPD which represents 32% of all households. The value of this discount is circa £13m. 3,198 households were identified for further review.

Outcome:

- 702 discounts removed representing 2.9% of the caseload.
- Overall, additional in-year income of £371,195 was generated. East Devon receives 7% equating to circa £26K.
- Over a 3 year period £1.1m additional income will be received for preceptors. East Devon's element is circa £78K.
- 204 penalties have been issued in line with our Regulatory Enforcement Policy providing £14,280 income which East Devon retains.
- 2024/25 income for East Devon is circa £40K

➤ RV Finder – Underassessed /Unlisted business rates

Since the introduction of the Business Rate Retention Scheme, it is in the Council's interest to ensure that we are identifying business premises that either aren't in the rating list or there has been a material change resulting in an undervalued rating assessment. We use open-source data, internal data sets and regular inspections to identify and review cases as part of our compliance (protect) work.

Outcome:

- £329,240 additional business rates generated in 2024/25.
- East Devon retains £62,556.
- Over 3 years this equates to £987,720 & £187,668 respectively.

➤ Small Business Rate Review for Business Rates – this work is still ongoing.

Across these different areas this has resulted in the equivalent of £2,651,238 of public funds being recovered or protected of which the EDDC share is £570,091.

4.0 Summary

4.1 The work undertaken to date demonstrates our commitment to protecting the public purse and the Delivery Plan will help to build on this further.

4.2 The aim of this delivery plan is to provide a robust framework and visibility of all the work to be undertaken that sits as part of our Fraud Strategy. This will hopefully provide Members with the assurances on the Council's commitment to tackling fraud and corruption and reducing the effects of this to an absolute minimum.

- 4.3 The delivery plan being an agile document will ensure that it remains relevant and up to date allowing us to take account of external and internal factors that can present new frauds and risks.
- 4.4 As we will be reporting annually to Audit and Governance this will help to better inform Members in relation to fraud management and supporting counter fraud work along with also being better placed to be able to challenge the level of activity.
- 4.5 Although the council has limited dedicated resource in this area by strengthening our governance work with this delivery plan, we will ensure that we are embedding an anti-fraud culture across the whole of the Council. This will ensure everyone including Members understands and fulfils their role and responsibilities against fraud and error to protect public funds.

Financial implications:

Financial details are contained in the report and the work on protecting our funds and revenue is a key part to the Financial Sustainability Model adopted by Members.

Legal implications:

There are no substantive legal issues to be added to this report.