Meeting: Audit Committee	**Date:** 26 March 2025

Wards affected: All

Report Title: Counter Fraud Plan 2025-26

When does the decision need to be implemented? Not applicable

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1. Key points and Summary

1.1   This report provides the Audit Committee with details of current and future Counter Fraud plans supporting delivery of the Counter Fraud and Corruption Policy.

1.2   The Corporate Counter Fraud and Error team deliver a service across the Council which aims to prevent, detect, and deter fraud, error and criminality related to fraud. The Counter Fraud plan provides a framework for the prevention, detection and response activity undertaken by the team.

1.3   Though undertaking the planned activity, financial losses are prevented, assurance is provided, additional revenue identified for recovery, income is secured though the supply of services, and redress sought in cases of civil or criminal offending.

1.4   Raising awareness of fraud across the organisation and across the community is vital to not only protect the councils finances but to safeguard the Torbay Community from financial and social harm caused by fraud.

2. Introduction

2.1.   The cost of fraud to UK local government was estimated to be between £33.2 and £58.8 billion per year in 2020/21. This figure represents the financial impact of fraudulent activities on local government finances and underscores the importance of effective fraud prevention and detection measures to protect public resources. It's crucial for local authorities to adopt robust strategies to combat fraud and safeguard funds intended for vital public services.

3.   Counter Fraud Plan Summary

3.1   A counter fraud plan is essential for preventing and detecting fraudulent activities within the public sector. The plan aims to strengthen the response to fraud and corruption. It involves leadership commitment, risk assessment, clear policies, staff training, collaboration, technology adoption, and ongoing monitoring.

3.2   By implementing these measures, the Council is demonstrating its commitment to prevent, detect, and address fraudulent activities. The Counter Fraud Plan

supports the Council's Counter Fraud and Corruption Policy [Counter Fraud and Corruption Policy - Torbay Council](#). The key elements of the Counter Fraud Policy and Plan are detailed below in items 3.3 to 3.9:

3.3 **Leadership and Governance**:
- There are clearly defined responsibilities for fraud prevention and detection.
- There is a dedicated counter-fraud team.
- Senior management are committed to anti-fraud efforts.

3.4 **Risk Assessment and Understanding**:
- We conduct regular risk assessments to identify areas vulnerable to fraud.
- We understand the types of fraud prevalent in the local government context.
- We analyse historical fraud cases to inform prevention strategies.

3.5 **Fraud Policies and Procedures**:
- We have developed and communicated our fraud policy.
- The policy outlines procedures for reporting, investigating, and managing fraud cases, including the Council's whistleblowing arrangements.

3.6 **Training and Awareness**:
- We train staff on fraud awareness, prevention, and detection.
- We promote a culture of vigilance and ethical behaviour.
- We regularly update staff on emerging fraud risks.

3.7 **Collaboration and Information Sharing**:
- We collaborate with Internal Audit (see Flow diagram below), other local authorities, law enforcement, and relevant agencies.
- We share intelligence on fraud trends and best practices.
- We establish partnerships and relationships to tackle cross-boundary fraud
- We undertake investigations with Department of Works and Pensions Fraud Officers
- We provide information to the Department of Works and Pensions to support their investigations through the management of Local Authority Information Exchange Forms (LAIEFs)
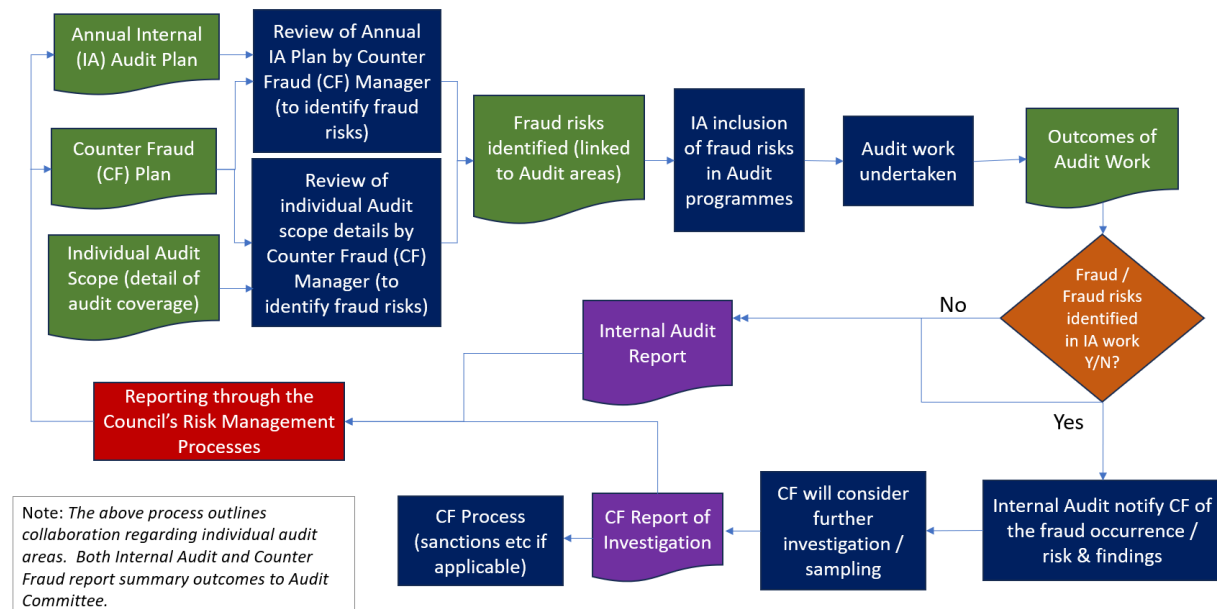
3.8 **Use of Technology**:
- We leverage technology tools for fraud detection (e.g., data analytics).
- We have secure systems in place for managing sensitive information.
- We continually explore digital solutions for fraud prevention and detection.

3.9 **Monitoring and Reporting**:
- Fraud incidents and outcomes and monitored and tracked.
- Fraud losses and recovery efforts are reported.
- We regularly review the effectiveness of anti-fraud measures.

Counter Fraud and Internal Audit Collaboration Process


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Annual Internal (IA) Audit Plan → Review of Annual IA Plan by Counter Fraud (CF) Manager (to identify fraud risks)
Counter Fraud (CF) Plan
Individual Audit Scope (detail of audit coverage) → Review of individual Audit scope details by Counter Fraud (CF) Manager (to identify fraud risks)
→ Fraud risks identified (linked to Audit areas) → IA inclusion of fraud risks in Audit programmes → Audit work undertaken → Outcomes of Audit Work
→ Fraud / Fraud risks identified in IA work Y/N?
No → Internal Audit Report
Yes → Internal Audit notify CF of the fraud occurrence / risk & findings → CF will consider further investigation / sampling → CF Report of Investigation → CF Process (sanctions etc if applicable)
Reporting through the Council's Risk Management Processes
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Note: *The above process outlines collaboration regarding individual audit areas. Both Internal Audit and Counter Fraud report summary outcomes to Audit Committee.*

4. Counter Fraud Plan Detail

4.1 In order to develop the detailed plan, each area has been risk assessed based on various factors, which determined the areas of priority for the coming year.

4.2 **The Rolling Work Programme** incorporates the work that is continual within the Counter Fraud team. These include the following:
- Receive, review and respond to Local Authority Information Exchange Forms from DWP.
- Receive and review fraud referrals/allegations.
- Receive, review and respond to suspected Money Laundering Reports
- Conduct Investigations into allegations deemed to breach a regulation or policy.
- Provide case by case prevention advice
- Monitor companies House movement.
- Conduct regular visits.
- Cllr Council Tax checks for Section 106 of the Local Government Finance Act 1992
- Deceased monitoring to ensure prevention across, but not limited to Council Tax, Blue badges and concessionary fares.
- Ongoing Team Training in Counter Fraud.
- Fraud detection through programmes of work
- Identification, Introduction and Procurement of fraud prevention and detection tools
- Act as the Key Contact on behalf of Torbay Council for the National Fraud Initiative, ensuring data compliance, deadlines and outcomes are met.
- Identify new areas of data matching to enhance the National Fraud Initiative exercise and participate in any pilot exercises resulting.
- Fraud landscape horizon scanning
- Attending national fraud events to share knowledge and network with like minded peers to learn and gain insight to fraudulent activity
- Receive review and respond to fraud intelligence alerts providing awareness of current/known threats to necessary departments or individuals
- Providing fraud awareness training through mandatory i-learn courses

- Give fraud awareness presentations to new starters at their induction events
- Raise awareness of fraud across the Torbay Community through social media platforms
- Participate in the strategic group targeting of empty properties
- Participate in the Tax Compliance Group
- Participate in the Information Governance Steering Group
- Data match – domestic refuse collection to council tax charge-base for the identification of empty properties

4.3 **The Scheduled Work Programme for 2025-26,** incorporates the following:
- Recruitment to the empty post of Counter Fraud Officer
- Corporate Fraud Risk Assessments.
- Council Tax SPD review through procured wholly managed service
- Complete the Review of composite properties, commenced 2024/25
- Business Rates relief reviews (except CHARITY) including potential procurement of services to assist with Small Business Rates abuse
- Limited Companies Review across Council Tax, Business Rates, debtors and Housing Benefit payees
- Continue with procured services to identify unregistered Council Tax Properties
- Continue with procured services to identify undeclared alterations to business rated premises
- Run procurement exercise to ensure new contract for identification of unregistered council tax properties and undeclared alterations to business rated premises is in place when current contract expires
- complete trial and evaluation of LoCTA fraud prevention tool across Council Tax, Business Rates and its Recovery Team
- If trail of LoCTA deemed successful, deploy use of the tool across the wider Local Authority to include but not limited to Housing Benefits, Housing Needs, Housing Options, Licensing, ASB, Community Protection, Education, Empty Homes, Finance and Procurement, Parking, Post Room, Pensions.
- Explore business case for procurement of a tool to protect council services from identity fraud
- If business case identifies clear benefits, feasibility and necessity, undertake procurement exercise to identify and secure a tool for the prevention and detection of identity fraud
- Implement any procured identification fraud prevention tool across departments
- Explore potential for working with credit reference agency and/or NFI to develop methods for the identification of council tax properties incorrectly rated as occupied when they are empty.
- Identify and procure a company to identify council tax properties registered as empty but are occupied.
- Matching between Council Tax, Business Rates and Sundry Debtor Accounts to identify irregularities.
- Test Household Support Fund for duplicate payments.
- Continued Development of Procurement Fraud test methods including identification of tools to support procuring officers in the process of "KYC"
- Seek to develop a new Blue Badge anti-fraud strategy together with the Head of Parking Service and the Baywide Community Services and Business Support manger from Torbay and South Devon NHS Foundation

Trust.
- Seek to develop a strategy, together with the Head of Parking Services for tackling parking abuse schemes
- Council Tax data match on joint bank accounts to single person discount properties. (external and internal data)
- Review attachment of earnings linked to earnt income for Working Age Council Tax Reduction Scheme (WACTR).
- Test through data matching - School admissions to Council Tax SPD.
- Test through data matching – Council Tax to School Admissions
- Test through data matching – housing and homeless applications to credit reference agency data
- Review all Social Housing Tenancies awarded to Council owned properties
- Test for irregularities in Benefit payees to deceased persons
- Test for irregularities in temporary accommodation placements

4.4 **The Future Work Programme for 2026-27 onwards**
- Fraud testing of school admissions process
- Fraud testing of school transport process
- Fraud testing of free school meal awards
- Fraud Detection in Council Tax Single Person Discounts against CRM records
- Data match – Disabled Facilities Grant (DFG) applications to WACTR.
- Data match - DFG applications to Council tax single person discount (SPD).
- Data match - Refuse registrations/slot bookings to council tax
- Data match - Street trading licensing to WACTR incomes.
- Data match - Rent in advance single claimants who move to new address with second person.
- Data match - WACTR with no earned income to Business Rates.
- Data match – Business Rates to Companies House.
- Data match – Council Tax company liabilities to Companies House.
- Data match - ER to ER to identify duplicate registrations.
- Test any right to buy applications for Council Owned properties to ensure AML obligations are present

4.5. The Counter Fraud activities and outcomes are reported to Audit Committee on a regular basis which will provide details of progress against the planned work.

Rachel Worsley
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