



RISE

Retrofit information,
support & expertise

Fraud, Error and Non-compliance: What's next for fraud reviews?

Quick guide

October 2025

Funded by:



Department for
Energy Security
& Net Zero



Contents

Contents2

Introduction3

FENC – what is it?3

FENC and the Warm Homes schemes3

Who is involved in FENC activity?4

We’ve submitted our FRA/ FMP: what’s next?4

Support with FENC.....6

Introduction

Through the Warm Homes programme, over 100 fraud risk assessments (FRA) and fraud management plans (FRP) are being created and submitted. These have now been assessed by RISE's expert contractor, Deloitte, and are an important element in our broader approach to fraud, error and non-compliance (FENC) for TAF 2.

This quick guide explains more about our approach. It will help grow grant recipients' understanding of the importance of FENC and explain how the FRA and FMP support it. It will also share details of further FENC activity planned as part of the TAF 2 programme.

FENC – what is it?

Fraud, error and non-compliance or FENC are all issues that may affect the delivery of a project and impact on the ability to achieve objectives.

- **Fraud** is an act of deception carried out for **personal gain or to cause a loss** to another party
- **Error** is the **unintentional misallocation** or insufficient allocation of public funds, which can occur in the same context as fraud but without the same intent
- **Non-compliance** is a **failure to act** in accordance with the rules, obligations, or requirements set out in a contract, law, regulation, or internal policy. It can be intentional or unintentional

FENC and the Warm Homes schemes

Fraud is thought to cost the public purse hundreds of millions of pounds every year, hindering economic growth and impacting on the quality and capacity of public services. Government-backed projects such as the Warm Homes scheme are particularly vulnerable to fraud, error and non-compliance because of their size and complexity.

The 211 Warm Homes grant recipients are comprised of:

- 121 Social Housing Fund Wave 3 Challenge Fund grant recipients
- 17 Strategic Partnerships and Consortiums
- 73 Local Grant

Some of these grant recipients are leading consortium members, and all are engaged with various sub-contractors that enable the design and delivery of the retrofit activity. The number and complexity of partner relationships across Warm Homes means there is a significant risk of FENC occurring.



The FENC workstream within Warm Homes aims to proactively manage the risk of FENC, with an emphasis on supporting grant recipients to put in place effective, preventative controls and deterrents, closing vulnerabilities and keeping losses to a minimum.

Who is involved in FENC activity?

We are working with recognised fraud experts, Deloitte, to support the delivery of the FENC workstream.

Deloitte are carrying out the initial **FRA/ FMP assessments** for SHF Wave 3 and are **providing support to grant recipients that** are having difficulty developing their FRA /FMP.

Deloitte will also:

- Provide support for grant recipients to manage fraud risk, answering ad hoc queries and with more structured assistance
- Act as a learning hub, sharing best practice through masterclasses, and details of emerging fraud issues through effective communication
- Perform assurance activities on key fraud controls and processes
- Carry out monitoring and verification of scheme activity / data, enabling the identification of anomalies or patterns that can't be identified locally
- Provide scheme-wide reporting on prevented, detected and recovered fraud and error
- Support grant recipients who have identified possible fraud and error and need to investigate

This work is overseen by a dedicated FENC team within Turner & Townsend.

We've submitted our FRA/ FMP: what's next?

The FRA/ FMP is an important part of our approach to FENC; these documents help grant recipients identify and consider risks that they may encounter during project delivery and ensure that they have sufficient controls to mitigate those risks.

It is the basis for the FENC activity carried out across the project.

Regular reviews and updates

The FRA and FMP are considered to be **living documents**, meaning that they should be reviewed and updated regularly.

As delivery begins, the risks identified in the original FRA may change and new risks may emerge that impact on the grant recipient's ability to deliver to time and

budget. The controls in place to manage risk may not be sufficient in practice and may have to evolve or change with the delivery environment.

Tip: review the FRA and FMP ahead of the monthly meeting with your Delivery Support Manager (DSM) so that the documents reflect recent developments. This will help guide the conversation and facilitate access to specialist support to help overcome challenges.

Grant recipient assurance checks

Throughout the project, we will be conducting risk-based and random assurance checks on grant recipients, focusing on key controls and processes. This activity will be undertaken by our expert contractor, Deloitte.

This service aims to review, test and improve the controls and processes grant recipients are operating to improve the fraud and error control environment. Best practice and successful prevention activity will be shared with grant recipients, enabling grant recipients to close potential vulnerabilities.

Deloitte will select 10-15 grant recipients for checks each month, which means that all grant recipients will be checked over the course of the project. Those that have entered into a Grant Funding Agreement with the Department will be checked directly, while consortium members will have their internal FENC controls checked as part of the consortium lead's control environment.

Your DSM will let you know when you have been selected, and will explain the following process:

- The DSM will provide a list of the documents requested for checking and can explain the basis for selection that month. For example, the initial assurance checks will focus on grant recipients who have begun drawing down funds.
- Deloitte will review process and/or policy documents and updated FRAs and FMPs, and will test FENC controls, e.g. around resident or property eligibility, which may require property specific documentation.
- Deloitte will share their findings and recommendations with the grant recipient in a short summary report.

Grant recipient monitoring

We will also be monitoring the management information that is submitted to the Grant Recipient Portal. This includes review of operational and financial information submitted by grant recipients.

This activity will look for common trends, emerging issues and points of vulnerability to identify points for further assessment through desktop review, inspection or financial verification.

Desktop reviews

During the construction phase of the project, we will undertake desktop reviews of properties and installations to test FENC risks associated with the completion and execution of works. This will **deter parties** from undertaking or signing off sub-standard work. Properties and installations will be selected using both a random and risk-based methodology.

On-site inspections

Using the same random/ risk-based methodology, we will carry out on-site inspections of work done. An appropriately qualified and experienced professional will attend a property and carry out a physical inspection of works, to again test FENC risks associated with the completion and execution of works.

Investigations

Deloitte can support grant recipients who do not have the experience or the capacity to perform investigations. They can also investigate suspected FENC and are authorised to take appropriate steps on conclusion. This could include:

- Escalation to the authorities
- Recommend an update to controls
- Provide education on FENC issues

Deloitte will review investigations conducted by grant recipients to ensure that:

- Investigations are performed in line with expectations
- Outcomes are supported by evidence
- Appropriate steps (e.g. control improvements, education) are taken if FENC issues are confirmed

Support with FENC

Specialist support is available to assist grant recipients with FENC-related challenges and improve their FENC controls and processes long-term.

- **Speak to your DSM** who will be able to reach out to various experts
- Keep on eye on the **RISE newsletters** – we often promote 1-2-1 or group support opportunities, where you can ask questions and explore issues
- Join a **grant recipient learning community** – we're creating forums for grant recipients to share challenges and best practice, learning from one another

If you are struggling with FENC-related issues or feel you would benefit from discussing your circumstances with an expert, **we can help**. Speak to your DSM or consortium lead today.



www.riseretrofit.org.uk



RISE – Retrofit information, support & expertise