Meeting: Audit Committee   **Date:** 18 February 2026

Wards affected: All Wards

Report Title: Counter Fraud and Corruption Policy and Strategy

When does the decision need to be implemented? Immediately

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1.   Purpose of Report

1.1.   The Council's Counter Fraud and Corruption Policy was last reviewed by the Audit Committee in March 2023. Since that time, the national and local fraud landscape has continued to evolve, with increased expectations on local authorities to demonstrate robust fraud prevention, detection and response arrangements. Guidance from CIPFA, the Local Government Association and the Governments Public Sector Fraud Authority, have been updated, emphasising the need for strengthened governance, clear accountability and proactive fraud risk management.

1.2.   In response, the policy has been reviewed in full to ensure it remains compliant and relevant with recognised best practice and reflective of the current operating environment. Alongside this, a new Counter Fraud and Corruption Strategy has been developed to provide structured, forward-looking framework to guide the Council's approach over the next two years.

2.   Reason for Proposal and its benefits

2.1.   The increasing complexity of fraud risks, particularly in areas such as procurement, social care, business rates and cyber-enabled systems, means Torbay Council must ensure its policies and arrangements remain fit for purpose.

2.2.   Furthermore, the introduction of a separate Counter Fraud and Corruption Strategy provides a structured and proactive approach that goes beyond the existing policy framework.

2.3.   The proposals directly support the Council's vision of a healthy, happy and prosperous Torbay in the following ways:

2.4.   Supporting a prosperous Torbay
- Strengthening fraud prevention protects public funds, ensuring resources are directed into services that support economic growth, regeneration and community investment.

- Reducing losses through fraud safeguards the Council's ability to deliver cost-effective services and maintain financial stability.
- A clear strategy supports smarter use of data and controls, enabling earlier detection and reducing the financial impact of fraud on local budgets.

2.5.   Supporting a healthy Torbay
- Strong anti-fraud arrangements protect essential services such as social care, public health, and community wellbeing from being undermined by fraud or abuse.
- Ensuring integrity within commissioned services helps safeguard vulnerable residents who rely on Council-funded support.
- Reducing financial risk helps maintain the resilience of frontline services that contribute to a healthier local population.

2.6   Supporting a happy Torbay
- A transparent and ethical organisation increases public trust and confidence in the Council's decision-making and stewardship of public funds.
- Clear reporting routes and investigation standards help residents, staff and partners feel confident raising concerns, knowing they will be handled professionally.
- Reducing the impact of fraud ensures the Council can maintain service quality, contributing to resident satisfaction and community pride.

2.7   Overall, updating the Policy and introducing the Strategy, strengthens the Council's ability to protect public money, safeguard services and uphold high standards of integrity, all of which underpin Torbay's longer-term vision for a thriving, resilient and confident community. The Audit Committee's Terms of Reference sets out that they should monitor and review the council policy on 'Counter Fraud and Corruption'.

3.   Recommendation(s) / Proposed Decision

3.1.   That the Audit Committee reviews the updates made to the Counter Fraud and Corruption Policy;

3.2.   Endorses the introduction and implementation of the accompanying Counter Fraud and Corruption Strategy;

3.3.   Supports ongoing monitoring of progress through the Audit Committee's reporting cycle; and

3.4.   Recommends that the Director of Finance approve the revised Counter Fraud and Corruption Policy and Counter Fraud and Corruption Strategy.

4.   Appendices

Appendix 1: Counter Fraud and Corruption Policy
Appendix 2: Counter Fraud and Corruption Strategy (Exempt)

5.   Background Documents

- CIPFA code of Practice for counter fraud
- Local Government Association counter fraud hub and Fighting Fraud and Corruption Locally
- Public Sector Fraud Authority

Supporting Information

6.   Introduction

6.1.   The current Policy has been in place since March 2023 with no substantial update since.

6.2.   Existing arrangements focus primarily on reporting, investigation and reactive activity

6.3.   Fraud risk assessments are carried out but there is no overarching strategy setting out long-term priorities, capability development or measurable objectives

6.4.   Emerging threats and best practice requirements are not fully reflected in the existing document.

6.5.   National guidance now recommends that organisations maintain both a policy and a strategy.

6.6.   Fraud risks have changed significantly since 2023, requiring updated controls and responses.

6.7.   A strategy will allow the Council to proactively plan activity and allocate resources effectively.

6.8.   Cleare alignment is needed between policy expectations, service delivery and member oversight.

6.9.   Strengthening governance arrangements supports the Council's wider improvement and assurance framework.

7.   Options under consideration

7.1.   Option 1 – negate to up-date existing policy

7.2.   Option 2 – negate to introduce a strategy to support the counter fraud and corruption policy

7.3.   Option 3 – update the existing policy but negate to introduce a separate strategy

7.4.   The alternative options are considered unacceptable, as choosing not to update the existing Counter Fraud and Corruption Policy would leave the Council operating with an outdated framework that does not reflect current fraud risks, national guidance or best practice, thereby increasing financial, operational and reputational exposure. Likewise, choosing not to introduce a supporting strategy would prevent the Council from establishing the strategic direction, priorities and measurable actions needed for a proactive and robust counter-fraud

approach. Even updating the policy without introducing a separate strategy would fall short of recommended good practice and fail to provide the structured, forward-looking plan required to strengthen fraud prevention, improve detection capability, and support effective Member oversight.

8.   Financial Opportunities and Implications

8.1.   Adoption of the updated Policy and Strategy can be delivered within existing resources.

8.2.   Additional fraud-detection work (e.g., data analytics tools) may require future investment, to be assessed on a case-by-case basis.

8.3.   Effective implementation mitigates the risk of unplanned expenditure from fraud incidents and investigations.

8.4.   Overall, the financial implications are positive, strengthening the Council's resilience to fraud-related loss.

9.   Legal Implications

9.1.   No adverse legal implications are identified; adoption strengthens the Council's governance and compliance position.

10.   Engagement and Consultation

10.1.   The papers have been reviewed by the Director of Managers Group (DOM), who recommended that Adult Social Care (ASC) be included within the scope of the proposals should the Trust give notice on the Section 75 agreement. This ensures that the Council is prepared for any future changes to service arrangements and that counter-fraud expectations and responsibilities remain clearly defined across all affected service areas.

11.   Procurement Implications

11.1.   The updated Policy and accompanying Strategy strengthen the Council's approach to mitigating fraud risks within procurement and commissioning activity. Procurement is recognised nationally as a high-risk area.

11.2.   Any counter fraud tools deemed necessary as a result of the policy or strategy will follow the procurement routes in place.

12. Protecting our naturally inspiring Bay and tackling Climate Change

12.1. There are no implications

13. Associated Risks

13.1 Fraud and Corruption Policy or introduce the supporting Strategy would leave the Council operating with outdated arrangements that do not reflect current fraud risks, national expectations or good practice. This increases the likelihood of fraud going undetected, weakens internal controls and exposes the organisation to financial loss, service disruption and reputational damage. Without a modern, proactive framework, the Council may struggle to demonstrate effective stewardship of public funds.

14. Equality Impact Assessment

14.1   An Equality Impact Assessment (EIA) has been considered in relation to the updated Policy and new Strategy. Fraud can be perpetrated by, or have an impact on, anyone within the community regardless of protected characteristics, personal circumstances or background.

14.2   The Council is committed to ensuring that all allegations of fraud are handled fairly and consistently, with each case assessed on its own merits. In doing so, full regard is given to the Human Rights Act, ensuring individuals' rights are respected throughout the investigative process, and the Public Interest Test is applied when considering the proportionality of any investigative or enforcement action. This approach ensures that anti-fraud activity is conducted in a way that is balanced, lawful and equitable for all.

15. Cumulative Council Impact

16. The implementation of the updated Counter Fraud and Corruption Policy and new Strategy will have a positive cumulative impact across the whole Council. Strengthened fraud prevention, detection and response arrangements help safeguard public funds, ensuring that more resources can be directed toward essential services and strategic priorities. Clearer roles, responsibilities and expectations also enhance organisational accountability, reduce financial risk exposure and support a more resilient control environment across all directorates.

17. In addition, a more coordinated and proactive approach to fraud management improves governance, strengthens decision-making, and supports public confidence in the Council's stewardship of taxpayers' money. Improved data-matching, investigation standards and procurement controls contribute to a more efficient, transparent and compliant organisation. Collectively, the proposals enhance the Council's capacity to deliver services effectively, protect vulnerable residents, maintain financial stability, and uphold the values required to deliver a healthy, happy and prosperous Torbay.

18. Cumulative Community Impacts

18.1. The updated Policy and accompanying Strategy will have a positive cumulative impact on the wider community by strengthening the Council's ability to protect public funds and ensure resources are used for the benefit of residents. Effective counter-fraud arrangements help maintain the financial stability of essential services relied upon by the community, particularly those supporting vulnerable individuals. By reducing opportunities for fraud and increasing transparency, the proposals support greater public confidence in the Council and promote fairness, ensuring that assistance, grants, and services reach those who are genuinely entitled to them. The improved controls and proactive detection measures also contribute to a safer, more secure local environment, reinforcing the Council's vision for a healthy, happy and prosperous Torbay.