

Meeting: Audit Committee

Date: 25 March 2026

Wards affected: All Wards

Report Title: Counter Fraud and Error Work Plan 2026 to 2027

When does the decision need to be implemented? 1 April 2026

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1. Purpose of Report

- 1.1. This report outlines the Torbay Council Counter Fraud and National Fraud Initiative (NFI) Work Plan for 2026-2027.

2. Reason for Proposal and its benefits

- 2.1. The proposals in this report help Torbay Council to deliver our vision of a healthy, happy, and prosperous Torbay by protecting services from fraud and other irregularities ensuring fairness for all.
- 2.2. The reasons for the proposal, and need for the decision are, to support the counter fraud policy and strategy.
- 2.3. The plan is aligned with the five lines of defence, including governance, prevention, detection and redress.

3. Recommendation(s) / Proposed Decision

- 3.1. Review and comment upon the work plan as set out in exempt Appendix 3.

4. Background Documents as Appendices

Appendix 1: Counter Fraud, Error, Bribery and Corruption Policy

Appendix 2: Counter Fraud, Error, Bribery and Corruption Strategy (exempt)

Appendix 3: Post April 2026 DAP Counter Fraud Service (exempt)

Supporting Information

5. Introduction

- 5.1 The current counter fraud work plan spans 2025 – 2026 and is set out in exempt Appendix 3. The work plan has been developed taking into account the aims and objectives of the Counter Fraud, Error, Bribery and Corruption Policy and Strategy as set out in Appendix 1 and 2 respectively.

6. Options under consideration

- 6.1. Option 1 – The Authority may choose to issue a revised Counter Fraud Delivery Plan for the period 2026-27. This approach would provide an updated and clearly defined programme of work, ensuring that the service continues to operate with a robust governance framework while also addressing emerging risks, resource changes, or organisational priorities. A revised plan would allow the service to maintain momentum, deliver continuity, and provide refreshed assurance to senior management and Members. However, it is recognised that Central Government's decision on Local Government Reorganisation, the plan may require further adjustment to ensure ongoing alignment with any new structural, governance or service delivery arrangements.
- 6.2. Option 2 – The Authority could choose to operate the counter fraud service without a formal delivery plan for the forthcoming period. Under this approach, the service would continue to function on a business-as-usual basis, drawing on existing practices, officer knowledge, and ad-hoc prioritisation. While this option reduces the immediate administrative burden of producing a plan, it removes a key element of strategic governance and offers limited assurance regarding the service's direction, priorities, and performance expectations.
- 6.3. Option 3 – extending the 2025 – 2026 delivery plan to align with Local Government Reorganisation (LGR), would in principle provide consistency and allow the counter fraud service to transition smoothly into any new structural arrangements. However, the timetable for Central Government's decision on LGR is not expected until the summer and therefore remains outside Torbay Councils control. As a result, adoption of this option which would mean operating the Counter Fraud function without an approved delivery plan for several months, creating a gap in strategic direction and weakening the governance framework that underpins the service.

7. Financial Opportunities and Implications

- 7.1. Recovery of losses through repayment, civil action, or internal recovery practices
- 7.2. Financial sanctions and penalties where appropriate
- 7.3. Avoidance of ongoing loss, particularly in areas like Council Tax Reductions, Housing or the Blue Badge scheme.

8. Legal Implications

- 8.1. Failure to maintain clear counter-fraud arrangements may be viewed as a breach of statutory responsibility, exposing Torbay Council to challenge

9. Engagement and Consultation

- 9.1. None – In line with established practice across the sector, the authority has determined that public or wider stakeholder consultation on the Counter Fraud Delivery Plan is not appropriate.

10. Procurement Implications

- 10.1. Although procurement activity is not affected at the outset of the Counter Fraud Delivery Plan, the direction and scope of delivery may evolve as priorities are refined. Should any element of the plan require commissioning external support, procuring specialist systems, or entering into collaborative arrangements, this would introduce procurement implications that must be managed in accordance with the Authority's procurement rules. At that point, the Procurement Team will be engaged to ensure compliance with contractual, legal, and financial requirements and to provide appropriate governance and assurance over any procurement-related activity.

11. Protecting our naturally inspiring Bay and tackling Climate Change

- 11.1. None - The Counter Fraud Delivery Plan has no impact on the environment and does not pose any risk to our naturally inspiring bay. The activities set out within the plan relate solely to governance, assurance, and the prevention and detection of fraud, all of which are administrative in nature. No operational actions within the plan require physical works, environmental intervention, or changes to land use, ensuring that the Authority's commitment to protecting and preserving the natural environment remains fully upheld.

12. Associated Risks

- 12.1. Failure to adopt the Counter Fraud Delivery Plan creates uncertainty in how fraud risks will be managed, leaving gaps in strategic direction and weakening internal controls. Without an approved plan, the service may be less effective at preventing and detecting fraud, increasing the likelihood of financial loss and reduced assurance for senior officers, Members, and external auditors. It also heightens the risk of governance criticisms, as the Authority may be seen as lacking a coherent and accountable approach to fraud risk management.

13. Equality Impact Assessment

- 13.1 It is unlikely the plan will introduce any negative differential impacts on protected groups. Most activities relate to organisational controls, government, fraud prevention, risk management and statutory NFI compliance, not frontline services or decision making that allocates resources or imposes conditions on individuals.
- 13.2 Where the service interacts directly with individuals, (e.g. in investigations, landlord checks or data matching), processes are governed by legislation, national NFI requirements and internal policy safeguards.
- 13.3 Overall, the impact is considered neutral Fraud prevention and NFI activities operate on datasets such as housing benefit, payroll, council tax reduction and social housing—none of which inherently discriminate by age.

14. Cumulative Council Impact

- 14.1 Strengthened fraud governance, enhanced risk assessments, and the findings from data-matching or investigative activity often reveal deficiencies in internal control environments within individual service areas. These insights may require departments such as Revenues, Benefits, Housing, Procurement, Social Care or HR to revise processes, tighten controls, improve data quality or address systemic weaknesses identified through fraud and audit assurance activity. As these actions are implemented, their effects accumulate across the organisation—improving compliance, reducing exposure to fraud and error, and supporting the Committee’s responsibility for overseeing the effectiveness of the Council’s governance, risk management and internal control framework. Over time, this Council-wide uplift in resilience contributes directly to stronger lines of defence and assurance.

15. Cumulative Community Impacts

- 15.1 The impacts of a counter fraud service on the community are broadly positive. The work helps ensure that public funds and services are protected from misuse ensuring fairness for residents who legitimately rely on Council funded support.