

Tuesday, 27 October 2026

AUDIT COMMITTEE

A meeting of **Audit Committee** will be held on

Wednesday, 4 November 2026

commencing at **2.00 pm**

The meeting will be held in the Banking Hall, Castle Circus entrance on the left corner of the Town Hall, Castle Circus, Torquay, TQ1 3DR

Members of the Committee

Councillor Penny (Chair)

Councillor Brook (Vice-Chair)

Councillor Fellows

Councillor Long

Councillor Maddison

Vacancy - Conservative Group

Non-Voting Independent Member Mr Kristian Hawkes

A Healthy, Happy and Prosperous Torbay

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Governance Support, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

AUDIT COMMITTEE AGENDA

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 5 - 8)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 1 September 2026.
3. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
4. **Urgent Items**
To consider any other items that the Chairman decides are urgent.
5. **Torbay Council Progress Report and Sector Update** (Pages 9 - 24)
To note a report on progress in delivering Grant Thornton's responsibilities as the Council's external auditors.
6. **Treasury Management Mid-Year Review 2026/27** (Pages 25 - 50)
To consider a report that reviews the Treasury Management activities during the first part of 2026/27.
7. **Counter Fraud Update** (Pages 51 - 116)
To note a report that provides assurance on how Torbay Council's fraud and error risks were managed during the first half of 2026/27 through the work of Devon Assurance Partnership (DAP) Counter Fraud Services Team.

8. **Counter Fraud Risk Assessments Follow Up 2026-27** (Pages 117 - 126)
To note the above.
9. **Mid-Year Contract Procedure Waiver Update 2026/27** (Pages 127 - 160)
To consider a report that sets out the Contract Procedure waiver requests received during the first six months of the 2026/27 financial year.
10. **Internal Audit Report and Progress on Recommendations regarding Temporary Accommodation** (To Follow)
To consider a report on the above.

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Minutes of the Audit Committee

1 September 2026

-: Present :-

Councillors Brook (Vice-Chair), Fellows and Long

11. Apologies

An apology for absence was received from Councillor Penny. The Vice-Chair, Councillor Brook chaired the meeting in the absence of Councillor Penny.

12. Minutes

The Minutes of the meeting of the Audit Committee held on 27 May 2026 were confirmed as a correct record and signed by the Vice-Chair.

13. Declarations of interests

No declarations of interest were made.

14. 2025/26 Draft Statement of Accounts - Update

The Committee noted a verbal update from the Head of Corporate Finance on the 2025/26 Draft Statement of Accounts. Members were advised that the draft accounts had been published by the statutory deadline and that the public inspection period had commenced on 1 July 2026. No requests had been received from members of the public to inspect the accounts and Members of the Committee had been invited to submit any questions on the draft accounts following publication. Members noted that their detailed scrutiny of the accounts would take place following completion of the external audit process.

During discussion, Members sought clarification on how the statutory notice had been publicised. Officers advised that the notice had been published on the Council's website in accordance with current legislative requirements, noting that publication on the Council's public notice board was no longer required.

15. Torbay Council Audit Progress Report, Regaining Assurance Progress Report and Sector Update

The Committee noted the report presented by Grant Thornton, the Council's External Auditors on progress with the 2025/26 audit, regaining assurance activity and wider sector developments. Members were advised that the Council had published its draft accounts by the statutory deadline, which had enabled auditors to commence elements of audit testing earlier than planned. Audit work was progressing in

accordance with the agreed timetable and completion remained targeted for November 2026, with findings scheduled to be reported to a special meeting of the Committee in December 2026.

Members discussed staffing resilience within Corporate Finance and the continuing use of agency support. Officers advised that unforeseen staff absences, within key roles, had required additional support. It was noted that agency staff had continued to play a leading role in preparing the accounts and provided additional resilience to the permanent team.

Members referred to the prior year audit findings and queried whether errors identified during the 2023/24 audit had been discovered following Committee consideration of the accounts. Grant Thornton advised that such adjustments were identified through normal audit testing procedures and formed part of the process of ensuring the final accounts were materially correct.

Members also discussed the reference within the report to the Neighbourhood Health Framework and sought clarification on the implications of Local Government Reorganisation for future partnership working with the NHS. Grant Thornton undertook to provide Members with further information on this area.

16. Regaining Assurance Strategy for Torbay Council

The Committee note the Regaining Assurance Strategy for Torbay presented by Grant Thornton setting out the approach to rebuilding audit assurance following disclaimer opinions issued under the national backstop arrangements. Members were advised that Torbay Council had been assessed by Grant Thornton and the Ministry for Housing, Communities and Local Government (MHCLG) as a Category B authority, indicating that an ISA-compliant approach to rebuilding assurance was achievable but presented significant operational challenges.

The Committee heard that a disclaimer opinion was still anticipated for the 2025/26 accounts due to the absence of assurance over opening balances. Grant Thornton explained that a phased improvement was expected over subsequent years, with a qualified opinion anticipated in 2026/27 and a return to an unmodified opinion by 2027/28, subject to satisfactory progress.

Members queried how assurance could be regained where staff involved in processing financial information had left the Council. Auditors advised that the underlying records remained available, but additional work could be required where institutional knowledge had been lost. Despite these challenges, auditors remained confident that sufficient evidence could be obtained.

Members also discussed concerns previously identified around statutory reserves and opening balances. Grant Thornton explained that the rebuild programme would follow a risk-based testing approach, including reviewing capital expenditure, reserve movements and transaction cut-off arrangements. The earlier publication of the accounts had created a greater opportunity to complete this work.

17. Progress against the Recommendations of the Auditor's Annual Report 2024/25

The Committee considered a report setting out progress made against the recommendations contained within the Auditor's Annual Report 2024/25. Members noted progress made in strengthening Corporate Finance capacity, improving delivery of the Statement of Accounts process and implementing the recommendation relating to procurement waivers.

Members discussed the recommendation relating to Medium Term Financial Strategy savings targets. The Director of Finance reiterated the view previously expressed to Grant Thornton that sustainable organisational improvements should be the primary driver of financial sustainability, rather than predetermined savings targets.

18. Risk Management Update

The Committee considered the submitted report on the Strategic and Corporate Risk Registers and received an update on the Council's current risk profile.

Members' attention was drawn to the Strategic and Corporate Risks scoring 16 or above. It was noted that Strategic Risk ST10 (Failure to Deliver Adult Social Care Services) had increased from 16 to 20 during July 2026, Corporate Risk CP06 had increased from 12 to 16 in June 2026 and Corporate Risk CP59 (Fraud and Error) had increased from 20 to 25 in August 2026. Members also noted that Strategic Risk ST05, the Fire Safety Regulation risk, Corporate Risk CP15 (High Needs Block) and Corporate Risk CP17 (Placement Sufficiency) had remained at their current scores for a sustained period.

During discussion on ST10, Members sought assurance regarding the arrangements in place to manage the transfer of Adult Social Care services back to the Council. Officers acknowledged that this represented one of the Council's most significant strategic risks and advised that a substantial programme of work was underway. This included extensive due diligence, governance arrangements, financial modelling, workforce planning and service reviews to ensure that the Council would be in a position to discharge its statutory responsibilities from April 2027. Members were informed that the risk score reflected both the complexity of the transfer and the potential impact on residents should the transition not be managed effectively.

Members questioned the continued high score for the Fire Safety Regulation risk and asked whether this represented an immediate danger to staff or service users. Officers advised that the risk arose from a combination of factors, including difficulties recruiting appropriately qualified officers, the requirement to review fire risk assessments following the transfer of former Torbay Economic Development Company assets, increasing regulatory requirements and emerging concerns relating to lithium battery fires. Members were informed that progress had been made in reducing some elements of the risk, including the recruitment of additional support capacity, but that a shortage of specialist expertise continued to affect the Council's ability to reduce the overall risk score.

Members also discussed the increase in Corporate Risk CP59 (Risk of Fraud and Error causing financial loss or reputational damage to the council). Officers advised

that the increase reflected the evolving cyber security threat environment, organisational changes associated with the Adult Social Care transition and Local Government Reorganisation, and the increased opportunity for fraud and error during periods of significant organisational change. Members noted that cyber security continued to be closely monitored through separate governance arrangements and assurance processes.

19. Risk Assurance Report for Our Integrated Adult Social Care Services

The Committee noted the Risk Assurance Report for Integrated Adult Social Care Services. Members were advised that one planned audit had been completed, one had been cancelled and a number of further audits were planned. The completed contract management audit had received a satisfactory assurance opinion and actions identified would be addressed as part of preparations for the end of the Section 75 arrangements.

Members heard that future audit work would include reviews of direct payments, client debt arrangements and staff supervision and appraisal processes. Officers advised that implementation of the new IT system had gone live and had necessitated changes to the audit timetable.

During discussion, it was suggested that during the development of the 2027/2028 Internal Plan consideration be given to additional audit resources being directed towards Adult Social Care given the significance of the forthcoming service transfer. Members also discussed client debt arrangements and were advised that although debt management activity would continue, it would not necessarily be undertaken through a formal audit review.

20. HR Investigations and Whistleblowing

The Committee noted the report on HR Investigations and Whistleblowing activity covering the period from 1 July 2025 to 30 June 2026. Members were advised that the overall trend showed a reduction in the number of investigations and whistleblowing cases.

The Committee welcomed the reduction in the number of grievances and discussed how this compared with other organisations. Officers advised that grievance levels remained relatively low despite organisational restructures and that this compared favourably with similar organisations. Members discussed the importance of effective line management, regular one-to-one meetings and the use of capability procedures where appropriate.

21. Audit Committee Work Plan 2026/2027

The Committee noted the Audit Committee Work Programme for 2026/2027. Members were advised that the deep dive into Temporary Accommodation costs had been moved to the next meeting and that an additional meeting had been scheduled in December 2026 to consider the audited Statement of Accounts and associated external audit reports.

Chair

Torbay Council

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Audit progress report and sector updates

October 2026

Agenda Item 5

Agenda

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Audit Progress Report

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Julie Masci

Key Audit Partner

T: +44(0)29 2034 7506

E: Julie.masci@uk.gt.com



George Amos

Manager

T: +44(0)117 305 7780

E: George.wm.amos@uk.gt.com



Priya Sharma

Assistant Manager

E: Priya.Sharma@uk.gt.com

Progress as of October 2026

Financial Statements Audit

Our final accounts audit is well underway, and we are working with the Council finance team to ensure our work is complete before the end of November. To date, the Council has identified several material adjustments that need to be made to the draft accounts that they initially published at the end of June – these primarily relate to Short-term and Long-term categorisation for Debtors, Investments and Capital grants received in advance. In total, approximately £14m of Long-Term assets have moved to Short-Term and £8m of Long-Term liabilities moved to Short-term liabilities. These are classification changes only and we will audit to these figures to confirm appropriately in our testing of these balances.

Progress is in line with expectation at this stage of the audit. The quality of working papers and supporting information has seen an improvement from previous audit periods and where further clarification and reconciliations have been required to enable us to progress areas of work, finance staff have been helpful in assisting with this. However, both us and the finance team are aware that improvements could still be made to smooth this process further.

We have continued to encounter some difficulties in reconciling accounts balances to source data, such as the Property, Plant and Equipment disclosures back to the Fixed Asset Register. These issues were resolved, allowing us to progress the work in this area. We also had some difficulties in reconciling income & expenditure balances to the income & expenditure by nature note in the accounts, which caused a slight delay in our sampling in this area, however we were able to re-prioritise other work to limit the impact of this on the overall delivery of the audit.

Land & Buildings valuations remain a significant focus of our audit, and we are in the process of reviewing, testing and challenging the inputs used in determining these accounting estimates. Early indication of issues we are facing in the completion of the Land & Buildings valuations review are:

- Difficulty in obtaining and explaining supporting evidence for all inputs and assumptions applied by the valuer on initial request. This includes the continued absence of floor plans to represent areas adopted in valuations, which was recommended in the 2024/25 Audit Findings Report, amongst other inputs such as rental income, yield rates and land value comparables.
- Inappropriate application of market rent assumptions for EUV asset calculations, for example, the use of peppercorn rent as a proxy for market rent.
- Inconsistencies in approach taken to value similar types of asset within the portfolio, as valuations have been completed by different individuals within the internal valuations team, such as treatment of demolition costs.

We have issued group audit instructions to Bishop Fleming to assist with our work on the group accounts in relation to SWISCO and TEDC and expect a response in the coming weeks.

We have commenced work on areas that have been subject to prior period restatement, such as the Long-Term Debtors and Lease disclosure notes and are working through the detail to confirm if these adjustments have been made appropriately.

Progress as of October 2026 (continued)

Value for Money

Our work in this areas is progressing well. All stakeholder interviews have been completed, with findings currently being drafted.

We will issue our report to Management and Members by the 30th November 2026 and will formally present this report alongside our Audit Findings Report at the December Committee meeting.

Other areas

Our Grants audit team have concluded their certification work on the 2023/24 Housing Benefit claim and plans to complete the 2024/25 certification work are in discussion with relevant officers.

Meetings

We continue to meet regularly with the Section 151 officer and other key finance officers to ensure we are sighted on any emerging issues relating to the Council and to maintain a clear channel of communication between us and the Authority. Weekly catch ups between the audit team and key finance contacts have been productive in ensuring the audit is progressing as planned.

Audit Fees

PSAA published their scale fees for 2025/26: [2025/26 audit fee scale - PSAA](#)

For Torbay Council these fees are £347,158. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

PSAA have approved a one-off fee variation for the 24/25 audit, to cover central project costs for audit firms arising from the local audit backlog solution (7% of the scale fees). This is different to the costs of body-specific build back and audit work. The fee for Torbay Council is £23,834.

The information is published on PSAA's website and new fee variation statements were issued to the bodies earlier in September: [Consultation outcome on firms' project cost fee variations - PSAA](#). MHCLG have confirmed that it will include the project costs in its review of the grant allocation formula so that these charges to bodies are reflected in future build-back grant payments.

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council’s 2025/26 financial statements.	May 2026	Delivered
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	December 2026	Not yet due
Auditor’s Report This includes the opinion on your financial statements.	December 2026	Not yet due
Auditor’s Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	November 2026	Not yet due

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2024/25 and 2025/26 Audit related deliverables	Planned Date	Status
Housing Benefit Subsidy – certification This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.	TBC	TBC

Sector Updates

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Adult Social Care



Audit Committees should seek to understand how risks surrounding Adult Social Care are mitigated within their Council.

CQC findings:

On 14th July 2026, CQC published key findings from their assessment programme of all 153 local authorities in England with adult social care responsibilities.

CQC highlighted that the majority of local authorities are rated 'good', but are mainly at the lower end of the scoring threshold for 'good'. Key themes in the report act as a roadmap for strengthening the sector:

- ❖ Prevention
- ❖ Safeguarding
- ❖ Transitions from Children's to Adult's services
- ❖ Unpaid carers
- ❖ Equity in experience and outcomes
- ❖ Co-production (partnerships with voluntary, community, faith and social enterprise organisations)
- ❖ Commissioning.

Other recent developments in relation to the Adult Social Care sector:

- ❖ 29th July 2026 – The Prime Minister set out his commitment to reform adult social care and deliver a National Care Service.
- ❖ 29th July 2026 – Baroness Casey launched a “big conversation on care”, an online survey intended to inform work to develop a National Care Service.
- ❖ 4th August 2026 – ADASS published Learning from Safeguarding Adults Reviews: How can they have national impact?



Children's Social Care

Audit Committees should seek to understand how the risk of unregistered placements is being mitigated by their Council.

Tackling dependency on unregistered children's homes

Supply and demand pressures in recent years have forced many local authorities to rely on placing children in unregistered homes, which offer less protection than they are entitled to. Pressure to prevent this practice is escalating, but Council's overall need more children's homes that they used to, putting them at risk of malpractice:

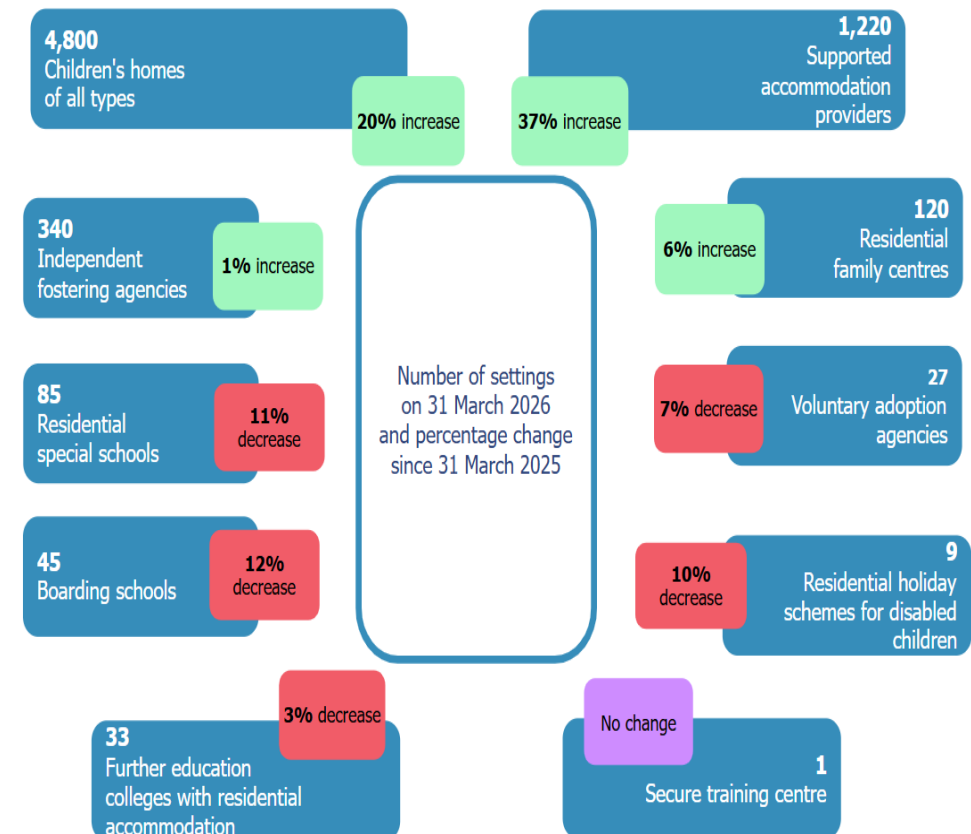
Page 19 **2nd July 2026** – Ofsted published [research on sufficiency of children's homes places in England](#) – highlighting that issues with workforce capacity, affordability of housing and lack of foster carers has contributed to a sharp growth in local authorities' use of unregistered children's homes.

❖ **7th July 2026** – Ofsted launched an [open consultation](#) on proposals to improve how it inspects and regulates children's social care providers. The original proposals aimed, amongst other things, at tackling the “shadow system” of children living unprotected in illegal settings.

❖ **30th July 2026** – [Ofsted's official statistics](#) show that there was a 20% increase in the use of children's homes overall in 2026.

❖ **5th August 2025** – Ofsted won its first successful prosecution of an illegal children's home provider.

Source: [Ofsted main findings: children's social care in England 2026](#) – GOV.UK



Making the Annual Governance Statement matter

Audit Committees are responsible for approving the AGS (sometimes with Full Council too) and should seek assurance it reflects a robust review against the CIPFA/SOLACE principles, a well-developed Code of Corporate Governance, and a clear assessment of effectiveness.



An evidence-based, candid view of strengths, weaknesses and planned improvements



Effectiveness is a qualitative judgement — not just a policy checklist



The review and drafting of the AGS should always be internally led



Senior officers must show genuine ownership, directed by members



An organisation-wide understanding of how governance works in practice

“

The AGS is a key indicator of the effectiveness of a council’s governance framework and a potential early warning sign of wider governance weaknesses.

Grant Thornton UK, July 2026

[Read our full article →](#) Published 20 July 2026

Best Value

New consultation

The Ministry of Housing, Communities and Local Government (MHCLG) sought views on revised statutory guidance for local and strategic authorities in England on compliance with the Best Value Duty.

A new consultation was completed via Citizen Space from 15th July 2026 to 7th October 2026. This follows the government's March 2026 publication of **Lessons learnt from best value interventions 2025**. All local authorities were encouraged to take part in the new consultation, to help shape guidance going forward.

There has been a significant increase in the number of councils entering best value intervention since 2020. The government is aiming to learn from direct council experiences to improve policy, practice, and central government's relationship with local government. For the first time, MHCLG has undertaken structured engagement with all councils in statutory and non-statutory interventions exploring their challenges, recovery actions, and outcomes.



Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and complement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>



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Meeting: Audit Committee

Date: 4 November 2026

Wards affected: All Wards in Torbay

Report Title: Treasury Management Mid – Year Review 2026/27

Cabinet Member Contact Details: Councillor Alan Tyerman, Cabinet Member for Housing and Finance, alan.tyerman@torbay.gov.uk

Director/Assistant Director Contact Details: Malcolm Coe, Director of Finance
Malcolm.coe@torbay.gov.uk and Andrew Sherry, Strategic Finance Lead – Capital & Treasury
andrew.sherry@torbay.gov.uk

1. Purpose of Report

- 1.1 This report provides Members with a review of Treasury Management activities during the first part of 2026/27. The Treasury function aims to support the provision of all Council services through management of the Council's cash flow and debt and investment operations.
- 1.2 The report has been prepared based on performance and data at 30th September 2026.

2. Reason for Proposal and its benefits

- 2.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report

3. Recommendation(s) / Proposed Decision

That the Audit Committee recommends to Council:

- i) to note the update on Treasury Management performance for the half year to 30 September 2026 and agrees to submit the update to Full Council.

Appendices

Appendix 1: Arlingclose Economic Commentary on the External Context for Treasury Management Activity – September 2026

Appendix 2: Borrowing and Investment Portfolio

Appendix 3: Non-Treasury Investments

Background Documents

Treasury Management Strategy 2026/27

Supporting Information

1. Introduction

- 1.1 In March 2023 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2 This report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators.
- 1.3 The Council's treasury management strategy for 2026/27 was approved by Council at a meeting on 26 February 2026. The Council borrows for strategic investment purposes, but also from time to time is in receipt of substantial sums of money in the form of grants and other funds in advance and is therefore potentially exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and mitigation of risk remains central to the Council's treasury management strategy

2. External Context

- 2.1 An economic commentary for the year provided by the Council's treasury management advisors, Arlingclose, is provided at Appendix 1 to this report.
 - The key source of uncertainty remained the ongoing Middle East conflict, with concerns over higher energy prices, inflation persistence, and the implications of the forthcoming UK Budget continuing to influence economic and market expectations.
 - UK CPI inflation rose from 2.6% in June to 3.1% in August, driven largely by higher energy and transport costs, although underlying inflation remained relatively stable with core CPI at 2.6%.
 - Financial market sentiment improved during parts of the quarter on hopes of a de-escalation in Middle East tensions, but volatility remained elevated as investors responded to geopolitical developments, inflation risks, and changing interest rate expectations.
 - The 10-year UK benchmark gilt yield increased from 4.86% to 5.43% over the period, reflecting higher inflation expectations and uncertainty surrounding the outlook for interest rates and fiscal policy.

3. Local Context

- 3.1 On 31st March 2026, the Council had net borrowing of £284m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), which represents the amount of capital expenditure that is not funded from capital receipts, government grants, third party

contributions or revenue, while usable reserves and working capital are the underlying Balance Sheet resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary (subject to finalisation and audit)

	31.03.26 Actual £'000	31.03.2027 Forecast £'000
Total CFR	434	423
Less: *Other debt liabilities	(10)	(7)
Borrowing CFR	424	416
External borrowing	(350)	(344)
Internal borrowing	74	72
Less: Balance Sheet resources (usable reserves, working capital and other cash backed items)	(136)	(132)
Net treasury position	288	284

* PFI liabilities that form part of the Council's total debt

- 3.2 The Council pursued its strategy of keeping borrowing and investments well below their maximum permitted levels i.e. using internal cash resources in place of borrowing, sometimes known as internal borrowing, to strike an appropriate low risk balance between securing low interest rates and achieving cost certainty over the periods for which funds are required. The Authority's borrowing strategy continues to address the key metric of affordability without compromising the longer-term stability of the debt portfolio.
- 3.3 The treasury management position on 30 September 2026 and the change during the year is shown in Table 2 below. A further breakdown of long-term investments is included in Table 2.1 and a list of loans and investments is detailed in Appendix 2.

Table 2: Treasury Management Summary

	31.03.26 Balance £m	Movement £m	30.09.26 Balance £m	30.09.26 Rate %
Long-term borrowing	343	(3)	340	2.84
Short-term borrowing	7	(2)	5	1.42
Total borrowing	350	(5)	345	2.84
Long-term investments*	(24)	(10)	(34)	4.70
Short-term investments	(32)	(11)	(43)	4.04
Cash and cash equivalents	(3)	1	(2)	1.75
Total investments	(59)	(20)	(79)	4.26
Net position	291	(25)	266	2.35

*Long term investments include the CCLA Property Fund, Supranational and Corporate Bonds investments at market valuation and fixed deposits with over 1 year to maturity

Table 2:1 Breakdown of Long-Term Investments

	31.03.26 Balance £'000	Movement £'000	30.09.26 Balance £'000
Fixed Deposits	(5)	(10)	(15)
CCLA LA Property Fund	(4)	-	(4)
Supranational and Corporate Bonds	(15)	-	(15)
Total Long-Term Investments	(24)	(10)	(34)

4. Borrowing Update

- 4.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Authority's

borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

- 4.2 Gilt yields have been volatile, reflecting expectations of tighter monetary policy compared to previous expectations due to the war. Long-term gilt yields are very high, with investors lacking confidence in UK fiscal plans. The PWLB certainty rate for 10-year maturity loans was 5.62% at the beginning of the period and 6.17% at the end. Rates for 20-year maturity loans moved from 6.13% to 6.61% during the period, and 50-year maturity loans from 6.01% to 6.37%.
- 4.3 The cost of short-term borrowing from other local authorities has been above Bank Rate during the period at 3.8% to 5.5%: costs have risen throughout the period. This is primarily due to many local authorities avoiding more expensive long term rates and relying more heavily on the short term market.
- 4.4 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.
- 4.5 At 30 September 2026 the Council held £345m of loans, (a decrease of £5m to the 31 March 2026 position) as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30 September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.03.26 Balance £'000	Net Movement £'000	30.09.26 Balance £'000	30.09.26 Weighted Average Rate %	30.09.26 Weighted Average Maturity (years)
Public Works Loan Board	335	-	335	2.91	35
Banks (LOBO)	5	-	5	4.70	48
Banks (fixed-term)	10	(5)	5	4.40	52
Total borrowing	350	(5)	345	2.87	35.4

- 4.6 In keeping with these objectives, no new long-term borrowing was undertaken, while £5m of existing loans matured without replacement
- 4.7 A short-term (3 months) loan was taken out to cover a shortage of available funds at the year-end; this was repaid in June 2026

- 4.8 These measures enabled the Council to maintain low net borrowing costs while maximising investment income and reduce overall treasury risk.
- 4.9 **LOBO loans:** The Council continues to hold a £5m LOBO (Lender's Option Borrower's Option) loan where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The lenders option does not become due until 2028.

5. Other Debt Activity

- 5.1 Private Finance Initiative liabilities reduced to around £10m as at 30 September 2026, taking total debt to £355m

6. Treasury Investment Activity

- 6.1 The CIPFA Treasury Management Code now defines treasury management investments as investments that arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £67 million and £97 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.03.26 Balance £'000	Net Movement £'000	30.09.26 Balance £'000	2026/27 Income Return %	2026/27 Weighted Average Maturity days
Banks & building societies (unsecured)	3	(1)	2	1.75	1
Local Authorities	37	21	58	4.49	456
DMO (Govt) Deposits	-	-	-	-	-
Government Bonds	2	-	2	4.32	1,050
Corporate bonds	13	-	13	5.38	4,940
Money Market Funds	-	-	-	3.88	1
Other Pooled Funds:					
- <i>Property fund</i>	4	-	4	4.79	
Total investments	59	20	79	4.47	

- 6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 6.4 The Bank Interest Rate achieved on deposits reduced from 2.50% to 2.00% in September 2025, followed by a further reduction to 1.75% in January 2026. Short term interest rates have largely followed these levels. Rates on the Council's Money Market Funds were between 3.67% and 3.93%, with the average return being 3.88%.
- 6.5 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

At 30th September 2026	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
Torbay Council	4.09	AA-	2%	1,054	4.47
19 English Unitaries	4.64	A+	78%	73	4.33
129 LA Average	4.58	A+	67%	10	4.11

- 6.6 The benchmarking results reflect the Council's appetite for low-risk counterparties which may impact the overall level of return. The high average maturity period is driven by the move into longer dated bond investments. Details behind the benchmarking results suggest that other LA's use pooled funds for their strategic investments; these may be providing a higher return currently but are more volatile than the fixed return of bonds and may be subject to revenue impacts from potential changes to accounting regulations in the near future.
- 6.7 We continue to hold £15m in investment-grade supra-national bonds with maturities between 2029 and 2044. The published yields of these bonds range from 4.118% to 4.802%. These investments give security of return over the longer term; however, the short-term traded prices of these securities can fall below the nominal value and at the year end the indicative value in total was £14.6m. Since these investments are held to provide secure income and not to be actively traded, they are valued at cost in our Treasury Management Statements.
- 6.8 Throughout the year funds not required on a daily basis were placed in short UK governments' DMADF fund and in liquid overnight money market funds to earn income and to remain available to assist the delivery of internal council borrowing for capital funding and for proposed strategic investments.

- 6.9 **Externally Managed Pooled Funds:** £5m of the Council's investments are invested in an externally managed strategic pooled property fund where short-term value and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

7. Non-Treasury Investments

- 7.1 The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
- 7.2 A full list of the Council's non-treasury investments is presented at Appendix 3.

8. Treasury Performance

- 8.1 The financial performance of the Council's direct treasury management activities in terms of its impact on the revenue budget is shown in table 6 below.

Table 6: Performance

As at 30th September 2026	Budget 2026/27	Projected Outturn 2026/27	Variation
	£'000	£'000	£'000
Investment Income	(1,927)	(3,927)	(2,000)
Interest Paid on Borrowing	12,416	12,416	-
Net Position (Interest)	10,489	8,489	(2,000)
Minimum Revenue Provision (excl. PFI)	6,862	7,300	438
Gross premium/(discount) on PWLB repayment	0	0	0
Net Position (Other)	6,862	7,300	438
Net Position Overall	17,351	15,789	(1,562)

9. Compliance

- 9.1 The Chief Finance Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific limits is demonstrated in table 7 below.

Table 7: Investment Limits

	2026/27 Maximum	30.09.26 Actual	2026/27 Limit	Complied? Yes/No
Any single organisation, except the UK Government	£7m	£5m	£15m	Yes
Unsecured investments with banks and building societies	£5m	-	£6m	Yes
Money Market Funds – per fund	£10m	£10m	£15m	Yes
Strategic pooled funds	£5m	£5m	£10m	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

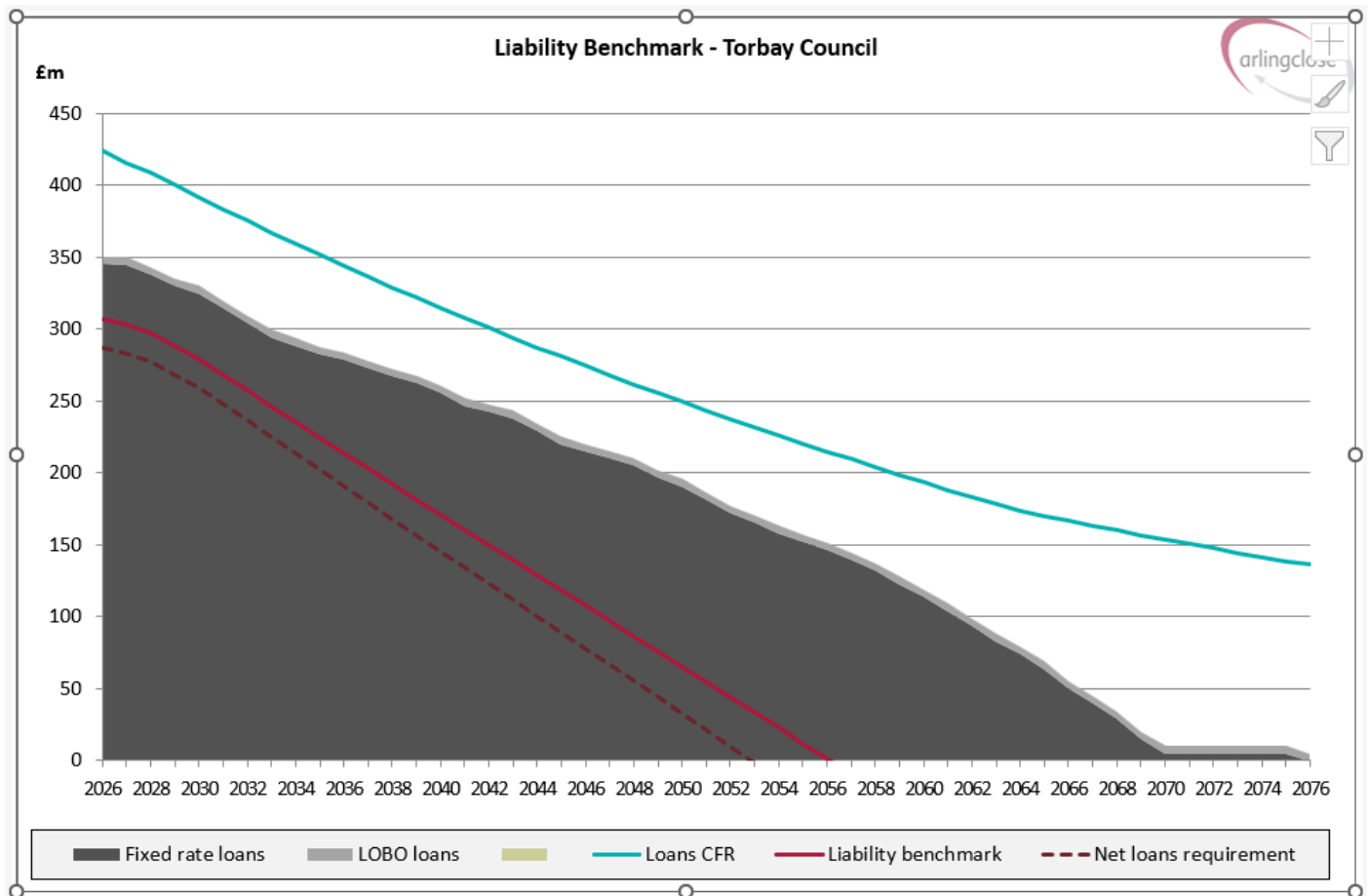
Table 8: Debt Limits

	2026/27 Maximum	30.09.26 Actual	2026/27 Operational Boundary	2026/27 Authorised Limit	Complied? Yes/No
Borrowing	£350m	£345m	£470m	£520m	Yes
PFI & Finance Leases	£10m	£10m	£20m	£20m	Yes
Total Debt	£360m	£355m	£490m	£540m	Yes

9.2 Treasury Management Indicators: The Council measures and manages its exposures to treasury management risks using the following indicators.

Liability Benchmark This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

The latest estimate of the Liability Benchmark is illustrated in the graph below demonstrating maturing borrowing levels remaining above the benchmark over the long term with scope for future treasury management decisions to reduce the margin.



Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating/credit score of its investment portfolio. The Council understands that credit ratings are good, but not perfect predictors of investment default. Regard is also given to other available sources of information on the credit quality of the organisations in which it invests, including default swap process, financial statements, and reports in the quality financial press, amongst others. The credit score is calculated by applying a value to each investment (AAA=1, AA+=2, A=6 etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.09.26 Actual	2026/27 Target	Complied?
Portfolio average credit rating (score)	AA- (4)	A (6)	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

	30.09.26 Actual	2026/27 Target	Complied?
Total cash available within one month	£12m	£10m	Yes

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.09.26 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	2%	10%	0%	Yes
12 months - within 24 months	3%	15%	0%	Yes
24 months and within 5 years	6%	30%	0%	Yes
5 years and within 10 years	10%	40%	10%	No
10 years and within 20 years	18%	50%	10%	Yes
20 years and within 30 years	20%	50%	10%	Yes
30 years and within 40 years	28%	50%	10%	Yes
40 years and over	13%	50%	0%	Yes

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2026/27	2027/28	2028/29
Actual principal invested beyond year end	£33m	£28m	£28m
Limit on principal invested beyond year end	£40m	£40m	£40m
Complied?	Yes	Yes	Yes

10. Other

- 10.1 **Statutory override:** Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024.

The Authority has reserves available to mitigate the impact of the statutory override not being extended after 1st April 2029. The Council's investment which is impacted by the override is the £5m investment in the CCLA Property Fund. This investment was made before 1st April 2024 meaning it falls within the parameters of the extension of the override to 1st April 2029.

CIPFA Consultation: During the period CIPFA consulted on potential changes to their Prudential and Treasury Management Codes and the associated guidance notes. If implemented there may be substantial changes to reporting requirements and indicators in the future.

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External Context

Economic background: The key story remained the conflict in the Middle East and its impact on global energy prices and inflation, while on the UK politics side, Andy Burham became the new Prime Minister. Although energy prices had shown signs of moderating towards the end of (calendar) Q2, the continuing conflict pushed oil and gas up sharply once again in Q3. Around mid-September, Brent oil and UK gas prices were over 30% and 70% higher respectively compared to the period preceding the Bank of England's (BoE) July Monetary Policy Report (MPR).

Given the inflationary impact of the previous energy shock from the Russia/Ukraine war, central bank policymakers remained alert to higher energy prices feeding into wider price and wage-setting behaviour ('second-round effects'). In the UK, higher fuel and energy prices were evident in headline inflation, but there was limited evidence of material second-round effects. At the same time, underlying wage pressures continued to moderate, and the labour market remained relatively loose.

The BoE's Monetary Policy Committee (MPC) maintained Bank Rate at 3.75% throughout the period. In April the MPC voted by 8-1 to leave rates unchanged, with one member wanting a 0.25% increase. The voting subsequently became more hawkish, moving to 7-2 in June and 6-3 in both July and September, with all dissenters preferring to increase Bank Rate to 4.00%. The change in voting patterns reflected increasing policymaker concern over the persistence of the energy shock and the risk that higher headline inflation could become embedded in domestic prices and wages.

At the September MPC meeting, the Committee judged the inflation risks were further to the upside compared to its July MPR. Energy prices had risen again and borrowing costs were materially higher than before the US/Iran conflict. Despite expecting inflation would rise further in the near-term, most members believed that a soft labour market, spare capacity and restrictive monetary conditions would reduce inflation over time. Moreover, the data showed there was still little evidence of material second-round effects, although the MPC emphasised that the risk of these effects would increase the longer elevated and volatile energy prices persisted.

UK headline consumer price inflation (CPI) initially declined, suggesting the initial energy shock was not spreading into a wider range of goods and services. However, later in the period inflation picked up again, with CPI rising from 2.6% in June to 3.1% in August due largely to higher transport costs. Core CPI was 2.6% in July and August, suggesting the divergence between that and headline inflation was due to energy rather than a broad increase in underlying inflation.

UK economic activity was somewhat stronger than initially anticipated over the period. GDP expanded by 0.6% in the first quarter of the calendar year and 0.5% in the second quarter, slightly stronger than the initial estimate of 0.4%. Monthly activity was more volatile, with a contraction of -0.1% in April, followed by gains of 0%, 0.3% and 0.4% in May, June and July respectively.

Labour market data continued to show softening employment conditions. The unemployment rate fell to 4.9% in April and remained at that level to July, against expectations it would tick up. Job vacancies also continued to decline, to 702,000 in the three months to July. Earnings growth moderated, with regular earnings at 3.5% in the three months to July and total earnings at 3.9%, suggesting weaker labour demand was continuing to restrain domestic wage pressures.

Arlingclose, the authority's treasury adviser, expects Bank Rate will stay at 3.75%. However, higher energy prices due to the ongoing conflict(s) and uncertainty around the government's upcoming Budget have increased the near-term upside risks. Moreover, stronger inflation projections, which accompanied the September MPC decision, shifted market expectations for Bank Rate higher. In addition, despite little evidence of second-round effects to date, the changing tone of the MPC minutes suggests it may not need something seismic to tip the Committee to increase Bank Rate.

The US Federal Reserve held the Fed Funds target range at 3.50%-3.75% through to July. However, inflation pressures rose during the summer, pushing headline CPI to 3.4% in August, with higher petrol prices accounting for much of the increase. This led the Fed to raise its target range to 3.75%-4.00% in September. The move reflected increased concern over inflation at a time when US economic activity and labour-market conditions were relatively resilient.

Following a 0.25% increase in June, the European Central Bank raised its three key policy rates by a further 0.25% in September, taking the deposit facility rate to 2.50%. Inflation increased from 2.9% in July to 3.2% in August, and an initial estimate suggested a further rise to 3.8% in September, with energy prices the principal driver. The ECB emphasised the uncertainty around the duration of the energy shock and the risk prolonged higher inflation could feed into wider price-setting.

Financial markets: After the sharp deterioration early in the period, financial market sentiment improved somewhat as there were ongoing hopes that the US/Iran war would be resolved. However,

towards the end of the period, signs of any potential resolution appeared premature and oil prices rose alongside inflation and bond yields while equity market volatility increased as investors weighed conflict-related as well as AI-related concerns.

Bond yields in both the US and UK increased markedly over the period, with the gap between gilts and US Treasuries tightening towards the end of the period. While term premia are still embedded in gilt yields given the relatively uncertain fiscal outlook, a more hawkish Fed alongside persistent US inflation and fiscal concerns have pushed the yields on US Treasuries to their highest levels in years.

Some relatively market-friendly announcements were made by Andy Burham in his speech at the Labour Party conference, but it will be the Budget at the end of October that will hopefully provide some clarity on what the UK's fiscal position might look like going forward.

Over the period, the 10-year UK benchmark gilt yield started at 4.86% and ended at a high of 5.43%. The 20-year gilt yield starting at 5.45% and finished at 5.93%, another high for the period. The Sterling Overnight Rate (SONIA) averaged 3.73% over the period to 30th September.

Credit review: Arlingclose maintained its advised recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

During the period, Fitch upgraded numerous banks due to a rating methodology change, as well as the reference obligations used for Issuer Default Ratings and introduced more differentiated notching between deposits, senior preferred, senior unsecured and senior non-preferred debt ratings.

Later in the period, Moody's changed the outlook on HSBC to Positive from Stable, while also affirming its long-term deposit rating. This follows a similar action from S&P on HSBC's outlook a few months prior to this.

After spiking in April following escalation in the Iran war, credit default swap prices on UK banks declined during most of the period but started to pick up again in September. They ended the period well below levels that may give cause for concern but remain under constant monitoring.

European banks' CDS prices followed a similar pattern to the UK, while Canadian bank CDS prices rose early in the period and then remained at similar levels, while Australian and Singaporean banks tended to trend downwards.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will continue to be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

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Borrowing and Investment Portfolio at 30 September 2026

Long Term Borrowing

Name	Principal £	Interest Rate	Start Date	Maturity Date
Barclays Bank PLC (NRFB)	5,000,000	4.700%	24/09/2004	24/09/2074
Dexia Credit Local	5,000,000	4.395%	05/11/2008	07/11/2078
Public Works Loan Board	3,000,000	4.150%	13/12/2005	14/02/2046
Public Works Loan Board	2,000,000	4.050%	23/12/2005	14/02/2051
Public Works Loan Board	2,000,000	4.450%	14/07/2006	14/08/2036
Public Works Loan Board	4,000,000	4.350%	19/07/2006	15/11/2036
Public Works Loan Board	2,000,000	4.400%	19/07/2006	15/11/2034
Public Works Loan Board	2,337,000	4.400%	02/08/2006	15/05/2037
Public Works Loan Board	2,000,000	4.400%	11/08/2006	15/12/2037
Public Works Loan Board	2,000,000	4.100%	28/09/2006	15/12/2041
Public Works Loan Board	3,000,000	4.150%	03/11/2006	15/06/2038
Public Works Loan Board	2,000,000	4.100%	03/11/2006	15/12/2041
Public Works Loan Board	4,000,000	4.100%	07/12/2006	15/01/2052
Public Works Loan Board	4,000,000	4.350%	25/01/2007	15/10/2042
Public Works Loan Board	3,000,000	4.450%	31/01/2007	15/03/2048
Public Works Loan Board	4,000,000	4.350%	02/03/2007	15/07/2043
Public Works Loan Board	4,000,000	4.300%	08/03/2007	15/07/2049
Public Works Loan Board	2,000,000	4.300%	08/03/2007	15/07/2050
Public Works Loan Board	2,000,000	4.500%	20/08/2007	15/09/2052
Public Works Loan Board	2,000,000	4.500%	27/11/2007	15/01/2035
Public Works Loan Board	2,000,000	4.420%	07/01/2008	15/03/2041
Public Works Loan Board	2,000,000	4.420%	24/01/2008	15/03/2040
Public Works Loan Board	3,000,000	4.380%	10/09/2008	15/04/2058
Public Works Loan Board	3,000,000	4.480%	10/08/2009	15/04/2044
Public Works Loan Board	5,000,000	4.250%	24/08/2009	24/08/2032
Public Works Loan Board	5,000,000	4.010%	13/10/2009	15/06/2029
Public Works Loan Board	266,591	4.875%	02/12/2002	30/09/2027
Public Works Loan Board	207,974	4.750%	11/03/2004	11/09/2033
Public Works Loan Board	410,581	4.750%	01/04/2004	01/03/2034
Public Works Loan Board	410,581	4.950%	08/07/2004	08/03/2034
Public Works Loan Board	410,581	4.250%	21/11/2005	21/09/2032
Public Works Loan Board	410,581	4.150%	13/12/2005	13/09/2055
Public Works Loan Board	410,581	4.100%	19/12/2005	19/03/2051
Public Works Loan Board	410,581	3.900%	11/01/2006	11/03/2055
Public Works Loan Board	410,581	4.300%	13/04/2006	13/09/2041
Public Works Loan Board	410,581	4.400%	28/04/2006	30/09/2051
Public Works Loan Board	410,581	4.200%	23/05/2006	30/09/2047
Public Works Loan Board	1,231,744	4.400%	29/06/2006	29/09/2053
Public Works Loan Board	205,291	4.250%	19/07/2006	19/09/2055
Public Works Loan Board	615,872	4.250%	25/08/2006	25/09/2055
Public Works Loan Board	410,581	4.200%	31/08/2006	30/09/2051
Public Works Loan Board	615,872	4.200%	19/09/2006	19/09/2051
Public Works Loan Board	410,581	4.050%	29/09/2006	29/09/2051
Public Works Loan Board	1,231,744	4.250%	16/01/2007	16/03/2052
Public Works Loan Board	410,581	4.500%	11/04/2007	11/09/2054
Public Works Loan Board	410,582	4.430%	21/01/2008	21/09/2037

Public Works Loan Board	5,000,000	2.540%	22/02/2017	15/05/2061
Public Works Loan Board	5,000,000	2.480%	28/02/2017	15/05/2062
Public Works Loan Board	5,000,000	2.350%	12/04/2017	15/05/2063
Public Works Loan Board	5,000,000	2.270%	19/04/2017	15/06/2064
Public Works Loan Board	5,000,000	2.280%	26/06/2017	15/08/2065
Public Works Loan Board	5,000,000	2.360%	21/07/2017	30/09/2030
Public Works Loan Board	5,000,000	2.400%	26/07/2017	30/09/2031
Public Works Loan Board	5,000,000	2.440%	26/07/2017	30/09/2066
Public Works Loan Board	5,000,000	2.370%	15/08/2017	31/03/2061
Public Works Loan Board	5,000,000	2.580%	25/09/2017	15/11/2059
Public Works Loan Board	2,000,000	2.540%	26/09/2017	15/11/2062
Public Works Loan Board	3,000,000	2.520%	27/09/2017	15/11/2064
Public Works Loan Board	2,000,000	2.520%	27/09/2017	15/11/2065
Public Works Loan Board	5,000,000	2.260%	06/10/2017	15/09/2028
Public Works Loan Board	5,000,000	2.500%	06/10/2017	15/09/2067
Public Works Loan Board	5,000,000	2.500%	19/10/2017	15/12/2059
Public Works Loan Board	5,000,000	2.500%	19/10/2017	15/12/2060
Public Works Loan Board	8,000,000	2.570%	16/11/2017	31/03/2057
Public Works Loan Board	6,000,000	2.490%	16/11/2017	31/03/2065
Public Works Loan Board	6,000,000	2.510%	16/11/2017	31/03/2062
Public Works Loan Board	4,000,000	2.550%	16/11/2017	31/03/2058
Public Works Loan Board	6,000,000	2.490%	16/11/2017	30/09/2066
Public Works Loan Board	4,000,000	2.160%	24/11/2017	31/03/2028
Public Works Loan Board	6,000,000	2.610%	24/11/2017	31/03/2049
Public Works Loan Board	5,000,000	2.530%	24/11/2017	31/03/2053
Public Works Loan Board	5,000,000	2.510%	24/11/2017	30/09/2033
Public Works Loan Board	5,000,000	2.520%	05/06/2018	15/01/2048
Public Works Loan Board	5,000,000	2.540%	10/07/2018	31/03/2047
Public Works Loan Board	3,000,000	2.370%	21/02/2019	31/03/2066
Public Works Loan Board	2,000,000	2.360%	26/02/2019	31/03/2063
Public Works Loan Board	3,000,000	2.380%	12/03/2019	31/03/2036
Public Works Loan Board	2,000,000	2.320%	25/03/2019	31/03/2036
Public Works Loan Board	2,000,000	2.410%	25/03/2019	31/03/2040
Public Works Loan Board	2,000,000	2.420%	25/03/2019	31/03/2041
Public Works Loan Board	2,000,000	2.350%	27/03/2019	31/03/2045
Public Works Loan Board	2,000,000	2.350%	27/03/2019	31/03/2046
Public Works Loan Board	4,000,000	2.250%	28/05/2019	31/03/2068
Public Works Loan Board	3,000,000	2.280%	30/05/2019	31/03/2039
Public Works Loan Board	5,000,000	2.150%	06/06/2019	31/03/2068
Public Works Loan Board	5,000,000	2.140%	08/07/2019	31/03/2044
Public Works Loan Board	5,000,000	1.900%	13/08/2019	31/03/2064
Public Works Loan Board	5,000,000	1.730%	19/08/2019	31/03/2069
Public Works Loan Board	5,000,000	1.720%	05/09/2019	31/03/2050
Public Works Loan Board	5,000,000	1.850%	16/09/2019	31/03/2058
Public Works Loan Board	5,000,000	1.530%	17/09/2019	31/03/2030
Public Works Loan Board	5,000,000	1.950%	17/09/2019	31/03/2054
Public Works Loan Board	5,000,000	1.860%	23/09/2019	31/03/2040
Public Works Loan Board	5,000,000	1.810%	23/09/2019	31/03/2056
Public Works Loan Board	5,000,000	1.520%	23/09/2019	31/03/2031
Public Works Loan Board	5,000,000	1.740%	23/09/2019	31/03/2069
Public Works Loan Board	6,000,000	2.900%	06/12/2019	31/03/2059

Public Works Loan Board	5,000,000	2.430%	03/02/2020	30/09/2031
Public Works Loan Board	5,000,000	2.760%	03/02/2020	31/03/2055
Public Works Loan Board	5,000,000	2.240%	11/03/2020	31/03/2043
Public Works Loan Board	5,000,000	2.210%	11/03/2020	31/03/2051
Public Works Loan Board	2,666,666	2.290%	26/07/2017	30/09/2042
	339,716,313			

Short Term Borrowings

Name	Principal £	Interest Rate	Start Date	Maturity Date
Public Works Loan Board	1,560,207	1.420%	08/08/2002	08/03/2027
Public Works Loan Board	476,190	1.420%	22/02/2017	15/05/2027
Public Works Loan Board	3,000,000	4.390%	10/08/2009	15/04/2027
	5,036,398			

Long Term Investments

Name	Principal £	Interest Rate	Start Date	Maturity Date
European Investment Bank**	3,000,000	5.000%	20/03/2024	15/04/2039
BNG Bank INV**	2,000,000	4.250%	20/03/2024	15/05/2029
European Investment Bank**	5,000,000	4.500%	03/06/2024	07/03/2044
International Bank for Reconstruction & Development**	3,000,000	5.750%	18/07/2024	07/06/2032
European Investment Bank**	2,000,000	4.500%	18/07/2024	07/03/2044
CCLA Property Fund**	5,000,000	4.790%	n/a	n/a
Borough of Kingston Upon Hull	5,000,000	4.600%	06/11/2024	08/11/2027
London Borouh of Redbridge	5,000,000	4.300%	11/06/2026	11/06/2029
Rushmoor Borough Council	5,000,000	4.500%	16/10/2025	16/10/2029
	35,000,000			

****Note:** Principal invested value, the value included for reporting purposes is the market value as at 30 September 2026.

Short Term Investments

Name	Principal £	Interest Rate	Start Date	Maturity Date
Surrey County Council	5,000,000	4.300%	21/04/2026	28/01/2027
Lancashire County Council	5,000,000	4.600%	27/05/2026	26/05/2027
North Devon District Council	3,000,000	4.600%	18/05/2026	18/05/2027
Bristol City Council	5,000,000	4.350%	01/07/2026	29/01/2027
Central Bedfordshire Council	5,000,000	4.500%	15/07/2026	15/04/2027
East Cheshire Council	5,000,000	4.350%	14/08/2026	15/03/2027
Southampton City Council	10,000,000	4.500%	24/09/2026	01/10/2026
Northumberland County Council	5,000,000	4.780%	25/09/2026	24/09/2027
Goldman Sachs Money Market Fund	50,000	3.698%	n/a	n/a
CCLA Public Sector Deposit Fund	50,000	3.749%	n/a	n/a
Aviva Investors Money Market Fund	50,000	3.816%	n/a	n/a
Legal & General Money Market fund	50,000	3.798%	n/a	n/a
	43,200,000			

Cash & Cash Equivalents

Name	Principal £	Interest Rate	Start Date	Maturity Date
National Westminster Bank	1,638,024	1.750%	n/a	n/a
	1,638,024			

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Counter Fraud Update

Torbay Council

November 2026
Page 1
Official

Joanne McCormick
Head of Devon Assurance Partnership

Bradley Hutton
Deputy Head of Devon Assurance Partnership

Rachel Worsley
Assurance Manager (Fraud)

1. Executive Summary

- 1.1 This first report of 2026/27 provides the Audit Committee with assurance on how Torbay Council's (TC) fraud and error risks were managed during the first half of 2026/27 through the work of Devon Assurance Partnership (DAP) Counter Fraud Services Team. The team's activity supports the protection of public funds and services delivered to residents across Torbay. The report is structured around the five lines of fraud defence – Governance, Prevention, Detection, Redress and Review – in line with recognised CIPFA and Public Sector Fraud Authority guidance.
- 1.2 At a time of unprecedented financial pressure and significant change across Local Government, it is more important than ever that public money, assets and services are protected from fraud. Every pound lost to fraud is a pound that cannot be invested in essential services for our communities. Fraud against public bodies is not a victimless crime, it impacts taxpayers, reduces resources for those in genuine need and can disproportionately affect the most vulnerable in society.
- 1.3 As the Council continues to progress through change and of transformation, DAP remains ready to support services and emerging programmes, helping to ensure fraud risks, governance requirements and appropriate controls are considered throughout design and implementation of change to ensure public funds are protected, risks are effectively managed, and fraud is identified and addressed wherever it occurs.
- 1.4 Members are invited to consider the content of this report in respect of the assurance it provides that fraud and error impacts are being managed proportionately, transparently and in line with good public sector practice, supporting the effective protection of resources and delivery of services to residents.
- 1.5 This report demonstrates that effective counter-fraud arrangements remain in place, with activity focused on preventing, detecting and addressing fraud risks whilst supporting organisational change and transformation.

2. Purpose of report

- 2.1 To provide Audit Committee with assurance over the effectiveness of the Council's arrangements to prevent, detect and deter fraud and error activity during the first half of the financial year 1 April 2026 to 30 September 2026.
- 2.2 The report is intended to support members in obtaining assurance the Council has robust processes in place to prevent, detect and deter fraud and error.

3. Background and Counter-Fraud Framework

- 3.1 Fraud and error present significant and evolving risks to the Council. It is persistent, diverse, quickly changing and complex.
- 3.2 Recent estimates suggest that fraud and error against the public sector may amount to between £55 billion and £81 billion annually, with approximately £41 billion thought to be undetected. This highlights the greatest fraud risks are often those that remain hidden and highlights the importance of maintaining robust arrangements to actively seek out fraud and error, rather than solely rely on cases that are reported.
- 3.3 The reporting period has seen the Government citing its intention to transfer the Public Sector Fraud Authority (including the National Fraud Initiative) from the Cabinet Office to the Department of Works and Pensions with continued sponsorship from HM Treasury. The DWP holds some of the largest and most valuable datasets that are and could be used in fraud prevention.
- 3.4 For The Council, the current legislative and regulatory frameworks continue to reinforce the need for clear corporate accountability for counter fraud activity, effective use of data, intelligence and analytics, and robust action to prevent, detect, investigate and recover losses of public funds. There is an increasing expectation that Councils can demonstrate proportionate risk –based and resilient counter fraud arrangements that are aligned with recognised good practice, relevant statutory guidance and the principles set out in [Fighting Fraud and Corruption Locally](#). This includes evidencing effective governance, strong internal controls, partnership working, and a proactive approach to emerging fraud risks and threats.
- 3.5 The Council needs to ensure that counter fraud activity is integrated across services, rather than reliant on isolated investigations, and that learning from exercises such as the National Fraud Initiative is used to strengthen controls and reduce future risk. While detailed secondary legislation and guidance will determine specific duties, the [Fraud, Error and Recovery Act 2025](#) signals a shift toward higher standards of consistency, accountability, and evidence of effectiveness across the government sector.
- 3.6 The Council continues to operate within a changing organisational environment shaped by transformation activity and continuing developments relating to Local Government Reorganisation (LGR). While the future structure of local government continue to evolve, periods of organisational change can increase exposure to fraud, error and governance risks as services adapt to new ways of working, systems and operating models. The Counter Fraud Team therefore has an important role to play in supporting services to maintain effective controls, promote data quality and provide assurance that fraud risks remain appropriately managed throughout this period of change and beyond.
- 3.7 Councils continue to receive and administer significant funding streams that are often publicised through government announcements, local authority communications and targeted promotional campaigns. Within Torbay, funding associated with regeneration, transformation, community initiatives and wider service delivery priorities can present opportunities for both fraud and error. While publicity is essential to ensure eligible recipients are aware of available support, it can inadvertently increase the risk of speculative, duplicate or false applications. Effective counter fraud controls are therefore essential to protect public funds, support compliance with funding conditions and provide assurance that resources are directed to their intended purpose. This becomes particularly

important during periods of organisational change and transformation, when new funding opportunities and delivery arrangements may emerge.

- 3.8 Torbay's [Counter-Fraud, Error, Bribery and Corruption Policy](#) establishes the standards and expectations applicable to all staff and elected members and supports the promotion of a strong antifraud culture across the organisation.
- 3.9 Fraud is recognised by Torbay Council with a risk owned by the Strategic Leadership Team with a focus on the prevention and detection of fraud (Risk CP59).
- 3.10 The Counter Fraud Team deliver a service across the Council which aims to prevent, detect and deter fraud, error and criminality related to fraud.
- 3.11 Through this activity, financial losses are prevented, income protected and inappropriate payments identified or recovered. As fraud is often hidden, effective counter-fraud arrangements require organisations not only to investigate reported concerns but to also proactively identify fraud risks and irregularities before losses escalate. We must continue to fundamentally shift our perspective and recognise that finding fraud itself is a success!
- 3.12 Fraud remains one of the most significant risks facing the public sector. Increasing digitalisation, evolving cyber-enabled fraud methodologies, identity fraud and insider threats continue to present challenges for public bodies. These risks reinforce the importance of maintaining effective preventative controls, intelligence sharing arrangements and proactive counter fraud activity.

4. Governance – Govern & Acknowledge (First line of defence)

4.1 The Audit Committee provides oversight of the Council's counter-fraud arrangements. Governance responsibilities are clearly defined:

- **Senior Responsible Officer:** Director of Finance & S151 Officer
- **Operational Lead:** Assurance Manager - Counter Fraud and Error (DAP)
Oversight of the National Fraud Initiative (NFI), proactive reviews, investigations and reporting

4.2 Effective governance of fraud is established through the operation of a Counter Fraud, Error, Bribery and Corruption Policy, which sets out clear standards, roles, and expectations and provides a formal framework for preventing, detecting, and responding to fraud across the organisation.

4.3 The Council receives formal counter fraud updates through reports presented to the Audit Committee, providing members with oversight of fraud risks, activity, and outcomes; these updates are provided on a regular basis to support assurance and governance responsibilities.

4.4 A counter fraud year-end report was presented to Audit Committee in May 2026.

5. Prevention – Prevent & Protect (second Line of Defence)

- 5.1 Deploying a dedicated counter fraud team is invaluable, representing a clear invest-to-save approach, as the presence of specialist expertise deters fraud, strengthens controls, and provides assurance over the protection of public funds, even where financial benefits cannot always be precisely quantified.
- 5.2 Preventative activity focused on, strengthening awareness, improving organisational resilience and reducing opportunities for fraud to occur. While the financial value of prevention cannot always be quantified, this work provides assurance through reduced risk exposure, stronger controls and improved organisational capability.
- 5.3 The service continues to utilise intelligence obtained through the National Anti-Fraud Network (NAFN) to strengthen preventative activity. During the reporting period, fraud alerts and intelligence updates were provided across the relevant Council services and partners, enabling emerging threats to be identified and mitigated at an early stage. Intelligence shared included reports relating to attempted payment diversion frauds, impersonation scams and fraudulent approaches targeting public sector organisations. This collaborative approach supports the Council's ability to respond quickly to emerging fraud risks and reduce potential financial exposure.
- 5.4 During the reporting period, DAP became aware of an attempted fraud against one of its partner organisations, involving a telephone call from an individual fraudulently claiming to represent the organisations banking provider. Intelligence relating to the methodology used was collated and shared across partner organisations to raise awareness of the threat and support the implementation of preventative measures, thereby reducing the risk of the similar attack succeeding elsewhere within the organisation.
- 5.5 Development of a fraud risk register remains a key priority. Working alongside the established risk team, activity has continued to identify and assess fraud risks across services to ensure that counter-fraud resources, controls and mitigation activity remain proportionate to the Council's operating environment and risk profile.
- 5.6 Torbay Council's employees are the strongest defence against fraud. While systems and controls play an important role, it is often informed and vigilant employees who identify suspicious activity, challenge unusual behaviour, and prevent fraud from occurring. By equipping staff with the knowledge and confidence to recognise fraud risks and warning signs, organisations strengthen their ability to prevent, detect, and respond to fraud effectively. Raising awareness helps create a culture where everyone understands their role in protecting public funds and maintaining trust.
- 5.7 When new colleagues join the Council, as part of the onboarding process, they are invited to fraud awareness sessions where they meet members of the fraud team and fraud risks and how to report fraud is discussed. During this session, colleagues are also provided with awareness of the need to declare potential conflicts of interest. They are also provided with awareness of the whistleblowing policy and the kind of concerns the policy covers.
- 5.8 The Council has a mandatory online fraud awareness course where all colleagues are required to undertake the training every 18 months with a compliance rate of 65%. Human Resources advise they are in the process of building a dashboard for directors which will

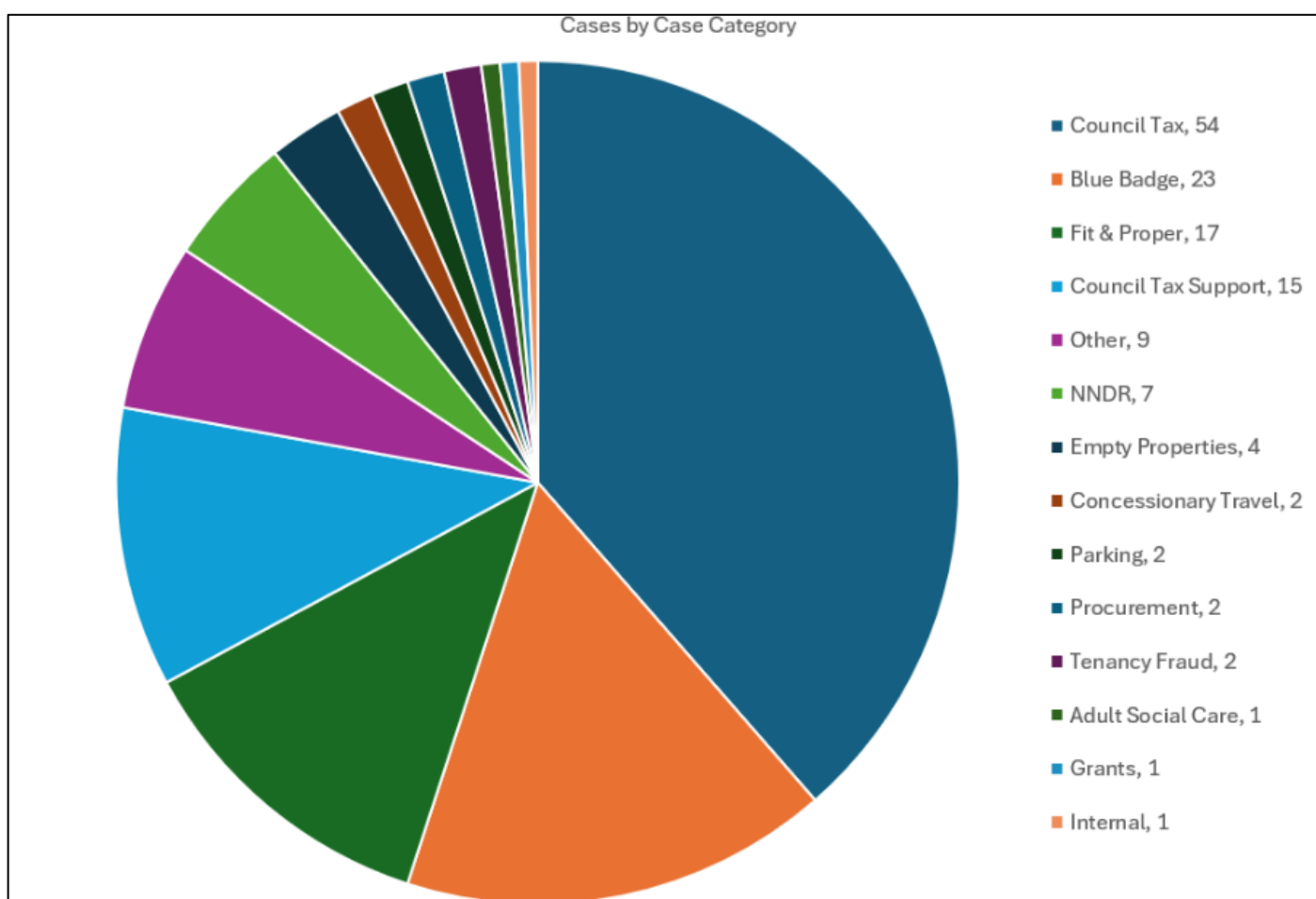
include mandatory course completion rates which will provide visibility. The dashboard will provide data on service areas where compliance requires improvement, and proactive measures will be implemented to ensure compliance is improved

- 5.9 Whilst the current compliance position provides a foundation for awareness, increasing completion rates remains important to ensuring that all colleagues understand their responsibilities in protecting public funds and reporting suspected fraud.
- 5.10 Continued investment in data matching capability forms part of the Council's preventative control environment. By analysing data across systems and services, opportunities can be identified to improve data quality, highlight anomalies and strengthen assurance over the accuracy of records. This capability is also expected to support future organisational integration and service transformation activity by promoting consistency and reliability of information held across the organisation.
- 5.11 Undertaking this work on an ongoing basis, reduces the risk of embedding errors, inefficiencies or control weaknesses within any systems, while strengthening resilience to fraud. Realising the full benefits of this approach requires engagement and collaboration from any department within the Council or perhaps other local authorities where boundaries may or may not change as part of future unitary arrangements.
- 5.12 During this period there has been a further roll out of the antifraud tool LoCTA amongst the Crisis Resilience Funding Team. This is an area which has been targeted by fraudsters. Although the payments provided to individuals are low value, when a fraud of this nature targets multiple LA's it can amount to a sizeable figure received.

6. Detection – Acknowledge (Third Line of Defence)

- 6.1 Detection activity focuses on identifying fraud, error and irregularity through referrals, intelligence, data matching and proactive review work. A risk-based approach continues to ensure resources are directed towards matters presenting the greatest potential financial, service or reputational impact.
- 6.2 The Counter fraud teams work is varied and covers a wide programme of reactive and proactive investigations. The diagram below demonstrates the diverse nature of the 140 reports received in this period and the types covered.

6.3 Summary Visual Chart



- 6.4 We have a young case management system. Therefore, where we don't have a case category that fits the type of allegation received within the case management system, it is categorised as other. If we find we have several cases that have fallen into this category that are similar by nature, we will add further categories for future use.

- 6.5 During the reporting period, the team continued to develop and expand its internal data-matching capability, enhancing the Council's ability to identify fraud, error and data quality issues. As a result 651 records across Council Tax, Housing Waiting List, Blue Badge and Parking Services have been identified for analysis. The exercise identifies anomalies requiring review, resulting in data corrections, service improvements and, where necessary, the commencement of fraud investigations or recovery of funds.
- 6.6 This reporting period has seen the provision of 27 alerts from the National Anti-Fraud Network (NAFN) where the perpetrators have targeted more than one Local Authority and is excluded from elsewhere in this report, including 6.2 and diagram 6.3.
- 6.7 The National fraud Initiative (NFI) is a mandatory biennial data matching exercise designed to assist public sector bodies in the detection and prevention of fraud and error. Within Torbay Council, Fraud and Error, who oversees data submission, review of matches, coordination of investigations and reporting of outcomes, ensuring appropriate governance, compliance and assurance throughout the exercise.
- 6.8 At the previous review, a positive completion rate for 2024/25 NFI exercise was reported against a backdrop of significant organisational change for the Fraud Team.
- 6.9 The NFI 2025/26 exercise, a smaller exercise undertaken between the larger biennial NFI matches, remains ongoing. Work has not yet progressed to customer engagement. Efforts to identify an effective method of filtering out false positive matches generated by the NFI is in progress. Alongside this, work has focused on integrating the NFI outputs with Council-held data sources to reduce the significant manual effort previously required to review and manage results. Once established, this approach will support a targeted bulk challenge exercise of Single Person Discount claims. Activity during this reporting period has therefore focused on developing these arrangements. Once testing is complete, the review and customer contact work will commence and complete during the second half of the financial year.
- 6.10 The Council is well prepared for the 2026/27 National Fraud Initiative (NFI) exercise, with effective governance, oversight and delivery arrangements in place to ensure compliance with all programme requirements and timescales.

6.11 Council Tax

Single Person Discount (SPD) review During 2025/26, Datatank, the Council's selected supplier for its Single Person Discount review programme, delivered a successful exercise that identified fraud and error within the Council Tax caseload. As a result, the Council exercised the contract extension option included within the original procurement, enabling a further targeted review to be undertaken. Like the previous review, this year's exercise will also include households in receipt of Council Tax Reduction. The results from this review

will be reported to committee in an end of project report.

Empty Homes Premium Avoidance as mentioned in last year's report, The Council introduced premiums for long-term empty properties, introducing an associated fraud risk. While the Council tax team remains vigilant to indicators of potential premium avoidance, it is unlikely that all cases will be identified through routine administration alone. To strengthen controls in this area, Data-Tank will include empty homes premium avoidance checks within the screening process for the current SPD review exercise. This proactive approach seeks to identify properties that may be incorrectly recorded as occupied, enabling targeted follow-up and helping to ensure the correct Council Tax charge is applied. It is anticipated this will also be reported to committee in an end of project report.

Second home premium avoidance akin to the empty home's premium avoidance, Data-tank will include second home premium avoidance in the screening process.

Unregistered properties the Fraud team identified properties which were otherwise unregistered for council tax purposes. Until these are reviewed by the Valuation Office Agency and assigned a council tax band, Torbay is unable to bill for the properties.

6.12 **Undervalued or Unrated Business premises** continues to be an area of financial risk. However, due to the work undertaken internally by the counter fraud and business rates teams and through the external provider, the current risk is reduced evidenced through a decrease in the instances identified.

6.13 **Un-notified change of business owner** please refer to exempt Appendix 3 for further details.

6.14 **Housing waiting list.** Housing waiting lists are at an all-time high, alongside the costs of temporary accommodation. Therefore, it is imperative /Torbay Council ensures those on the housing waiting list have a legitimate need for housing. The Council is now using its data matching capabilities to identify anomalies within the housing waiting list, identifying when a person may have made an application based upon false information OR failed to update their application with current information.

6.15 **Blue badge fraud:** targeted blue badge reviews continued during the reporting period, supported by enhance data matching techniques. These exercises identified a number of records requiring further examination and provided assurance over the integrity of the scheme. In addition to detecting potential misuse, the work has supported improvements in data quality and informed the development of future matching exercises aimed at strengthening preventative controls.

6.16 **Parking permit fraud** – please refer to exempt Appendix 3

6.17 **Corporate card misuse** The Council issues corporate credit cards to support legitimate

expenditure where purchases cannot be made through standard expenses or procurement processes. During the reporting period, a referral was received regarding potential misuse of a council purchase card. Review of the circumstances around the card use did not identify fraud.

7. Pursue – Redress (Fourth Line of Defence)

- 7.1 Torbay Council has been victim of 0 incidents associated with the fraud types highlighted by a National Anti-Fraud network (NAFN) alert.
- 7.2 Investigations were undertaken throughout the period, including compliance interviews, referrals to the DWP and escalation of cases to Finance Ethics and Probity Group where appropriate.
- 7.3 Investigations have taken place throughout the period to identify fraud and error. The benefits received are detailed below. The figures shown for council tax are based on total liability, although the benefit is split between Torbay Council, Devon and Cornwall Police and Devon and Somerset Fire and Rescue Service.
- 7.4 The reporting period has seen 23 reports of Blue Badge fraud. It should be noted that a single case may involve more than one action or outcome (for example, a Blue Badge holder may have been issued with a misuse letter while the matter was also referred to another organisation for consideration), and therefore the figures below should not be interpreted as mutually exclusive.
- 7.5 These reports have resulted in 9 cases being referred to the issuing Local Authority, another department or another organisation, including the Department for Work and Pensions, where The Council does not have the jurisdiction to investigate or where benefit entitlement concerns were identified.
- 7.6 9 Blue Badge holders were issued with a reminder of the rules and regulations pertaining to Blue Badge use. 0 cases were identified where the allegation was unfounded or lacked sufficient information to substantiate the concern, and 2 cases were assessed as having no grounds to pursue the allegation further.
- 7.7 **Money laundering** There was no suspicious activity requiring a report to the National Crime Agency during the reporting period. This provides assurance that the Council's anti-money laundering controls remain effective, noting that assurance is based on identified activity and does not eliminate all risk.
- 7.8 We continue to monitor the Financial Systems Management to provide assurance, Torbay Council does not make any payments to bank accounts known to be linked to fraudulent activity.
- 7.9 DAP has continued the training and development of a new Counter Fraud Officer as part of its ongoing commitment to strengthening investigative capacity. Training continues to progress well, with the officer continuing to develop the knowledge, skills and practical experience required to undertake investigations independently. Subject to continued progress, it is anticipated that the officer will be able to take ownership of investigative

casework during Quarter 3 of the current financial year.

7.10 Triage The initial assessment process reviews allegations to establish credibility, risk and potential impact, ensuring resources are directed to the highest-priority matters. Outcomes may include progression to investigation, referral to an alternative responsible body, or closure where insufficient information is available. The following table provides a summary of activity during the first six months of the year, including both incoming referrals and cases outstanding at the start of the reporting period.

7.11

Financial year	Cases Awaiting Review	Number of completed cases	Cases Being Reviewed
2023/24	1	11	21
2024/25	0	18	5
2025/26	1	28	25
2026/27	3	85	16

7.12 Investigations: The current position: The figures shown for 2025/26 relate solely to cases that were carried forward into 2026/27; they exclude cases completed within the 2025/26 financial year.

Financial year	Cases Awaiting Review	Completed investigations	Cases Under Investigation
2023/24	9	2	6
2024/25	14	1	3
2025/26	18	1	3
2026/27	4	1	4

7.13 Partnership Working: The team conducts investigations in partnership with the DWP where appropriate. Sending invitations to the DWP and receiving invitations from the DWP. Only fully accredited investigators can undertake this work.

7.14

Financial year	Under Investigation	Cases Closed	Cases Prosecuted
2023/24	6	1	0
2024/25	10	1	1
2025/26	17	2	0
2026/27	8	1	0

7.15 During this reporting period cases have progress to the stage of interview under caution. Following these interviews, redeterminations are made by the relevant departments. If a redetermination results in the identification of an overpayment, cases are prepared and submission made to the Crown Prosecution Service for consideration of legal action and 1 case has been prosecuted, where the defendant entered a guilty plea. This resulted in a suspended sentence.

7.16 The investigations completed during this reporting period have resulted in the identification of the financial impacts shown below. These figures reflect the value of overpayments, recoveries and other quantifiable outcomes directly attributable to fraud and error investigations.

7.17

Council Tax	£34,255.08
Business Rates	£38,678.89
Devon Home Choice	£3,240.00

7.18 The team provides information to the DWP to support its own investigations into Housing Benefit and Universal Credit related frauds.

7.19

	Requests received	Requests completed
2026/2027	10	10

7.20 Where it is suspected a person is in receipt of Housing Benefit is committing fraud, a referral is made to the DWP. This reporting period has seen 15 referrals.

7.21 A part of the redress toolbox, is the option of compliance. This is a structured meeting conducted to assess whether an individual is adhering to relevant laws, regulations or policies or contractual obligations. In the context of local government, it typically involves gathering information and investigating potential fraud. The interview is carried out by a trained officer and may include reviewing documentation, asking targeted questions and recording responses for further analysis or enforcement action.

7.22

	Awaiting/Under Investigation	Compliance Interviews Undertaken	Compliance Resulting in Cashable Savings
2023/24	27	0	£0
2024/25	18	0	£0
2025/26	30	0	£0
2026/27	13	0	£0

7.23 **Data Matching** Data matching is the process of comparing information from different datasets to identify inconsistencies, anomalies, duplicate records, or links between records that may indicate fraud, error, or other irregularities. Within fraud teams, data matching is used as a proactive intelligence and risk management tool, enabling large volumes of data to be analysed efficiently to highlight cases that warrant further review. By identifying patterns that would not be apparent through manual checks alone, data matching supports the prevention, detection and investigation of fraud, while also helping to improve data quality, strengthen internal controls, and ensure that public funds and services are used appropriately

7.24 The table below summarises the outcomes of data-matching activity undertaken during the reporting period. Each exercise involved matching complete datasets from separate service areas to identify potential anomalies requiring review. The **Total Matches Identified** figures represent the number of potential matches generated through these comparisons.

The **Current Status** section shows the progress of those matches following review, including cases awaiting review, live enquiries, cases awaiting a result, cases closed with no further action required, and those referred for formal investigation. The **Outcomes Identified** section records the measurable outcomes arising from completed reviews, including amendments to Council Tax and Council Tax Support (CTS) awards and the cancellation of badges, passes, permits, or applications where entitlement could not be confirmed.

7.25 The figures therefore demonstrate both the volume of potential anomalies identified through data matching and the outcomes achieved from reviewing those matches.

7.26 The **Council Tax versus Permits** and **Council Tax versus Blue Badge** exercises are newly introduced data-matching activities for the current reporting year. Whilst the matching process has been completed and potential matches have been identified; review work has not yet commenced and therefore all identified matches currently remain awaiting review. These exercises will be progressed

as resources allow, and any resulting outcomes, financial impacts, or corrective actions will be reported within the end-of-year report.

7.27 (n.b. we cannot currently report on the number of records where data has been corrected, we are looking to rectify this for future reports).

Measure	Ctax v Housing Waiting List	Ctax v Bus Passes	Ctax v Permits	Ctax v Blue Badge
TOTAL MATCHES IDENTIFIED	101	191	246	113
Current Status				
Awaiting Review	0	0	246	113
Live	3	0	0	0
Awaiting Result	11	9	0	0
Closed	86	182	0	0
Sent to Investigation	1	0	0	0
Outcomes identified				
Council Tax	£14,072.32	£0	£0	£0
Council Tax Support (CTS)	£575.12	£0	£0	£0
Badge/Pass/Application Cancelled	1	14	0	0

8. Review and Continuous Improvement (Fifth Line of Defence)

- 8.1 Learning from investigations will be used to strengthen controls and reduce recurrence or earlier detection.
- 8.2 The West of England Fraud Officers meet on a regular basis to share intelligence, discuss emerging fraud trends, emerging risks, and operational challenges, and reflect on learning from recent cases and investigations. The group is chaired by DAPs Assurance manager, Counter Fraud and Error providing structured leadership and ensuring that discussions are focused on practical outcomes and shared priorities. Insights from these discussions are fed back into the wider counter-fraud team to strengthen preventative activity and support continuous improvement. This collaborative approach supports Devons continued alignment with regional best practice, promotes innovation, and ensures that the team remains responsive to evolving and increasingly complex fraud risk landscape.
- 8.3 During this reporting period, the Counter Fraud Team's available capacity has been primarily focused on enhancing its in-house data-matching capabilities, reducing the backlog of investigations, and preparing for the forthcoming NFI exercise. As a result, progress on a number of planned proactive initiatives has been limited, although development work undertaken previously provides a strong foundation for future activity.
- 8.4 Emerging intelligence continues to highlight the growing risk associated with polygamous working fraud across the public sector. Preliminary work identified opportunities to use data and intelligence-led techniques to highlight potential indicators of this risk. Further development and testing of this approach is expected to take place during the remainder of this financial year.
- 8.5 Procurement fraud remains a recognised low-volume, high-value fraud risk. Initial work has been undertaken to explore methods of identifying procurement activity that may have occurred outside approved policies and procedures. While still at an early stage of development, this work is intended to support improved compliance, reduce fraud and error risks, and strengthen value-for-money assurance. Subject to available resources, further development is anticipated during the second half of the financial year.
- 8.6 We received an approach by a manager concerned with the process in place when issuing staff identification cards. On review of the process, recommendations were made and accepted by the manager to strengthen the existing process.
- 8.7 Looking ahead, the team is also considering several innovative, intelligence-led initiatives designed to identify fraud, error, and opportunities for financial savings. Subject to capacity and competing priorities, proposals will be developed during the latter part of the financial year with the aim of further strengthening the Council's approach to counter fraud and enhancing outcomes for the authority and its partners.
- 8.8 **Blue badge fraud:** Building upon existing Blue Badge assurance work, the Council is exploring additional data matching opportunities to strengthen oversight, improve data quality and identify potential misuse at an earlier stage. This development complements existing controls and supports wider regional collaboration through DAP and the National Fraud Initiative.
- 8.9 Given the level of public scrutiny and the importance of ensuring Blue Badge concessions remain available to those with genuine entitlement to them, the Council is seeking to enhance assurance in this area through the development of local data matching capabilities. The development is being undertaken collaboratively with DAP partners and is intended to

strengthen existing controls, minimise opportunities for misuse and support the Blue Badge teams in maintaining accurate and up-to-date records.

8.10 However, the Council is not provided with sufficient data from other government agencies to proactively verify all aspects of an applicant's ongoing eligibility against the Blue Badge qualifying criteria. As a result, it remains reliant on information received from members of the public, partner organisations, and other intelligence sources where concerns arise regarding an individual's entitlement. Public reporting therefore continues to represent a principal element of the Council's overall approach to safeguarding the integrity of the scheme, alongside the continued development of data matching and analytical capabilities. Nonetheless, we have made a recommendation to the NFI their work in this area is broadened to identify where an individual has not informed the BB team of a change in their mobility circumstances. DAP, on behalf of its partners have requested inclusion in a pilot should they choose to mobilise the recommendation.

8.11 **Corporate Credit Cards** Following review of the reported misuse of a company credit card, the expenses policy has been updated and all colleagues were advised of the update advising the change to clarify the use of Purchase cards and petty cash, the audits that will take place of card use, and the managers sign off responsibility. We have recommended the implementation of a terms of use contract when the cards are issued to individuals and a reporting regime to identify if a card has been used while an individual is on annual leave, to identify potential misuse. Review of the allegation did not identify fraud; however, examination of the arrangements surrounding the issue and use of corporate cards identified a weakness in the existing control framework. To strengthen oversight and support the detection of potential misuse, it was recommended that the Council introduce an automated monitoring process comparing card usage against periods of employee absence from the workplace, helping to identify transactions that may fall outside the Council's corporate card policy.

8.12 **Social housing fraud** with the number of people on the housing waiting list with a legitimate housing need, temporary accommodation costs rising, the Council is seeking to work with social housing providers to use data-matching capabilities. We are working to set up the appropriate background agreements to ensure data sharing is compliant with the data protection regulations. Once all the governance is in place, we will work to provide proof of concept with one housing association. Once this initial exercise is complete, we will seek to extend this work with other housing associations, providing assurance that existing arrangements are reducing the level of exposure.

8.13 During the process of development of the corporate fraud risk register, although not a fraud risk, we identified the potential for the Council to receive penalty for late payments. The risk occurring due to procured company transfer of their business and although notifying the contract owner, the contract owner unaware of the requirement to request creation of a new supplier. When procurement is advised of a change of this nature, they will now notify the payments team who will support the contract owner to make all necessary amendments.

8.14 We received feedback following fraud awareness training suggesting an alert is placed on the home screen of the Financial Information Management system reminding users of the need to stay alert to the risk of fraud and to take a moment to consider if any activity observed could indicate fraud, misuse of funds and if in doubt to make a report to the counter fraud team. This update has been made.

Appendix

- **Fighting Fraud and Corruption Locally**
- **Counter Fraud, Error, Bribery and Corruption Policy**

The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

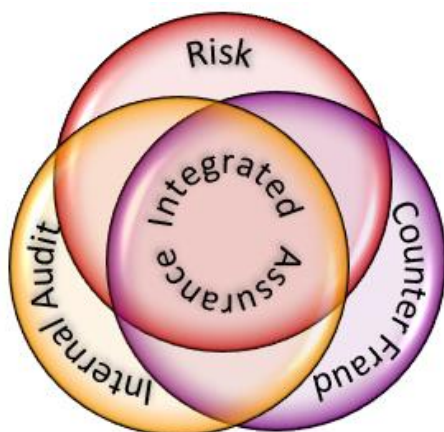
The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at joanne.mccormick@devon.gov.uk

Confidentiality and Disclosure Clause - This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Our Vision

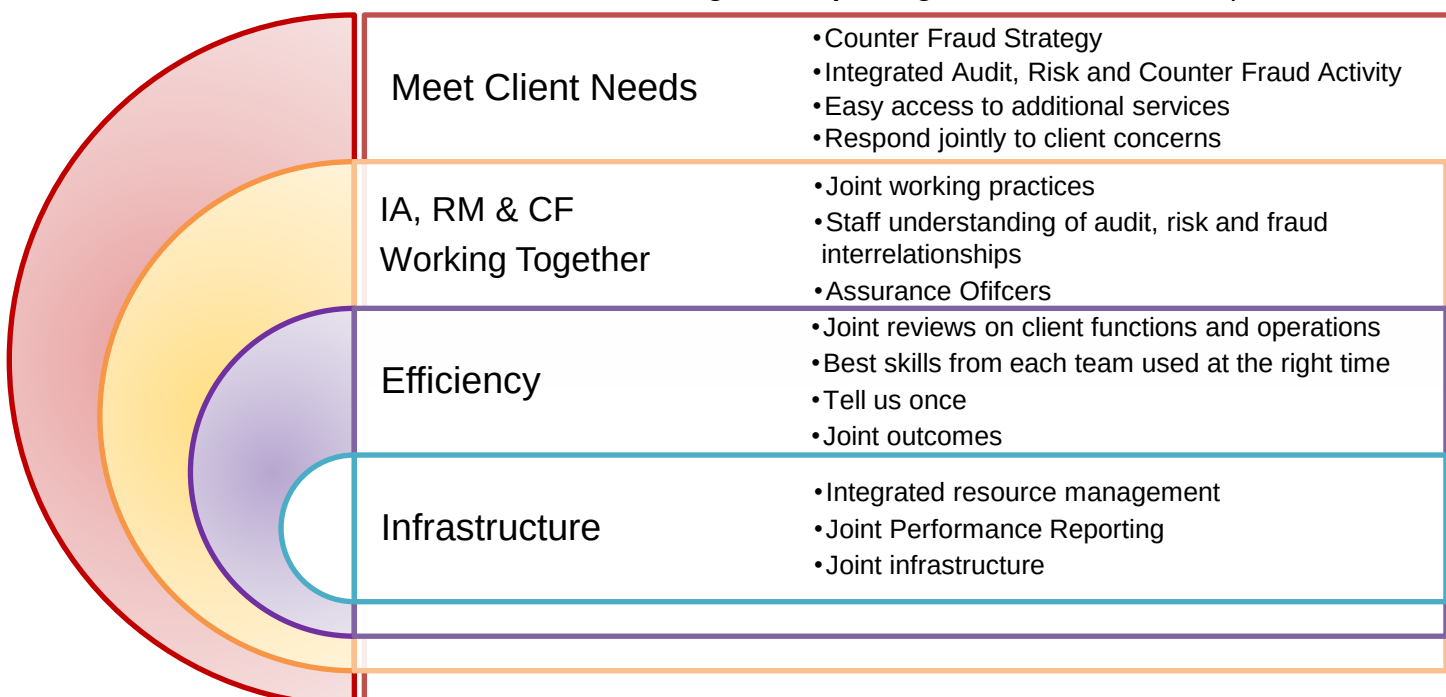
To be the leading provider of assurances services covering internal audit, counter fraud and risk management to public and not-for-profit organisations in the South West and beyond



Operational delivery

- **Assurance Audit** Plans based on the best and most up to date risk information.
- Agile **Internal Audit** Plan
- Live **risk management** reporting and support across the Council.
- Deliver a best-in-class **risk management framework**.
- **Counter Fraud** Team co-ordinate / undertake irregularities work coming through the **audit** plan.
- Potential irregularities triaged to **fraud or audit** for review. Use of data analytics.
- **Proactive fraud** work e.g. NFI, developing a delivery plan at client level.
- **Investigation** work to be completed jointly (where appropriate) to progress possible fraud review and strengthen internal control frameworks.
- **Audit** scoping to include **Counter Fraud** input.
- Three-way liaison confirming risk and control.
- **Integrated reporting** to be delivered where possible.

Our Goals



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Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud



With support from:



This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

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Foreword

— Richard Watts



Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not

taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as “a coalition of the willing”. It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

Cllr Richard Watts

Chair Resources Board, Local
Government Association
Leader Islington Council

Foreword

— Mike Haley



As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

Mike Haley

Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

Executive Summary

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

By using this strategy local authorities will:

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions may be far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

Review of 2016 Fighting Fraud and Corruption Locally Strategy

The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.

These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

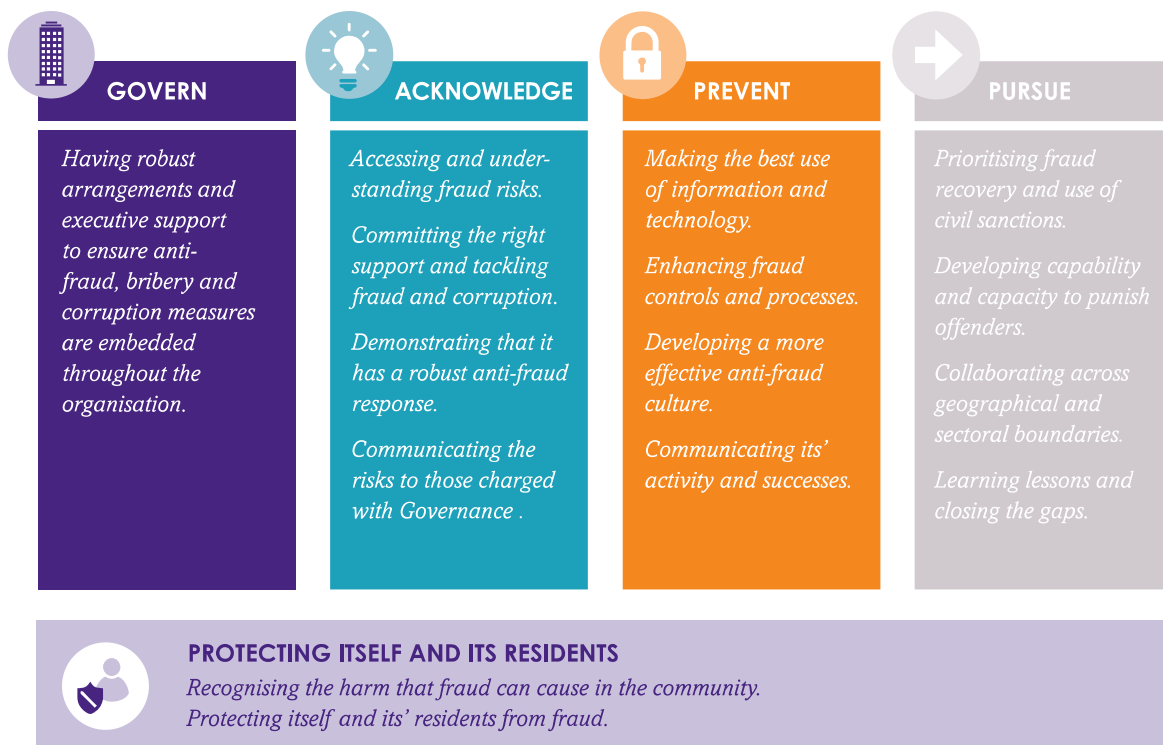
Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

The second new area that has appeared during the research recognises the increased risks to victims and the local community:

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*

Case Study

Birmingham City Council: Acknowledge Using data to tackle fraud

In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

“Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work.”

Trevor Scott, Chief Executive Wealden District Council

Introduction

This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.

As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.

We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.

The research for this strategy was carried out by local practitioners and board members.

The research was commissioned by the board and was coordinated by the secretariat.

The research consisted of:



RESEARCH

Desktop research of publications, legislation, and current activity in the landscape.



INTERVIEWS

Individual interviews and discussions with stakeholders from the counter fraud community.



EXPERTS

Specific interviews with subject matters experts.



WORKSHOPS

Facilitated discussions at FFCL 2019 Conference, thirteen specific workshops across UK and two additional conference workshops

The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

This document is divided into four sections:

Section 1

The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

Section 2

The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

Section 3

Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

Section 4

The Local Response – Appendices

Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

Section 1: The Context

a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher: The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

“We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow.”

Economic Crime Plan 2019

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

Estimated Local Government Fraud Loss 2013

Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

The Government's Economic Crime Plan 2019

What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality

- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.

Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by

Case Study

An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.

He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.

new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

Recommendation: A working group on powers should be formed.

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

Recommendation: A working group on incentives should be formed.

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

“Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime”.

*Clive Palfreyman, Executive Director Finance & Resources
London Borough of Hounslow*

d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.

Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

Organising ourselves

– a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.

Further recommendations are detailed in the Delivery Plan Annex.

Case Study

The first social care fraud prosecuted by Veritau and City of York Council

Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

e) Fraud risk areas

The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:

Fraud risks raised in the research

<i>Social care fraud: personal budgets and direct payments</i>	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
<i>Schools</i>	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
<i>Right to buy</i>	fraudulent applications under the right to buy/acquire
<i>Money laundering</i>	exposure to suspect transactions
<i>Commissioning of services</i>	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
<i>Tenancy</i>	fraudulent applications for housing or successions of tenancy, and subletting of the property
<i>Procurement</i>	tendering issues, split contracts, double invoicing
<i>Payroll</i>	false employees, overtime claims, expenses
<i>Identity fraud</i>	false identity/fictitious persons applying for services/payments
<i>Council tax</i>	discounts and exemptions, council tax support
<i>Blue Badge</i>	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
<i>Grants</i>	work not carried out, funds diverted, ineligibility not declared
<i>Business rates</i>	fraudulent applications for exemptions and reliefs, unlisted properties
<i>Insurance fraud</i>	false claims including slips and trips
<i>Disabled facility grants</i>	fraudulent applications for adaptations to homes aimed at the disabled

“Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity.”

David Hill, Chief Executive South West Audit Partnership

Concessionary travel schemes – use of concession by ineligible person, including freedom passes

No recourse to public funds – fraudulent claims of eligibility

New responsibilities – areas that have transferred to local authority responsibility

Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants

Immigration – including sham marriages. False entitlement to services and payments

Cyber-dependent crime and cyber-enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

Economic Crime Plan 2019

Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.

f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and

good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

Adult care services successful prosecution and repayment in full of fraud loss

The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.

The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.

The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.

The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.

On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.

The loss including interest was calculated to be £89,141, which he has paid in full.

Case Study

Collaboration on Protect and Pursue

A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector; lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

Recommendations:

The external auditor should highlight FFCL and its appendices to the audit committee in the annual report

The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.

Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to

the live FFCL documents.

“Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care.”

Max Thomas, Managing Director Veritau

Case Study

Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:

Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: “It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded.”

Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local

government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:



Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

Case Study

Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

Results so far have been extremely positive for Hertfordshire with over...

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

Case Study Pursue

Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator

had already retrieved and saved copies.

The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

Fighting Fraud and Corruption Locally – embedding the pillars

Durham County Council's counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.

DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.

Norwich City Council adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.

A more detailed explanation of these is in the Annexes.

The Themes – Six Cs

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.

Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.

The themes are:

Culture – creating a culture where fraud and corruption are unacceptable and that is measurable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Making the business case:

Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.

Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

The moral case – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling

more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

The fraud was discovered via a whistleblowing referral to audit services

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

Section 3: Turning Strategy into Action

The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

Section 4: The Local Response

Appendix 1

What should senior stakeholders do?

The chief executive

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

The section 151 officer

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

The monitoring officer

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

The audit committee

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The portfolio lead

Receives a regular report that includes information, progress and barriers on:

- The assessment against the FFCL checklist
- Fraud risk assessment and horizon scanning.

Appendix 2

FFCL Checklist

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

- in FFCL 2020 to prevent potentially dishonest employees from being appointed.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
 - prevention
 - detection
 - investigation
 - sanctions
 - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery are considered in all cases.
- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Section 4

The Fighting fraud and Corruption Locally board would like to thank

The Fighting Fraud and Corruption Locally board is:

Charlie Adan – Chief Executive and SOLACE
 Bevis Ingram – LGA
 Andrew Hyatt – Royal Borough of Kensington and Chelsea
 Mike Haley – Cifas and Joint Fraud Taskforce
 Rachael Tiffen – Cifas and secretariat
 Suki Binjal - Lawyers in Local Government
 Colin Sharpe – Leicester City Council
 Clive Palfreyman – LB Hounslow
 Trevor Scott – Wealden District Council
 Alison Morris – MHCLG
 Mark Astley – NAFN
 Paula Clowes – Essex County Council
 Simon Bleckly – Warrington Council
 Karen Murray – Mazars
 Paul Dossett – Grant Thornton
 Marc McAuley – Cipfa

The Board would like to thank Cifas for managing this process, for the delivery of the research and the drafting of this document.

Regional Workshops

Around 260 councils attended workshops organised in the following areas:

East Anglia
SouthWest, Devon, Plymouth, Cornwall and Devon
Kent
London and the South East
Essex
Hertfordshire and Home Counties
Midlands Fraud Group and Chief Internal Auditors and County Networks
North West Fraud Groups
Yorkshire Groups
North East and North Regional Fraud Group

*The Fighting Fraud and Corruption
Locally board wishes to thank:*

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Ken Johnson
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Paul Bicknell
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Steven Graham
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Gillian Martin
Sara Essex
Sally Anne Pearcey
Paula Hornsby
Rachel Worsley
Nikki Soave
Francesca Doman
Andrew Reeve
Jason Pengilly
Paul Bradley
Professor Alan Doig
Sean Turley
Neil Masters
Dan Matthews
Scott Reeve
Corinne Gladstone
Louise Baxter
Keith Rosser
Ben Russell
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Andy Hyatt – Royal Borough of Kensington and Chelsea

**

And all those who attended the workshops, provided feedback, responded to surveys and who took up the actions after the workshops.

Section 5

Glossary and documents

NAFN – National Anti-Fraud Network
CIPFA – Chartered Institute of Public Finance and Accountancy
Cifas – UK's fraud prevention service
NECC – National Economic Crime Centre
NCA – National Crime Agency
MHCLG – Ministry of Housing, Communities and Local Government

ONS: www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud
www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
National Fraud Authority, Annual Fraud Indicator, March 2013
National Fraud Authority - Good practice publication: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/
Economic Crime Plan 2019: www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
Eliminating Public Sector Fraud: www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf
Smarter Government: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report
Local Government Association Counter Fraud Hub: www.local.gov.uk/counter-fraud-hub
Veritau: veritau.co.uk/aboutus
SWAP Internal Audit Services: www.swapaudit.co.uk
Devon Audit Partnership: www.devonaudit.gov.uk

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February 2026

Counter Fraud, Error, Bribery and Corruption Policy

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7	Audit and Fraud A robust opposition to fraud.....	Error! Bookmark not defined.
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1 Executive Summary

Fraud is the most common criminal offence in the UK costing the public sector up to £49 billion annually, according to the Chartered Institute of Public Finance and Accountancy (CIPFA) and Public Sector Fraud Authority (PSFA).

Torbay Council is committed to upholding the highest standards of integrity and transparency.

This Policy sets out the Council's Strategic approach to preventing, detecting and responding to fraud, bribery corruption and dishonest conduct, both internally and externally.

Alignment with the Economic Crime and Corporate Transparency Act 2023, the policy reinforces the Council's zero-tolerance stance and outlines measures to meet evolving legislative requirements, including corporate liability and the duty to prevent fraud.

Key elements of this policy include:

Culture and Governance A strong antifraud culture, supported by leadership, training and clear reporting channels.

Prevention and risk management Fraud risk assessments and registers maintained by managers, with controls to mitigate risks.

Detection and reporting whistleblowing encouraged; data analytics and matching used to identify anomalies and potential fraud.

Investigation and enforcement Allegations investigated in line with legal standards. sanctions, include disciplinary action, recovery, disruption and criminal prosecution.

Training and awareness ongoing training for staff and councillors; targeted campaign and alerts supporting vigilance and early detection.

Collaboration and Transparency engagement with national bodies and compliance with the Government's Transparency code.

Operational delivery The corporate Counter Fraud and Error team working with internal audit to deliver a robust response, supported by accredited professionals and secure systems.

The Council expects all individuals and organisations, including suppliers, contractors, partners and service users, to act with honesty and integrity. Fraud and corruption will not be tolerated, regardless of the perpetrator.

This policy applies to all actual or suspected internal and external fraud involving councillors, staff, contractors, partners and service users. It defines organisational responsibilities and supports the work of the Corporate Fraud and Error Unit.

Key objectives include:

- raising awareness of fraud risks internally and externally.
- Minimising financial loss
- Support managers in fraud risk mitigation
- Maintaining fraud risk registers and controls
- Promoting culture of reporting and transparency
- Pursuing sanctions and loss recovery

Tools such as data matching, participation in the National Fraud Initiative, and internal investigations help to protect public funds. Prevention remains the most effective defence, and all staff are expected to complete periodic fraud awareness training.

As not all fraud or irregularities can be prevented. A public reporting form is available on Torbay Council's website.

This policy is supported by a anti-fraud and corruption strategy and is regularly reviewed to reflect emerging threats and legislative changes. The publication of this policy reinforces the Council's zero tolerance stance on fraud.

2 Introduction

Torbay Council delivers over 700 services to a population of more than 139,400 residents and is one of the largest employers in the area. The scale and complexity of its operations, many involving financial transactions, public assets, and sensitive data, inevitably expose the organisation to risks of fraud, corruption (including bribery), dishonesty and error.

This policy reaffirms the Council's commitment to safeguarding public funds, maintaining trust, and ensuring ethical governance across all service areas. Fraud, bribery, and corruption are criminal offences and will not be tolerated. Any such activity represents a direct loss to the public purse and undermines confidence in local government.

Torbay Councils approach supports its strategic priorities for a healthy, happy and prosperous Torbay:

Community and people: protects services for vulnerable residents and promotes ethical conduct.

Pride in Place: Safeguards public assets and reinforces civic pride through transparency and accountability

Economic Growth: Minimises financial loss, supports fair competition and strengthens Torbay Councils reputation as a trusted partner.

The Council adopts the principles of the Fighting Fraud and Corruption Locally (FFCL) strategy:

Govern strong leadership and governance arrangements to embed antifraud, bribery and corruption measures throughout the organisation

Acknowledge recognise and understand fraud risks,

Prevent fraud through better controls, data and technology, and

Pursue investigate and recover any losses.

Protect safeguard individuals and organisations from fraud by ensuring services and funds are not diverted

In alignment with national efforts such as the **Economic Crime and Corporate Transparency Act 2023**.

The Council recognises the corporate offence of the failure to prevent fraud and maintains proportionate fraud prevention procedures, provides regular training and adopts effective controls to mitigate fraud risk.

Fraud and error, bribery and corruption and dishonesty, pose significant threats to public confidence, financial integrity and service delivery. Systemic weaknesses can be exploited leading to financial abuse. By analysing detected cases, the council can strengthen internal controls, inform strategic decisions and target resources to prevent reoccurrence.

3 What is fraud?

There are several criminal offences that relate to what might commonly be termed as 'fraud' that are covered by the Theft Act 1968 and the Theft Act 1978. However, the Fraud Act 2006 established criminal laws to assist in the fight against fraud by creating a general offence of fraud with three definitions: -

- False representation (if an individual dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss
- Failing to disclose information, (if an individual dishonestly fails to disclose to another person information which they are under a legal duty to disclose and intends, by means of abuse of that position to make a gain for himself or another, or to cause loss to another or expose another to risk of loss); and
- Abuse of position (if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss.

The Economic Crime and Corporate Transparency Act 2023 introduced a new corporate offence 'failure to prevent fraud'. This applies to large organisations defined as those meeting two or more of the following criteria:

- More than 250 employees
- More than £36 million turnover
- More than £18 million in total assets

Under this offence, an organisation may be held criminally liable if an associated person (such as an employee, contractor or subsidiary), commits a fraud intending to benefit the organisations or its clients, and the organisation did not have reasonable fraud prevention procedures in place. Importantly, it is not necessary to prove that senior management knew about or authorised the fraud.

Whilst this policy does not in itself prevent the risk of fraud occurring, it sets out the council's commitment and approach to maintain a strong anti-fraud culture.

Torbay councils core values are a commitment to being forward thinking, people orientated and adaptable – always with integrity. In support of those core values, the Council will seek to ensure risk from fraud, error, dishonesty, bribery, and corruption is kept to a minimum.

This means questioning our practices and seeking to find innovative solutions to provide new or tighten existing working practices which deter Fraud and Error while protecting or generating income.

This Policy will not compromise the Council's Equal Opportunities Policy or any obligations as an employer under the Employee Code of Conduct or Members Code of Conduct.

4 What is Bribery?

Broadly, the Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Bribery Act 2010 provides two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting an advantage. It also created an offence of failure by an organisation to prevent a bribe being paid for or on its behalf. In simple terms it is the act of taking or receiving something with the intention of influencing the recipient in some way favourable to the party providing the bribe.

Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event.

Some simple examples are:

- Bribery to secure or keep a contract.
- Bribery to secure an order.
- Bribery to gain any advantage over a competitor.
- Bribery of a local, national or foreign official to secure a contract.
- Bribery to turn a blind eye to a health safety issue or poor performance or substitution of materials or false labour charges.
- Bribery to falsify an inspection report or obtain a certificate.

Section 2 of the Bribery Act 2010 makes it an offence to accept a bribe.

5 What is Corruption?

Corruption involves the abuse of entrusted power for private gain, often through illegitimate, immoral or unethical means that conflict with an employee or councillor's duties or infringe upon the rights of others. It may be classified as grand, petty, or political, depending on the scale and context in which it occurs.

Additionally, misconduct in public office is a common law offence committed when a public official wilfully neglects their duties or acts in a way that is contrary to their responsibilities.

6 Avenues for Reporting Fraud, Bribery and Corruption

6.1 Torbay Council has in place accessible avenues for reporting suspicions of fraud, bribery and corruption. Employees, elected members, members of the public, contractors and partners should report any concerns or suspicions to:

Counter Fraud and Error Team

Online - **Report fraud within or against the council - Torbay Council**

By email to **corporatefraud@torbay.gov.uk**

6.2 this form caters for any suspicious activity and directs the completed form to the appropriate department or persons in line with the councils **whistleblowing policy**.

7 Culture

Supporting the opposition to fraud through a non-tolerant approach

The public rightly expects the Local authority to conduct its affairs with honesty, transparency and integrity. All colleagues elected members and partners are held to the highest standards of conduct. This policy forms part of a wider integrated approach to reduce the opportunity for fraud, error, bribery and corruption to the lowest level possible through robust prevention, detection and deterrence. Where offences occur, the Council will take appropriate legal and disciplinary action, seek recovery of dishonestly obtained funds for reinvestment into services for the community.

Torbay Councils Counter Fraud, Error, Bribery and corruption policy supports the council commitment to delivering its corporate plan priorities.

All Elected members, colleagues, partner organisations play an important role in creating, promoting and maintaining a culture which requires everyone to always act honestly and with integrity and to safeguard resources for which they are responsible.

Alongside elected members, employees partner organisations, and members of the public have an important role to play in dealing with any instance of fraud. Anyone representing the council should encourage members of the public to report suspected fraud.

Fraud against the council is a fraud against everyone in our community.

Managers are expected to identify risks across their areas of responsibility to inform a council wide fraud risk register. Managers can seek, the assistance of the corporate fraud and error manager and internal audit if necessary. Working together we can identify appropriate mitigating measures.

When fraud, error or dishonesty happens, following a breakdown in the Council's systems or procedures, Directors and managers will ensure that appropriate improvements are implemented to prevent re-occurrence.

In response to the Money Laundering Regulations 2007 the Council has an Anti-Money Laundering Policy in place and a Money Laundering Reporting Officer. This is the councils Counter Fraud and Error Manager.

Those who defraud the Council, who are corrupt, or where there has been financial malpractice will be dealt with firmly.

8 Responsibilities

Prevention, the most efficient and cost-effective way to tackle fraud

Torbay Council's Director of Finance holds statutory responsibilities under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations 2015 and Torbay Councils Financial Regulations to ensure the proper administration of the Council's financial affairs.

Together with the Chief Executive and the Senior Leadership Team, the Director of Finance also has overarching responsibility for the Councils Counter Fraud, Error, Bribery and Corruption Policy and associated procedures. This includes ensuring the establishment and maintenance of a robust system of internal control designed to prevent fraud and support the achievement of the Councils strategic aims and policy objectives.

The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

To ensure effective governance, the Council has established clear structures and oversight mechanisms:

- The Corporate Counter Fraud and Error Team leads operational delivery, working closely with internal audit, legal services and service managers,
- The Audit Governance Committee provides independent oversight, receiving regular reports on fraud risks, investigations and outcomes
- Fraud policy is integrated with key Governance documents, including Financial Regulations, the Whistleblowing Policy and Codes of Conduct.
- A corporate fraud risk register is maintained and reviewed regularly
- Reporting mechanisms are in place for staff to raise concerns, including an online form.

Responsibilities include:

- Assessing fraud risks and regularly reviewing them against key organisational objectives
- Establishing and maintaining an effective anti-fraud policy and fraud response plan
- Designing and promoting a control environment proportional to fraud risks
- Ensuring mechanisms are in place for:
 - reporting fraud risk issues;
 - escalating them to the Audit and Governance Committee
- Liaising with Risk Management and the Governance Bodies to ensure coordinated oversight.

- Ensuring Torbay Councils recruitment policy is adhered to and effective steps are taken at recruitment to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.
- Promote awareness of the Councils Counter Fraud, Error, Bribery and Corruption policy and ensure all employees know what their responsibilities are in relation to assessing fraud risk, deterring and reporting potential fraud and recovering losses
- Ensuring appropriate counter-fraud training is available, promoted and provided to staff;
- Ensuring vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Ensuring appropriate legal, financial recovery and/or disciplinary action is taken against fraud perpetrators;
- Hold managers accountable where supervisory failures contribute to fraud;
- Taking appropriate disciplinary action against staff who intentionally fail to report or deter fraud;
- Taking appropriate action to recover stolen assets and monies.
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Operational Management/Supervisor responsibilities

- Assessing fraud risks associated to their operational activities
- Implementing proportionate, risk-based fraud prevention measures
- Maintaining effective internal controls within each of their areas of responsibility and ensuring these controls operate as intended.
- Preventing, detecting and deterring fraud through proactive management and oversight
- Regularly reviewing and testing control systems to ensure continued effectiveness
- Ensuring compliance with established policies and controls and addressing any weaknesses
- Introducing new controls where fraud has occurred to mitigate future risk or new risks introduced by new products, systems, service provision.

- Promoting fraud awareness, ensuring teams remain up to date with mandatory i-learn courses.
- Promote and encourage staff to report fraud concerns

Every Colleague and elected member of the council are expected to

- Act with propriety in the use of Torbay Councils resources and the handling and use of funds whether they are involved with cash or payments systems, receipts or dealing with suppliers and or customers.
- Be alert to the possibility that unusual events or transactions could be indicators of fraud.
- Report details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events.
- Comply with Torbay Councils Code of Conduct specifically in respect of the declaration of 'Gifts and Hospitality' and potential conflicts of interest.
- Ensure fraud awareness training is undertaken and remains up to date.
- Promote an Anti-Fraud culture
- Cooperate fully with those conducting internal checks, reviews or fraud investigations.

Torbay and South Devon NHS Foundation Trust

The responsibility for investigating fraud within Adult Social Services is currently delegated to the Director of Finance of the Torbay and Southern Devon Care Trust. The Trust's Director of Finance is supported in this role by the Torbay and Southern Devon Care Trust Counter Fraud Service. Where appropriate, matters are shared with Torbay Council's Corporate Counter Fraud Team to ensure cases are managed in the most effective and proportionate manner. The Council's Section 151 Officer continues to receive an annual letter of assurance from the Trust in respect of these arrangements.

9. Conclusion

We have a responsibility to the residents of Torbay to be:

- Transparent
- Accountable
- Honest
- Selfless
- Preventing, deterring and promoting detection of fraudulent and corrupt acts
- Taking action when fraud or irregularities occur, including the recovery of all funds taken

The Council has in place a clear network of systems and procedures to assist it in dealing with fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

The Council will hold itself and its partners accountable for the prevention, detection, pursuance and recovery of funds obtained by fraudulent activity.

The Council takes pride in setting and maintaining high standards and a culture of openness, with core values of Forward thinking, people orientated and adaptable always with integrity.

This policy supports the Council's desire to maintain an honest authority, free from fraud and irregularities.

Author	Date reviewed	Date approved by DOM	Date agreed by Audit Committee	Next review date
Counter Fraud & Error Manager	January 2026			February 2027

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Internal Audit Report

Counter Fraud Risk Assessments

Follow Up 2026-27

Torbay Council

August 2026

Official



devonassurancepartnership

Support, Assurance and Innovation

Audit Opinion

Reasonable Assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
--------------	-------------------	----------------------	-----------------------



Number of Actions

High	0
Medium	5
Low	4
Opportunity	0

Service Objective

The objective of a local government counter fraud risk assessment is to identify, evaluate, and mitigate potential fraud risks to protect public resources and ensure integrity in government operations, and enable the measurement of the organisations fraud risk appetite.

Risks or Areas Covered - Key Findings	Level of Assurance
--	--------------------

- Risk of Fraud and Error causing financial loss or reputational damage to the Council**
 - Service level fraud risk assessments not fully complete
 - Counter Fraud not mentioned in high level documents
 - Fraud awareness training completion rate not known
 - Inconsistent fraud risk ownership by managers
 - Lack of a detailed counter fraud delivery and resource plan framework

Reasonable Assurance

Background and Context

The objective of a local government counter fraud risk assessment is to identify, evaluate, and mitigate potential fraud risks to protect public resources and ensure integrity in government operations. The Council has a Counter Fraud Manager and team. Part of their remit is to ensure that Service Areas identify, consider, record and manage fraud risks relating to their service areas.

The original audit was commissioned to evaluate controls in place, and compliance with counter fraud risk management principles and guidance. This follow up audit was commissioned to establish progress made against the originally agreed management actions, and their effectiveness in addressing the associated risks.

We acknowledge that, whilst not directly relevant to the topic of this audit, the Torbay Counter Fraud Function and Team is in the process of TUPE to the Devon Assurance Partnership. This is expected to be completed in December 2026.

More relevant to the audit topic is the departure of the Council's Risk Manager in August 2026. The role had been supporting the fraud risk assessment process and therefore the loss of capacity may impact conclusion of the current activity and further development of practices.

Executive Summary

It is pleasing to report that significant progress has been made in completing the service area fraud risk assessments for the Council. As at the time of the audit, there were only two that remained outstanding.

Further work is required to ensure the objectives of the Counter Fraud Strategy are translated into operational practice and embedded across the Council. This includes referencing a lack of tolerance to fraud in higher level documents, achieving consistent fraud awareness, maintaining currency of fraud risk assessments and their full consideration in individual Service Plans, and ensuring counter fraud activity planning and resources reflect the Council's tolerance to fraud.

The detailed findings and our observations regarding these issues are described in Appendix A. Our observations have been categorised to aid prioritisation. Definitions of the priority categories and the assurance opinion ratings are also given in the Appendices to this report.

Detailed Observations and Action Plan

1. Risk Area: Risk of Fraud and Error causing financial loss or reputational damage to the Council:

Level of Assurance

Reasonable Assurance

Opinion Statement:

Progress has been made in strengthening counter fraud risk assessment arrangements since the previous audit in May 2025. These include the implementation of an updated Counter Fraud Policy and Strategy which have been separated to provide clearer strategic direction, the relaunch of mandatory fraud awareness training through the new iLearn platform, the introduction of fraud awareness and whistleblowing training for new starters, and continued progress towards completing organisation wide department level fraud risk assessments.

The Council's overall risk status position reporting to the Audit Committee has continued as part of the risk management framework with the Corporate Risk CP 59 (Risk of Fraud and Error Causing Financial Loss or Reputational Damage to the Council) included and subject to ongoing oversight and review.

Evidence provided confirms that Service Plan templates now require services to declare annually whether a Fraud Risk Assessment has been completed and whether identified fraud risks have been recorded within SPAR.net.

The Fraud and Error Team have also engaged with service managers to provide advice and guidance regarding fraud risk assessments and to reinforce the importance of identifying and managing fraud risks. Completion and engagement levels are being monitored and reported to management. These are nearing completion with only two remaining outstanding as at the time of the audit.

A number of actions remain in progress and not yet fully implemented, as below:

- Whilst the Counter Fraud and Corruption Policy cites that fraud against the Council will not be tolerated, we still found no reference to counter fraud within the higher level council documents, such as the Council's Community and Corporate Plan and Council Business Plan.
- The recent update of the Counter Fraud Policy and Strategy did not address all the points raised in our original report.
- The mandatory fraud awareness training completion rate cannot yet be fully assessed due to the recent system migration and ongoing data cleansing activity.
- Achieving consistent fraud risk ownership by managers through updated job descriptions.
- Discussions regarding resource planning and fraud risk governance have continued, but the development of a detailed counter fraud delivery and resource planning framework has been impacted by completion of the fraud risk assessments, resourcing challenges and the reactive nature of fraud investigation work. Over time, this development could lead to opportunities to expand reporting of outcomes beyond that already reported to Audit Committee e.g. at Service Manager level.

No.	Observation and Implications	Impact / Priority	Management response and action plan including responsible officer
Page 120 1.1	<p>We previously reported that creating a culture that is hostile to fraud is part of good corporate governance and can be considered an overarching risk control mechanism that transcends the whole of an organisation. We assessed the Council against the CIPFA Counter Fraud Centre “top tips” designed to assist in creating an entity-wide anti-fraud culture.</p> <p>Whilst the service area fraud risk assessment is now well advanced and is an embedded part of the annual Service Plan template, we also previously identified the following:</p> <ul style="list-style-type: none"> The Counter Fraud and Corruption Policy cites that fraud against the Council will not be tolerated, but we found no reference to counter fraud within the higher level council records, such as the Council's Community and Corporate Plan and Council Business Plan. <p>Examination of these documents again did not identify its inclusion.</p>	Medium	<p>Status – Ongoing</p> <p>Corporate policies and Business Plans will be reviewed and amended to ensure fraud is embedded in the policy/plan as required.</p>
			<p>Responsible Officer: Kate Spencer Target Date: April 2027</p>
1.2	<p>There is a framework in place for Council Leadership to have visibility of threats of fraud and corruption which are reported and monitored. Corporate Risk CP59 is in place and is owned by the Director of Finance.</p> <p>Although CP59 remains rated as high, management has advised that this reflects the wider fraud risk environment, and would likely remain high irrespective of the completion status of departmental fraud risk assessments.</p> <p>Two service level fraud risk assessments remained outstanding. There is uncertainty regarding the future progression of the assessments due to the Risk Manager leaving in August 2026.</p> <p>There may be an interpretation difference in relation to the requirement to input all service level fraud risk assessments into SPAR.net. The corporate Service Plan template is clear that all the completed fraud risk assessments are to be entered in SPAR.net regardless of their residual risk position.</p>	Medium	<p>Status - Ongoing</p> <p>Work is continuing with managers to complete the fraud risk assessment process. Resources now reduced in the corporate risk team and the availability of managers means this work will continue for as long as it takes.</p> <p>This was cited as a Chief Executive position on capturing FRA's relayed by the former Risk Manager. Agreed, If fraud risks are not fully, recorded, including the associated controls, mitigating actions and residual risk scores, it becomes difficult to obtain assurance that the organisation's fraud risk management arrangements are operating effectively.</p> <p>Without a complete and documented risk profile, there is no clear basis against which to test the design or effectiveness of mitigations. This makes it challenging to determine if controls are reducing risks to the expected level or whether residual risks exist within the organisation's fraud risk appetite.</p>
			<p>Responsible Officer: Paul Matravers Target Date: December 2026</p>

<p>1.3</p> <p>Page 121</p>	<p>Counter Fraud accountability continues to be supported through mandatory fraud awareness training for staff and Members.</p> <p>The Counter Fraud manager has introduced fraud awareness training, including whistleblowing awareness, as part of the induction process for new starters.</p> <p>During 2025-26, the Council migrated to a new training platform and relaunched the mandatory fraud awareness course and an increased refresher frequency of every 18 months, compared with the previous three year cycle.</p> <p>We understand that completion data remains affected by the migration of legacy records from the previous ILearn system, including records relating to leavers and employees on long term absence. As a result, the Counter Fraud Manager has reported that current completion figures should be interpreted with caution and do not yet provide a reliable basis for assessing organisational compliance with the revised training requirements.</p> <p>It was reported to Audit Committee in May 2026 that 696 employees were recorded as compliant and 499 as non-compliant at the end of the reporting period however, management has advised that data cleansing is ongoing and accurate compliance reporting is not yet available.</p> <p>Given the relaunch of the training programme and the introduction of a new 18 month completion cycle, it is not currently possible to determine whether fraud awareness has improved since the previous audit.</p> <p>Continued monitoring of completion rates and service level engagement will be required once reliable compliance data becomes available.</p>	<p>Medium</p>	<p>Status - Partially Implemented / Ongoing</p> <p>The new training platform provides an easy to access reporting function. HR are in the process of building a suite of directors dashboards allowing directors to monitor the completion of mandatory training courses by their direct reports and those thereafter.</p> <p>As at 08/10/26 911 out of 1403 colleagues had completed the mandator i-learn course. A completion rate of 64.9%.</p> <p>Responsible Officer: Paul Matravers Target Date: September 2027</p>
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<p>1.4</p> <p>Page 122</p>	<p>The Council continues to maintain an annual Counter Fraud Plan, for 2026-27 this was presented to and approved by the Audit Committee in March 2026.</p> <p>The plan provides an overarching framework for counter fraud activity and priorities, however the development of a detailed delivery and resource planning framework remains work in progress and is dependent upon the completion of the fraud risk assessments</p> <p>The original observation remains unchanged. Without a fully developed plan that is linked to wider organisations objectives, this could lead to strategic misalignment leading too, for instance:</p> <ul style="list-style-type: none"> • Ineffective Use of Resources • Reduced Impact and Value • Lack of Accountability and Oversight • Missed Opportunities for Collaboration • Increased Risk Exposure <p>The Counter Fraud Manager has advised that the ability to establish a detailed delivery plan continues to be constrained by operational pressures, organisational change, resource limitations and the reactive nature of fraud investigation work.</p> <p>We acknowledge that progress has been made in the development of departmental fraud risk assessments, which provide the basis for risk based planning. Until the fraud risk assessments are complete, counter fraud priorities continue to be informed primarily through horizon scanning, intelligence, emerging fraud threats and operational demand.</p> <p>With the Counter Fraud Function Scheduled for TUPE into Devon Assurance Partnership, there is work underway within the Counter Fraud Team to develop a resource planning approach, however, this remains incomplete due to ongoing reorganisation activity and work pressures. Over time, this development could lead to opportunities to expand reporting of outcomes beyond that already reported to Audit Committee e.g. at Service Manager level.</p>	<p>Medium</p>	<p>Status - ongoing</p> <p>Agreed, this remains dependent on available resources.</p> <p>Responsible Officer: Paul Matravers Target Date: April 2027</p>
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1.5	<p>We understand discussions with HR have resulted in the inclusion of responsibilities for developing and maintaining fraud risk assessments within job descriptions for newly appointed managers, helping to reinforce ownership and accountability for fraud risk management going forward. However, these arrangements do not apply retrospectively to existing management and therefore organisational consistency will take time to achieve.</p> <p>The need to consider all Job Descriptions as part of the TUPE transfer of staff into the new authority formed by LGR creates an opportunity to ensure that accountability for fraud risk management is achieved before vesting day.</p>	Medium	<p>Status - ongoing</p> <p>LGR is on pause with forward plan awaited. Depending on the governments forward plan, the TUPE transfer may/may not provide this opportunity.</p>
Page 123	<p>1.6</p> <p>We previously noted that the Council did not undertake a formal assessment of the adequacy of its counter fraud resources, although management advised that resource requirements would be considered as part of the annual review and development of the Counter Fraud Plan.</p> <p>Whilst the annual Counter Fraud Plan reviews could provide an opportunity to consider resource requirements, the absence of a formal assessment may limit the Council's ability to demonstrate that the level of resources available, including staff, remain appropriate and proportionate to its counter fraud responsibilities.</p> <p>We acknowledge that the Council continues to utilise data matching, data analytics, and other preventative approaches to support its counter fraud arrangements to achieve greater efficiencies. However, there is a vacant post in the team with recruitment on hold due to the pending TUPE to Devon Assurance Partnership which is expected to be finalised in December 2026.</p> <p>Periodic formal assessment of counter fraud resource requirements would represent good practice and provide assurance that the Council's arrangements remain effective, particularly during periods of organisational change and recruitment.</p>	Low	<p>Status - Ongoing</p>
			<p>Responsible Officer: Paul Matravers Target Date: April 2027</p>

1.7	<p>The original Counter Fraud and Corruption policy did not include details of governance arrangements. We can see from the updated and published Counter Fraud Policy that the Audit Governance Committee provides independent oversight, receiving regular reports on fraud risks, investigations and outcomes.</p> <p>Our original observation mentioned that the policy did not include the requirement for the production of statistical information or indicators, which has not been addressed in the recent update.</p>	Low	<p>Status - Complete</p> <p>While the policy may not make reference to the production of statistical information or indicators, it is included in the report to committee. Therefore we are happy that reporting this information to Audit Committee is sufficient.</p> <p>Responsible Officer: Paul Matravers Target Date: N/A</p>
1.8	<p>Previous inaccurate referencing to other policies within the Counter Fraud and Corruption Policy have been addressed through the update to the Policy in February 2026.</p> <p>In the previous audit report, we also noted that section 4.6 of the employee Code of Conduct which is located within Torbay Council's Constitution still refers to the 'Prevention of Fraud and Corruption Policy', which is not quite accurate. Unreliable information or references may lead to uncertainty.</p>	Low	<p>Status – Partial Implementation</p> <p>HR have agreed to take this forward on 08/10/26</p> <p>Responsible Officer: Cara Swayne Target Date: April 2027</p>
1.9	<p>A review of the Counter Fraud Policy has been carried out and is now published with the Counter Fraud Strategy separate which reduces the overall size of the policy itself. The Counter Fraud Policy has been presented at DOM and Audit Committee in February 2026, however this is not recorded in the published policy itself.</p> <p>The policy still does not contain some version control information such as version number, approval dates, review frequency and a summary of legislation and internal procedures.</p>	Low	<p>Status - Partial Implementation</p> <p>Will aim to address at the next policy review. However, committee agendas and minutes confirm approval dates with the policy itself confirming its month and year of update/publication.</p> <p>Responsible Officer: Paul Matravers Target Date: April 2027</p>

Scope and Objectives

The original audit in 2025-26 was undertaken against the following risk:

- Risk of Fraud and Error causing financial loss or reputational damage to the Council.

This follow up audit is to establish the current status against the previously agreed management actions, and to consider any changes to processes or systems that may have been implemented since the previous audit.

Acknowledgements

We thank those who provided support and assistance during this audit.

Hannah Elliott
Delivery Lead

Sam Wharton
Senior Auditor

Lynda Sharp-Woods
Manager

Joanne McCormick
Chief Internal Auditor

Inherent Limitations

The opinions and observations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

Devon Assurance Partnership

Devon Assurance Partnership has been formed under a joint committee arrangement, details of our partners can be found on our website. We aim to be recognised as a high-quality assurance service provider. We collaborate with our Partners by providing a professional service that will assist them in meeting their challenges, managing their risks and achieving their goals.

In conducting our work, we are required to comply with the Global Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [Jo McCormick](#)

Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the organisation, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Marking	Definitions
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Official: Sensitive	A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL–SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

Definitions of Audit Assurance Opinion Levels

Definition of Observation Priority

Page 126			
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important observations made to improve internal control arrangements and manage identified risks.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Opportunity	An observation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These observations do not feed into the assurance control environment.

Report title: Mid-Year Contract Procedure Waiver Update 2026/27

Report to:	Audit Committee
Date:	04 November 2026
Lead Cabinet Member:	Alan Tyerman
Email:	alan.tyerman@torbay.gov.uk
Lead Director:	Malcolm Coe
Email:	malcolm.coe@torbay.gov.uk
Wards affected:	All

1. Summary of Report:

- 1.1. This report sets out the Contract Procedure waiver requests received during the first six months of the 2026/27 financial year.
- 1.2. In response to the Audit Committee's request when considering the initial report in May 2026, trend data has been included to provide additional context and support ongoing oversight and monitoring.

2. Recommendations and Proposed Decision:

- 2.1. That the Audit Committee review this report and, where necessary, seek further information from Commercial Services.

3. Reasons for Recommendations/Proposed Decision:

- 3.1. This report is for information purposes only.

4. Background and Context:

- 4.1. The Council's external auditors, in their Annual Report for year ending March 2025, recommended that the Council reports, at least annually, details relating to procurement

waivers to those charged with governance. An initial report of the procurement waivers for the 2024/2025 and 2025/2026 financial years went to the Audit Committee on 27 May 2026.

- 4.2. This report summarises waiver activity during the first six months of 2026/27 and compares this with activity over the preceding two financial years. It sets out the current year-to-date position by number, value, waiver type and approval status. It also considers requests for alternative procurement procedures within the context of overall procurement activity, measured through the number of Start a Procurement (SAP) forms received.
- 4.3. A recent procurement audit undertaken by Devon Assurance Partnership recommended that greater oversight is required in respect of waivers that are approved contrary to the recommendation of Commercial Services and the Section 151 Officer. Directors currently receive quarterly reports on the waivers submitted, approved, declined and cancelled within their directorate. These reports will also be subject to review and monitoring by the new Procurement Oversight Board, which is currently being established and is expected to be operational by the end of 2026

2026/27 year to date:

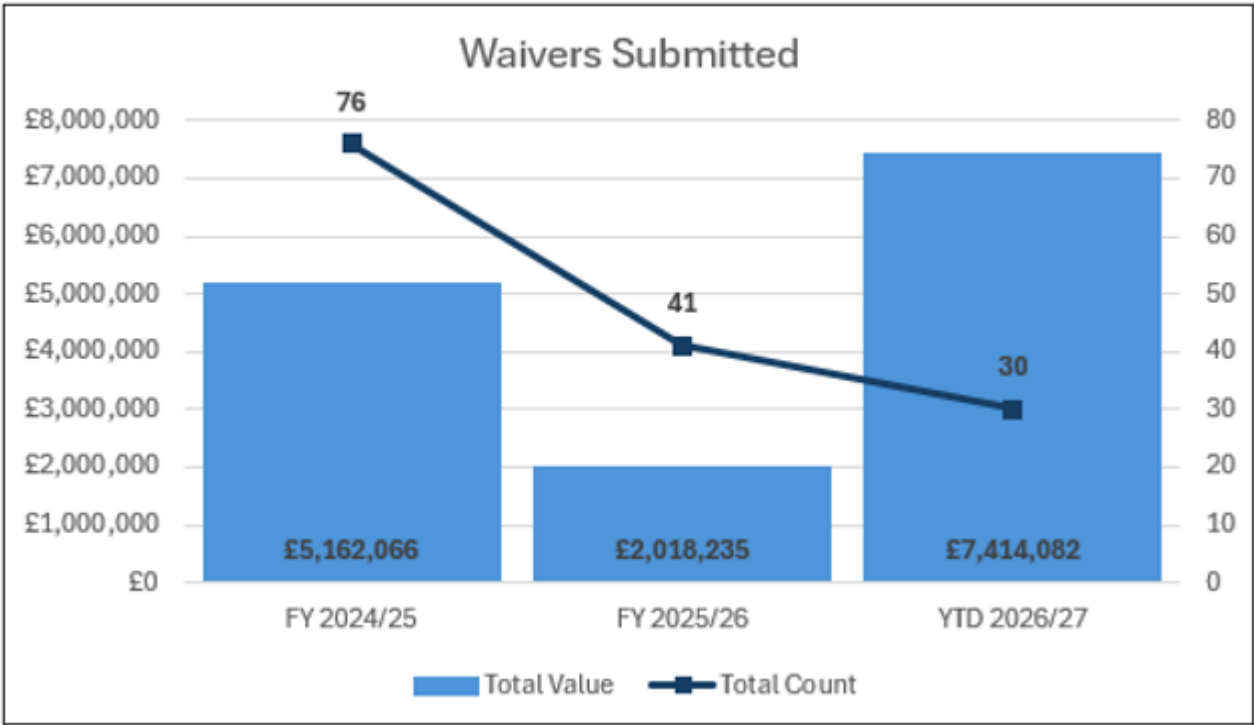
- 4.4. 30 waivers with a total value of £7.41 million were submitted during the first six months of the financial year. The total number of waivers received during 2026/27 is expected to exceed that recorded in 2025/26, primarily due to an increase in requests to use alternative terms and conditions. This increase may be viewed positively as it indicates greater organisational awareness of, and compliance with, governance requirements relating to supplier terms and conditions, thereby reducing the risk of the Council entering into unfavourable contractual arrangements.

Table 1 Waiver activity by type and approval status: 2026/27 YTD

Shows the total value and number of waivers by type, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£190,320	1	£190,320	1
Request to Run Alternative Procurement Procedure	£4,500,000	1	-	-	£216,000	2	-	-	£4,716,000	3
Request to Use Alternative Terms and Conditions	£1,932,476	17	-	-	-	-	£230,000	2	£2,162,476	19
Request to Use Off Contract Agency Supplier	£220,460	4	£34,434	1	-	-	£90,391	2	£345,285	7
2026/27 Grand Total	£6,652,936	22	£34,434	1	£216,000	2	£510,711	5	£7,414,081	30

Graph 1 Total number and value of waivers submitted
 Displays the total value and number of waivers submitted over the past three financial years.

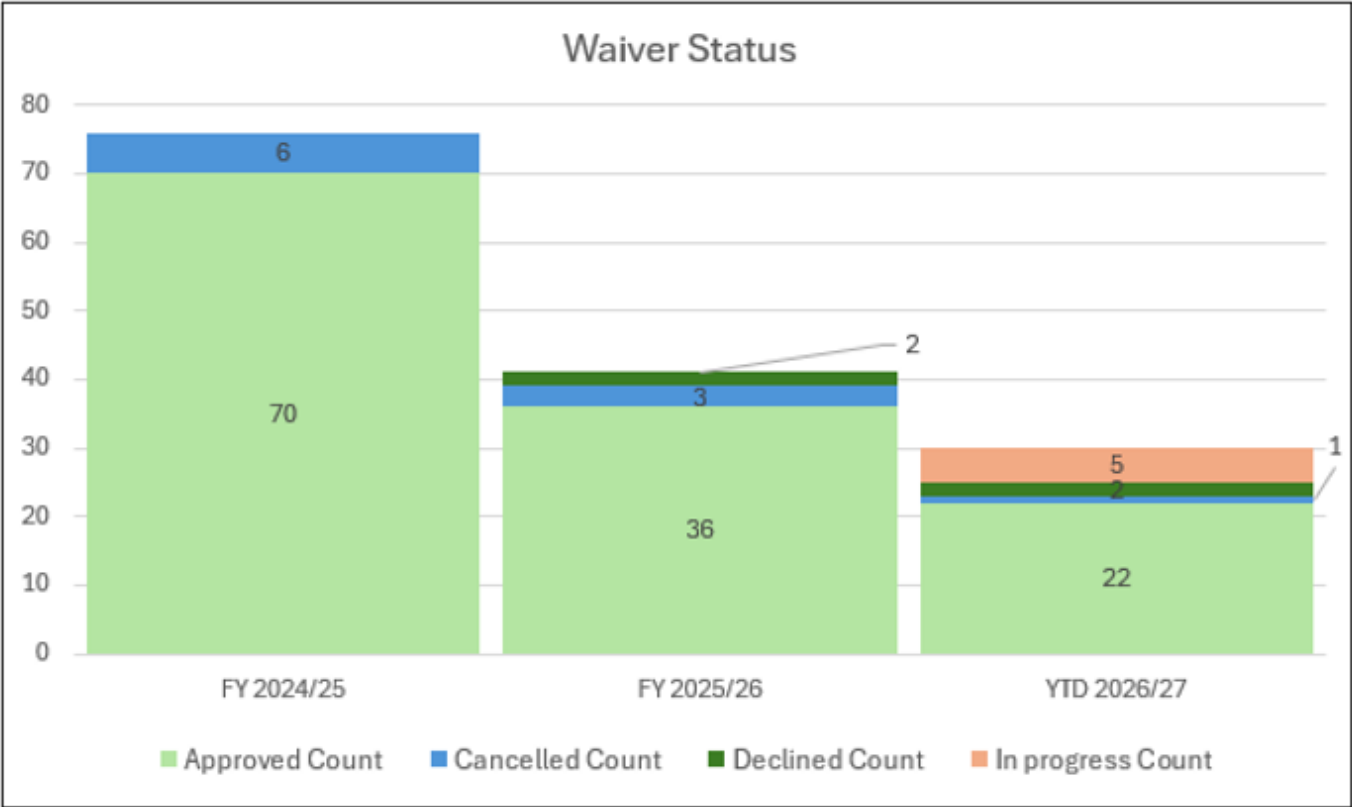


Current outcomes:

- 4.5. Twenty-two waivers, valued at £6.65 million, have been approved. Five, valued at £510,711, remain in progress. Two have been declined; and one has been cancelled. Of the 25 cases with a completed decision, 88% were approved.
- The two declined waivers related to requests to run an alternative tender process to that recommended by Commercial Services, in both cases the advice that a full tender process should be undertaken was followed by the approving budget holders.
- There was one instance where a waiver was approved to make a direct award of a £4.5m capital contract through a framework, against the advice of Commercial Services which was to at least undertake a quote process to ensure value for money.
- Although direct awards can present a risk of supplier challenge, this risk is mitigated by the limited number of such requests and the relatively low value of contracts approved through this route.
- Approval cannot be granted through the waiver process for the direct award of an above-threshold contract unless the statutory conditions for direct award under the Procurement Act 2023 are met.

Graph 3 Number of waivers by approval status

Displays total count by waiver status for the past three financial years.



Current value:

- 4.6. The year-to-date total includes one approved alternative procurement procedure waiver valued at £4.5 million. This single case represents approximately 61% of the total value of waivers submitted and should therefore be taken into account when assessing year-to-date figures.

Current waiver profile:

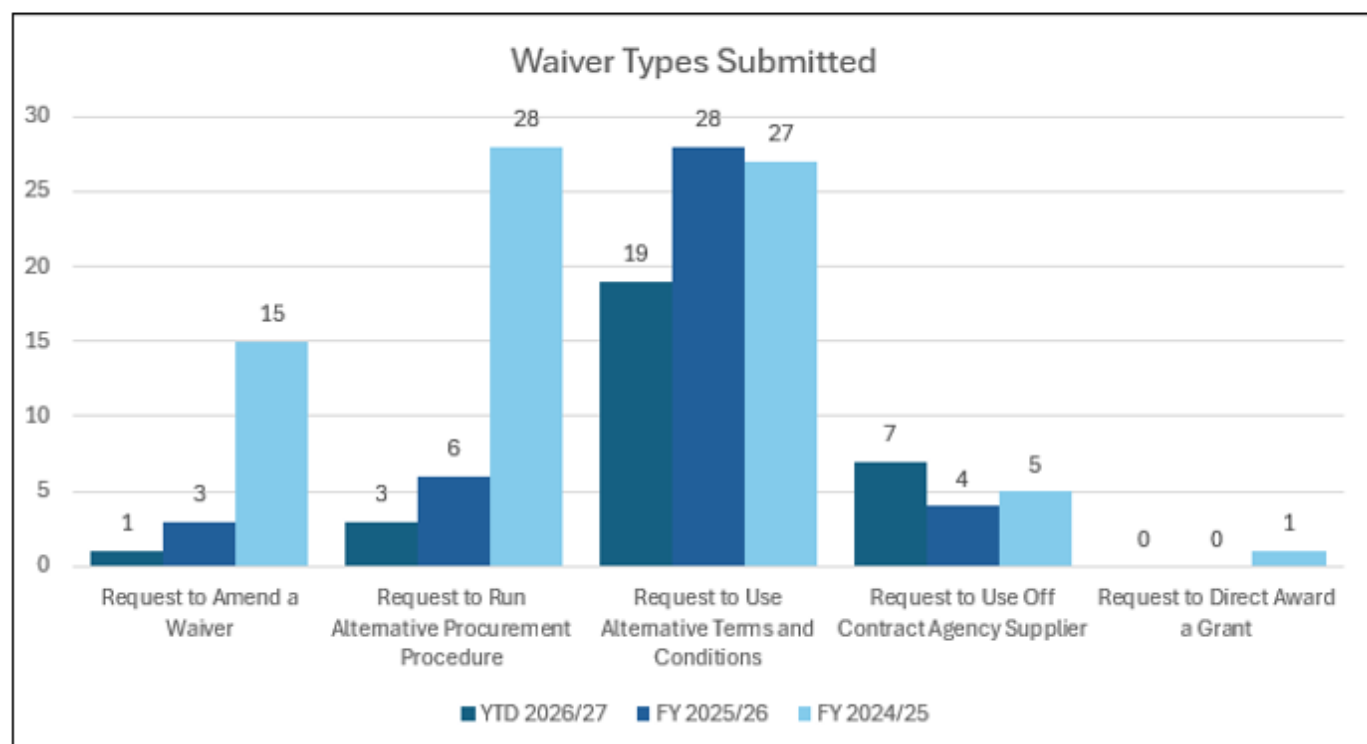
- 4.7. Requests to use alternative terms and conditions are the most frequent waiver type, accounting for 19 of the 30 submissions, of which 17 have been approved.

Trend in waiver types:

- 4.8. Alternative terms and conditions remain the most common request. Alternative procurement procedure waivers have reduced from 28 in 2024/25, prior to the broadening of procedure options available under Contract Procedures to 6 in 2025/26 and 3 in 2026/27 year to date.

Graph 2 Number of waivers by waiver type

Displays total count by waiver type for the last past three financial years.



Comparison with previous years:

- 4.9. The 30 waivers submitted in the first half of 2026/27 compare with 41 in the whole of 2025/26 and 76 in 2024/25. The year-to-date value of £7.41 million is already above both previous full-year totals of £2.02 million and £5.16 million respectively, principally because of the £4.5 million case noted above.

Table 2 Waiver activity by type and approval status: 2025/26

Shows the total value and number of waivers by type, including their approval status: approved, cancelled, declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£222,678	2	£75,000	1	-	-	£297,678	3
Request to Run Alternative Procurement Procedure	£281,561	5	-	-	£166,500	1	£448,061	6
Request to Use Alternative Terms and Conditions	£890,072	25	£253,212	2	£33,300	1	£1,176,584	28
Request to Use Off Contract Agency Supplier	£95,912	4	-	-	-	-	£95,912	4
2025/26 Grand Total	£1,490,223	36	£328,212	3	£199,800	2	£2,018,235	41

Table 3 Waiver activity by type and approval status: 2024/25

Shows the total value and number of waivers by type, including their approval status: approved, cancelled, declined

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Total Value	No.	Value	No.	Total Value	No.
Request to Amend a Waiver	£950,556	15	-	-	-	-	£950,556	15
Request to Direct Award a Grant	£338,992	1	-	-	-	-	£338,992	1
Request to Run Alternative Procurement Procedure	£2,480,970	23	£802,764	5	-	-	£3,283,734	28
Request to Use Alternative Terms and Conditions	£382,004	26	£22,395	1	-	-	£404,399	27
Request to Use Off Contract Agency Supplier	£184,385	5			-	-	£184,385	5
2024/25 Grand Total	£4,336,907	70	£825,159	6	£0	0	£5,162,066	76

Wider procurement context:

- 4.10. Alternative procurement procedure waivers represented 3 of 112 Start a Procurement (SAP) forms received in 2026/27 year to date (2.7%), compared with 6 of 209 in 2025/26 (2.9%). This demonstrates that requests for alternative procurement procedures continue to represent a very small proportion of overall procurement activity. We are unable to make comparison with 2024/2025 levels, as the SAP process was not introduced until April 2025.

Table 4 Alternative procedure waivers as a proportion of SAPs received

Compares the number of SAPs received with the number of alternative procurement procedure waivers submitted for the current year to date and previous financial year.

Financial Year	SAPs received	Alternative Procedure Waivers	Waivers as % of SAPs
2026/27 YTD	112	3	2.7%
2025/26	209	6	2.9%

5. Alternative Options Considered:

- 5.1. Not applicable.

6. Contribution to Council Priorities:

- 6.1. Each contract put in place through the waiver process should contribute to the Council's Community and Corporate Plan, strategic priorities and any major policies.

7. Consultation and Engagement:

- 7.1. The requirement to undertake consultation applies, where relevant, to contracts put in place through the waiver process.

8. Implications:

Financial Implications:

- 8.1. The main financial implication of waiving requirements to follow Contract Procedures is ensuring the Council achieves best value where a direct award of a grant or contract is approved through the waiver process. The requesting officer is required to explain what they have done to ensure the contract will deliver best value and also, where applicable, identify any social value the supplier will deliver under the contract.

Legal Implications:

- 8.2. Requests to direct award above threshold contracts may only be approved where one or more of the specific circumstances permitting a direct award under the Procurement Act 2023 are met.
- 8.3. For direct awards, where applicable to the contract, the requesting officer is required to confirm within their request that they have addressed supplier compliance with Data Protection Regulations.
- 8.4. Approval to use alternative terms and conditions may be subject to the supplier making amendments to the proposed terms.

Corporate Parenting/Children and Young People:

- 8.5. Direct or indirect impact on children and young people, including care experienced children and young people would specifically relate, as applicable, to individual contracts put in place as the result of an approved waiver.

Associated Risks, Risk Tolerance Level and Mitigations:

- 8.6. The requesting officer is required to set out any risks associated with the approval or non-approval of their request to waive the requirements of Contract Procedures.

Contributions to tackling climate change or achieving carbon neutrality:

- 8.7. The requirement to include climate change considerations applies, in accordance with Council policy, to contracts put in place through the waiver process.

Social Value Considerations:

- 8.8. The requirement to include social value considerations applies, in accordance with Council policy, to contracts put in place through the waiver process.

Procurement Implications:

- 8.9. The requesting officer is required to ensure that all relevant aspects of Contract Procedures, other than that for which the exemption is being sought, are complied with.

Other Implications:

- 8.10. There are no other implications.

9. Equalities Impact Assessment:

- 9.1. The requirement to undertake Equality Impact Assessments applies to contracts put in place through the waiver process.

10. Cumulative Council Impact:

- 10.1. None

11. Cumulative Community Impact:

- 11.1. None

12. Monitoring and Evaluation:

- 12.1. Not applicable.

Appendices:

Appendix 1 - Adult. Community and Customer Services Report:

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£190,320	1	£190,320	1
Request to Run Alternative Procurement Procedure	-	-	-	-	£37,000	1	-	-	£37,000	1
Request to Use Alternative Terms and Conditions	£30,850	1	-	-	-	-	-	-	£30,850	1
Request to Use Off Contract Agency Supplier	-	-	£34,434	1	-	-	-	-	£34,434	1
2026/27 Grand Total	£30,850	1	£34,434	1	£37,000	1	£190,320	1	£292,604	4

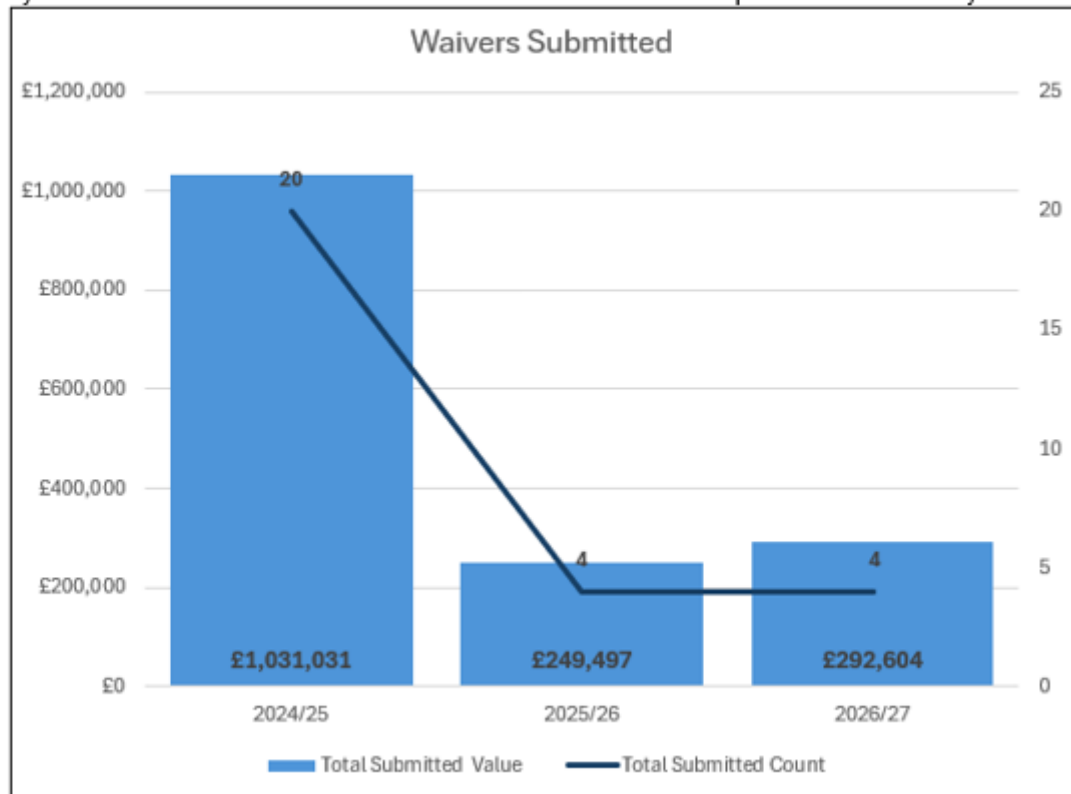
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Total Value	No.
Request to Amend a Waiver	£152,256	1	-	-	-	-	£152,256	1
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£95,621	2	-	-	-	-	£95,621	2
Request to Use Off Contract Agency Supplier	£1,620	1	-	-	-	-	£1,620	1
2025/26 Grand Total	£249,497	4	-	-	-	-	£249,497	4

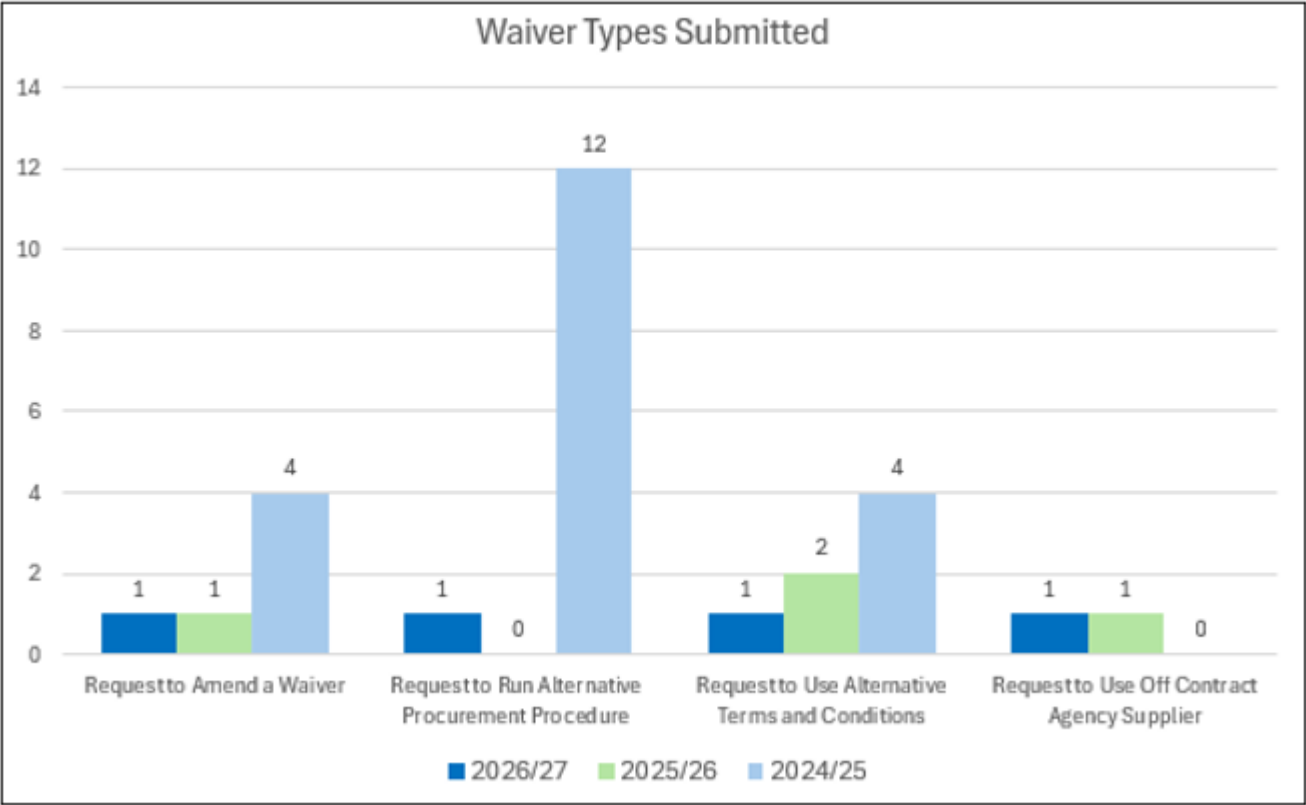
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Total Value	No.
Request to Amend a Waiver	£88,575	4	-	-	-	-	£88,575	4
Request to Run Alternative Procurement Procedure	£828,271	11	£10,000	1	-	-	£838,271	12
Request to Use Alternative Terms and Conditions	£104,185	4	-	-	-	-	£104,185	4
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2024/25 Grand Total	£1,021,031	19	£10,000	1	£0	0	£1,031,031	20

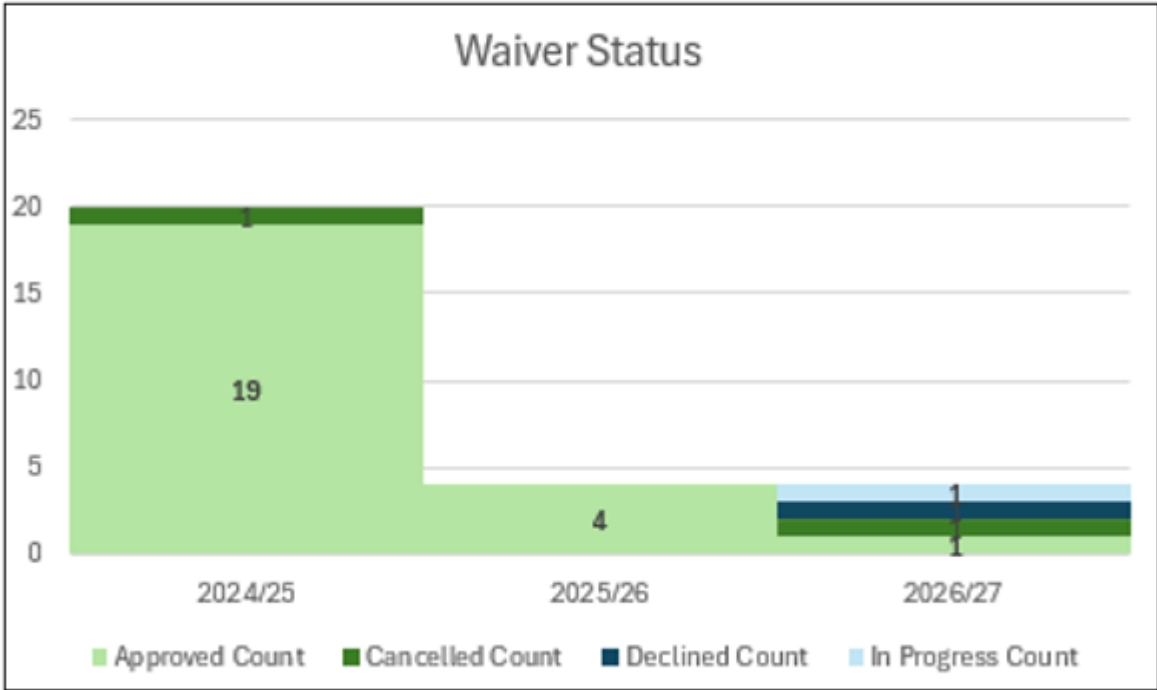
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the past three financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Appendix 2 - Children's Services Reports:

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£30,250	2	-	-	-	-	-	-	£30,250	2
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	-	-	-	0
2026/27 Grand Total	£30,250	2	£0	0	£0	0	£0	0	£30,250	2

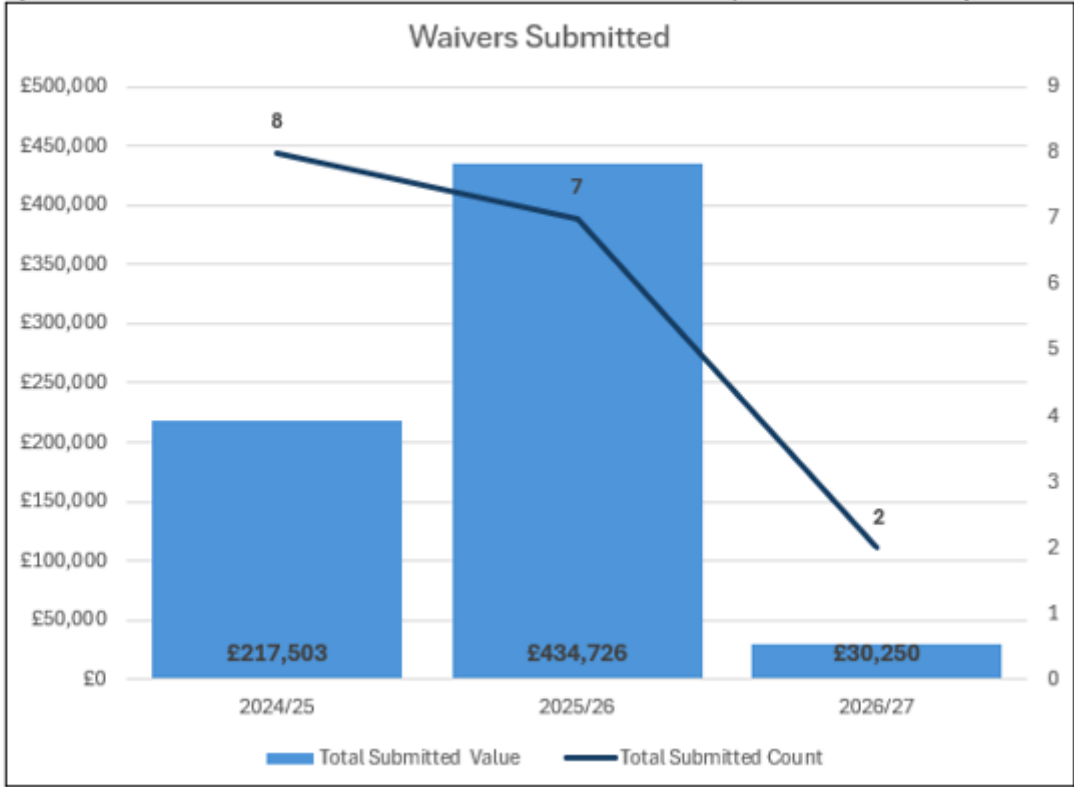
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Total Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£389,486	6	-	-	-	-	£389,486	6
Request to Use Off Contract Agency Supplier	£45,240	1	-	-	-	-	£45,240	1
2025/26 Grand Total	£434,726	7	£0	0	£0	0	£434,726	7

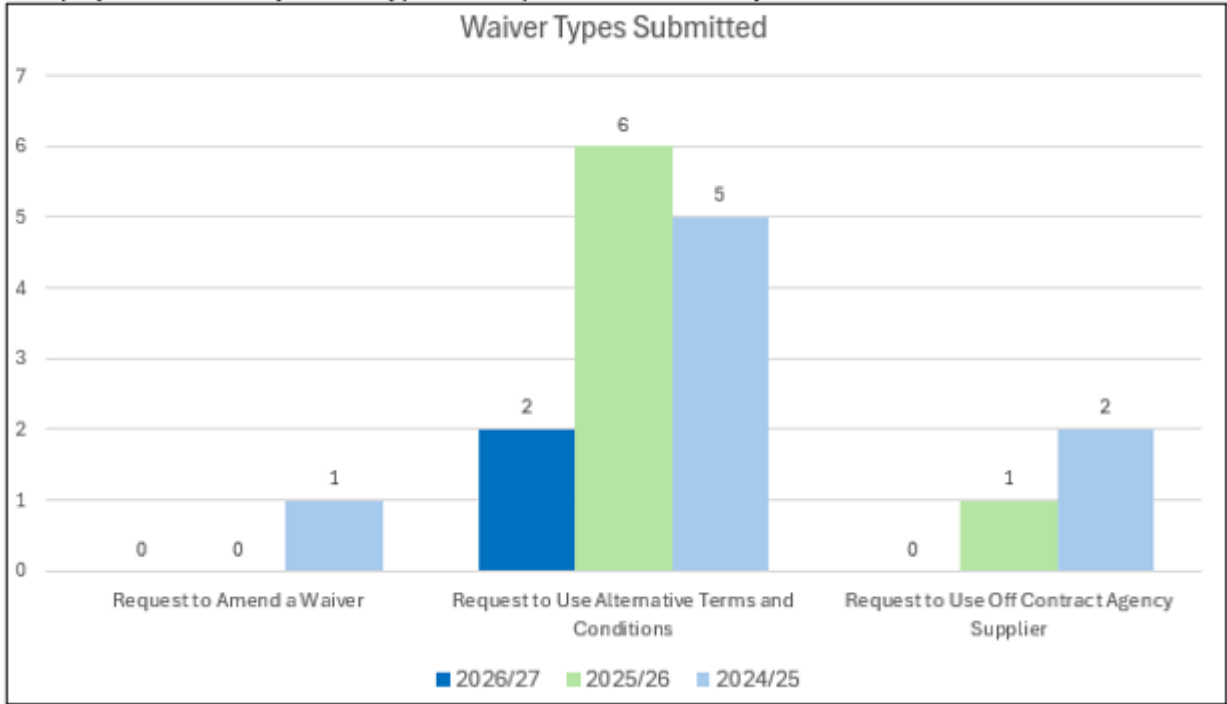
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£83,928	1	-	-	-	-	£83,928	1
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£29,805	4	£22,395	1	-	-	£52,200	5
Request to Use Off Contract Agency Supplier	£81,375	2	-	-	-	-	£81,375	2
2024/25 Grand Total	£195,108	7	£22,395	1	£0	0	£217,503	8

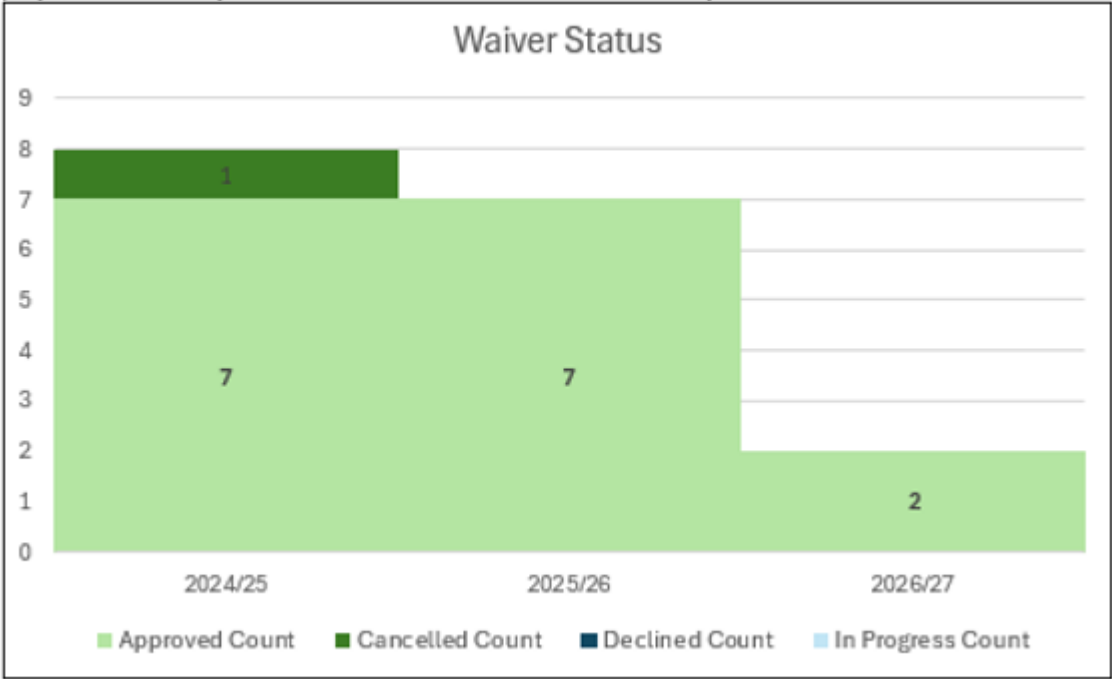
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the past three financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Appendix 3 - Corporate Services Reports:

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£240,501	3	-	-	-	-	-	-	£240,501	3
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£55,690	1	£55,690	1
2026/27 Grand Total	£240,501	3	£0	0	£0	0	£55,690	1	£296,191	4

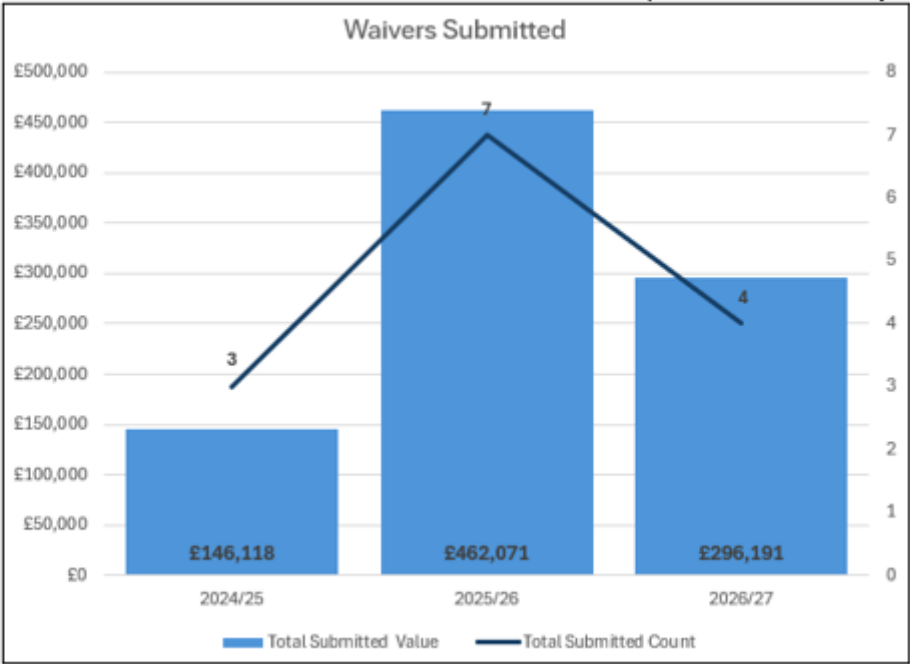
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	£0	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£168,307	4	£253,212	2	-	-	£421,519	6
Request to Use Off Contract Agency Supplier	£40,552	1	-	-	-	-	£40,552	1
2025/26 Grand Total	£208,859	5	£253,212	2	£0	-	£462,071	7

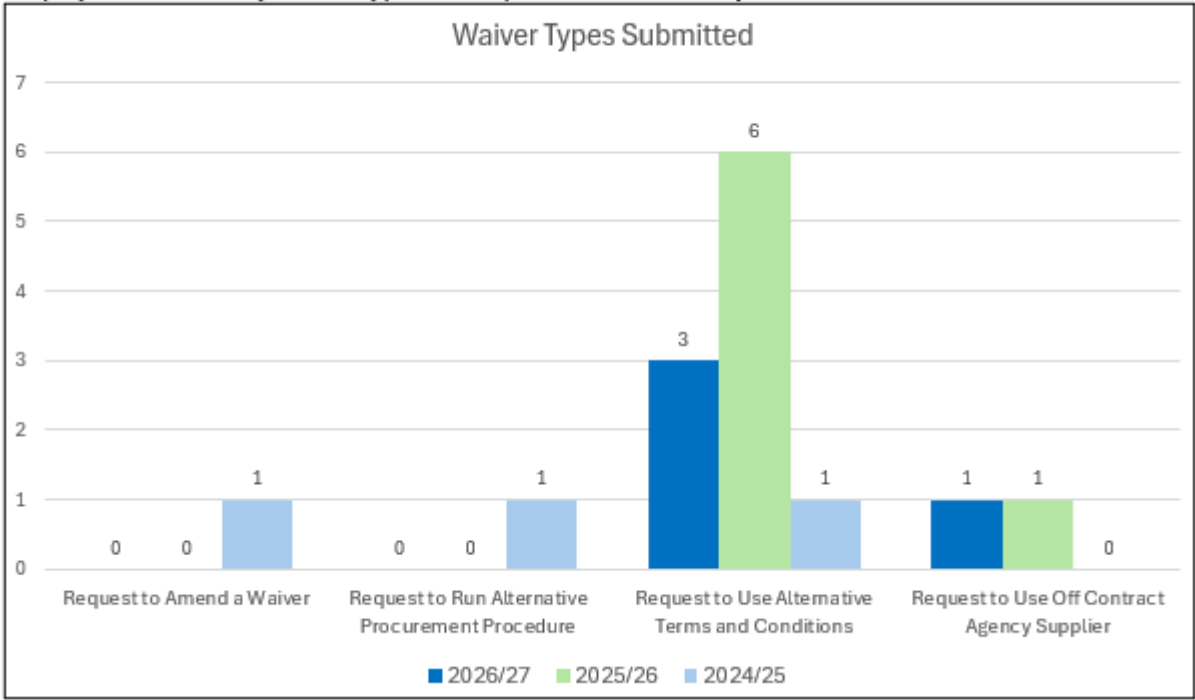
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Total Value	No.
Request to Amend a Waiver	£48,000	1	-	-	-	-	£48,000	1
Request to Direct Award a Grant	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	£84,764	1	-	-	£84,764	1
Request to Use Alternative Terms and Conditions	£13,354	1	-	-	-	-	£13,354	1
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2024/25 Grand Total	£61,354	2	£84,764	1	£0	-	£146,118	3

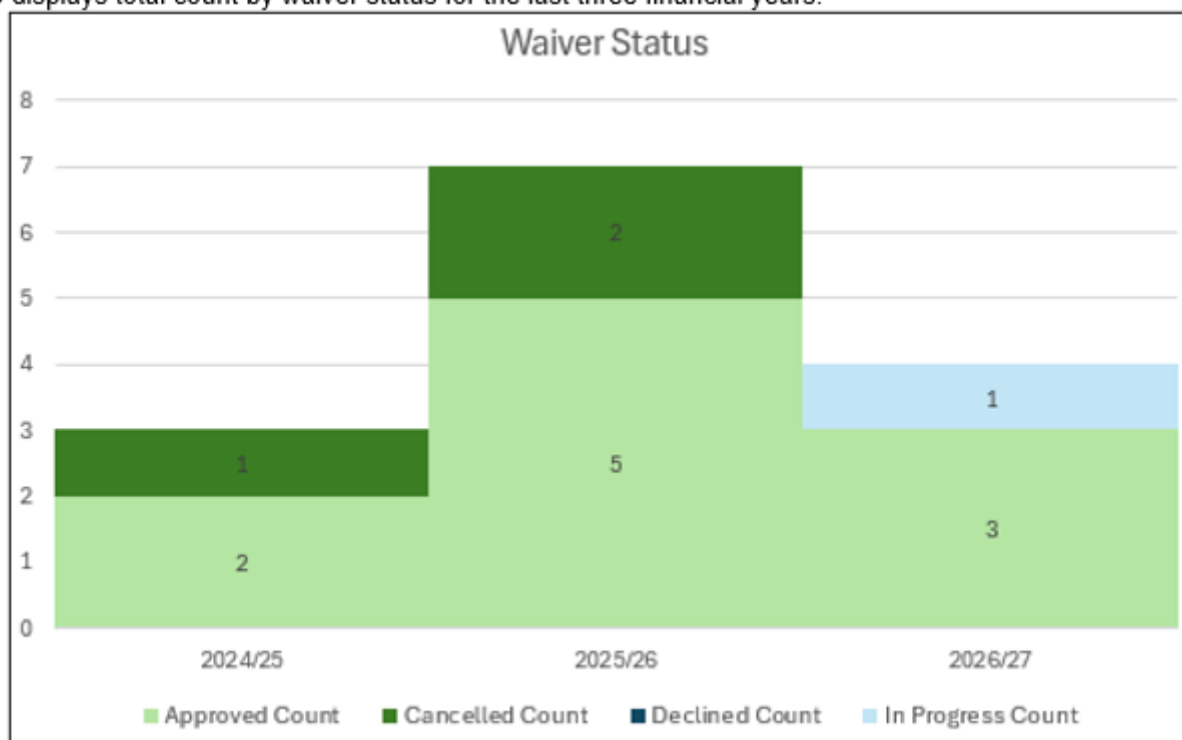
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the past three financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Appendix 4 - Finance Reports

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£243,960	3	-	-	-	-	£80,000	1	£323,960	4
Request to Use Off Contract Agency Supplier	£220,460	4	-	-	-	-	£34,701	1	£255,161	5
2026/27 Grand Total	£464,420	7	£0	0	£0	0	£114,701	2	£579,121	9

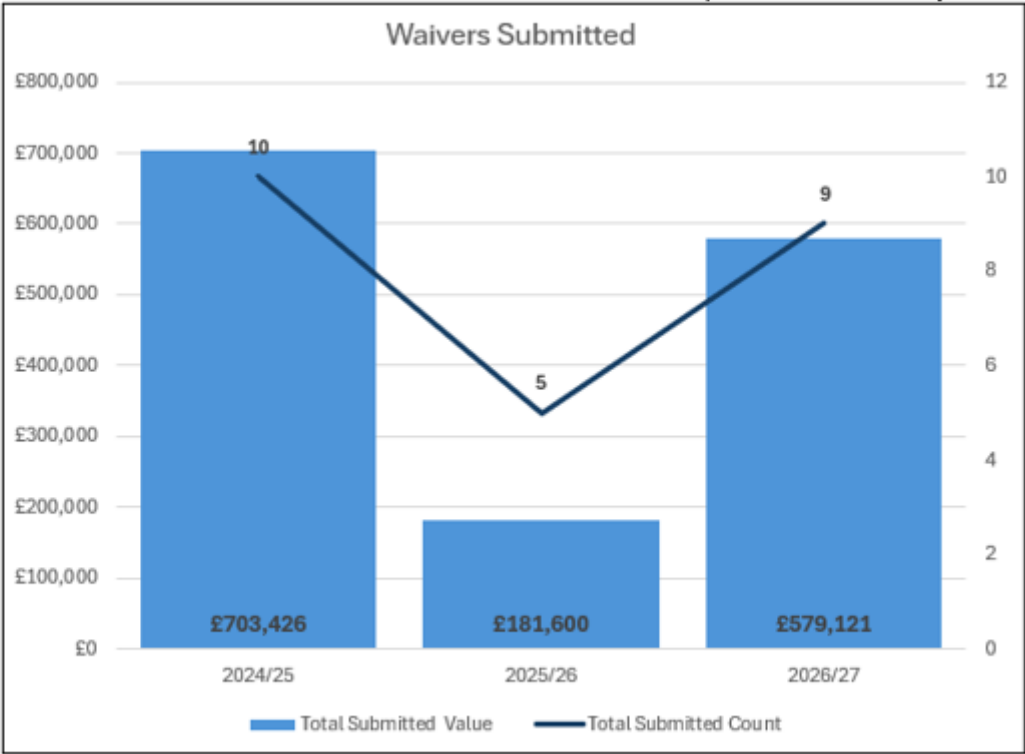
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£70,422	1	£75,000	1	-	-	£145,422	2
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£36,178	3	-	-	-	-	£36,178	3
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2025/26 Grand Total	£106,600	4	£75,000	1	£0	0	£181,600	5

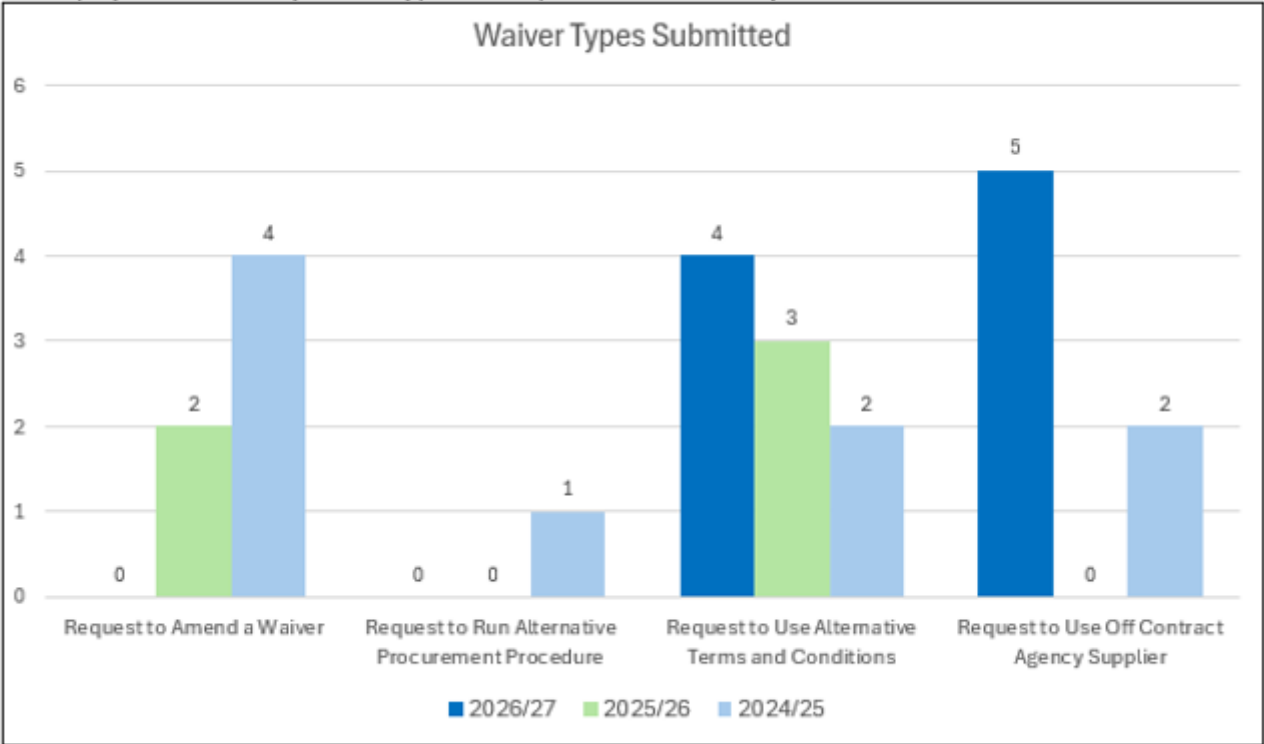
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£244,645	4	-	-	-	-	£244,645	4
Request to Direct Award a Grant	£338,992	1	-	-	-	-	£338,992	1
Request to Run Alternative Procurement Procedure	£24,438	1	-	-	-	-	£24,438	1
Request to Use Alternative Terms and Conditions	£57,341	2	-	-	-	-	£57,341	2
Request to Use Off Contract Agency Supplier	£38,010	2	-	-	-	-	£38,010	2
2024/25 Grand Total	£703,426	10	£0	0	£0	0	£703,426	10

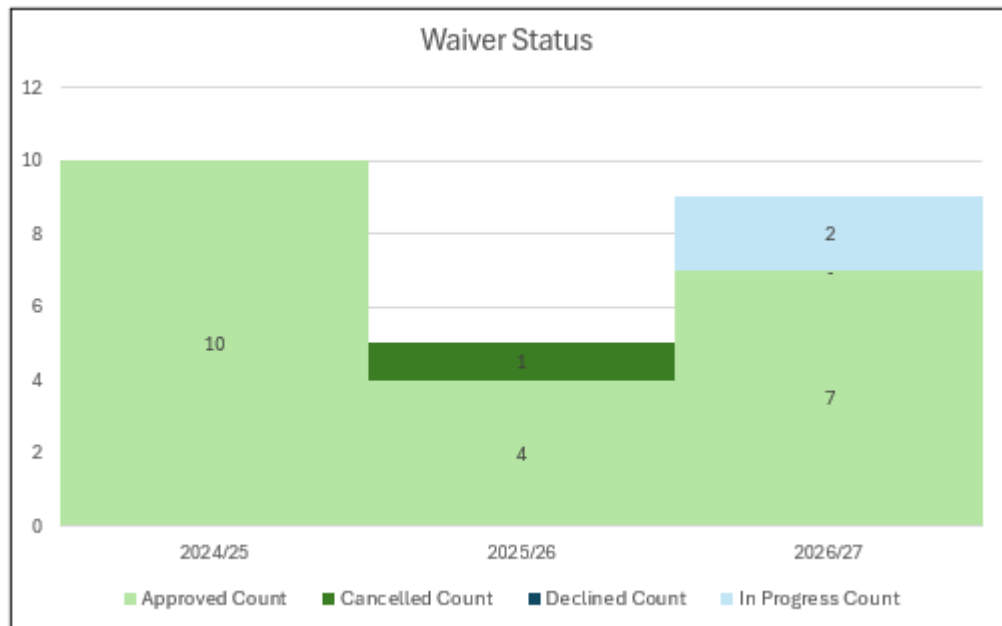
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the past three financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Appendix 5 - Place Delivery Reports

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	£4,500,000	1	-	-	-	-	-	-	£4,500,000	1
Request to Use Alternative Terms and Conditions	£1,750	1	-	-	-	-	-	-	£1,750	1
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	-	-	£0	0
2026/27 Grand Total	£4,501,750	2	£0	0	£0	0	£0	0	£4,501,750	2

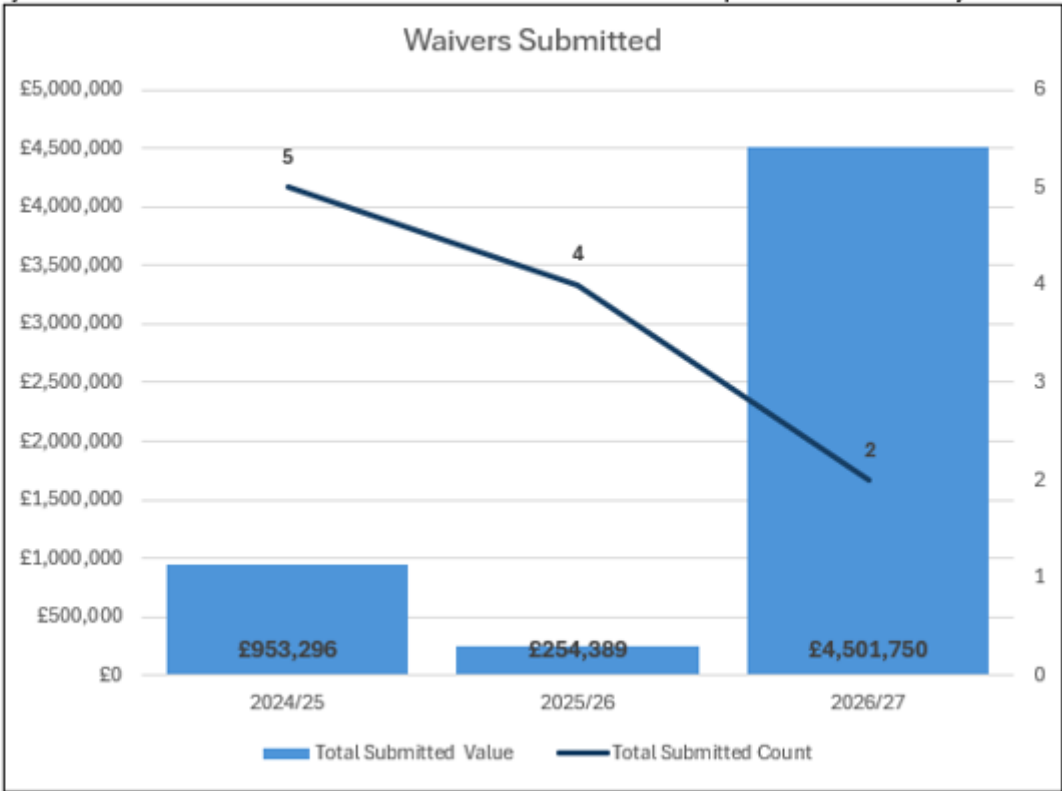
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	£75,000	1	-	-	£166,500	1	£241,500	2
Request to Use Alternative Terms and Conditions	£12,889	2	-	-	-	-	£12,889	2
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2025/26 Grand Total	£87,889	3	£0	-	£166,500	1	£254,389	4

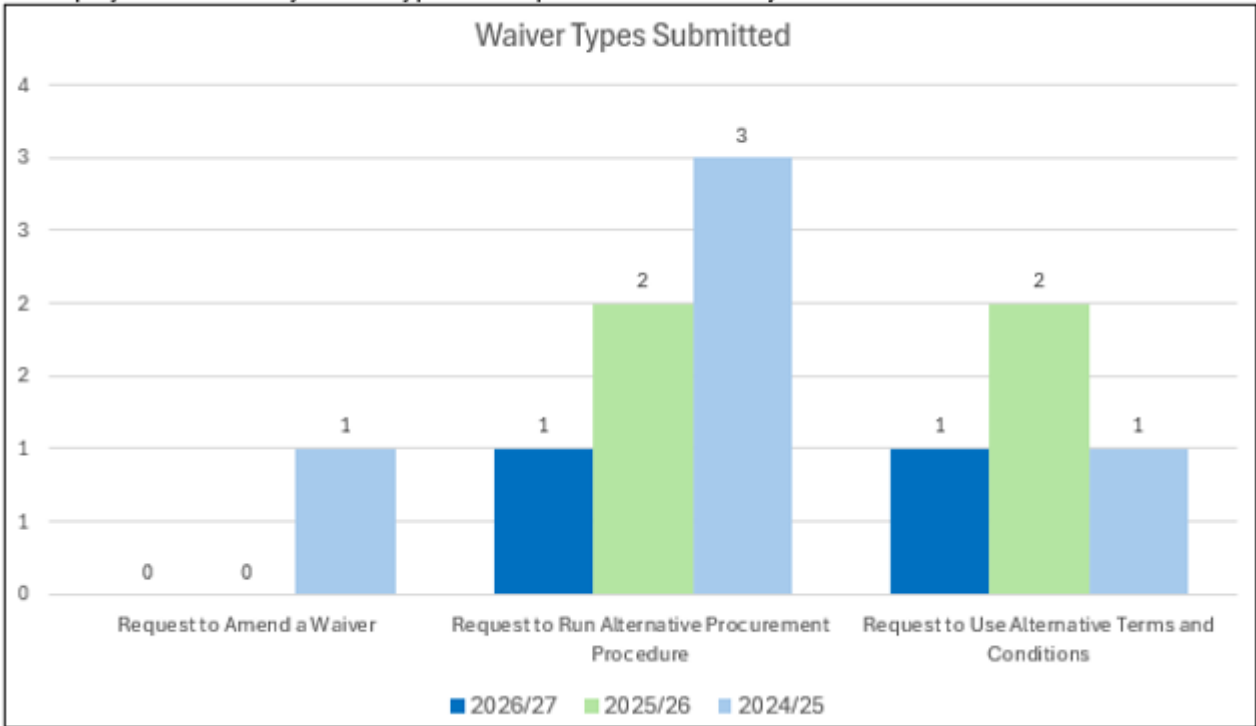
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£260,996	1	-	-	-	-	£260,996	1
Request to Run Alternative Procurement Procedure	£85,000	1	£603,000	2	-	-	£688,000	3
Request to Use Alternative Terms and Conditions	£4,300	1	-	-	-	-	£4,300	1
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2024/25 Grand Total	£350,296	3	£603,000	2	£0	-	£953,296	5

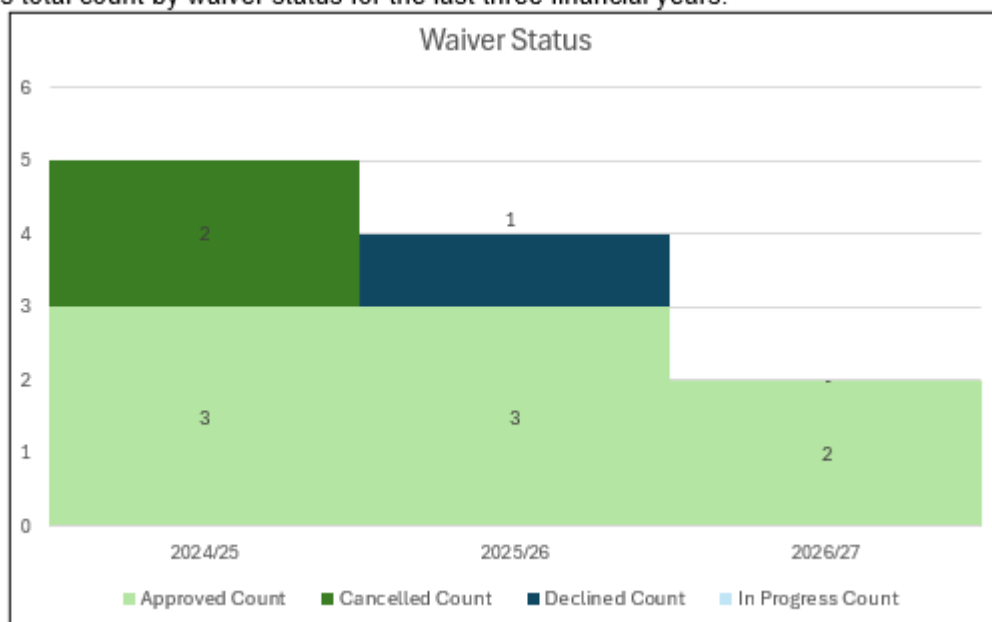
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the past three financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Appendix 6 - Pride in Place Reports

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	£179,000	1	-	-	£179,000	1
Request to Use Alternative Terms and Conditions	£1,027,366	3	-	-	-	-	-	-	£1,027,366	3
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	-	-	£0	0
2026/27 Grand Total	£1,027,366	3			£179,000	1	-	-	£1,206,366	4

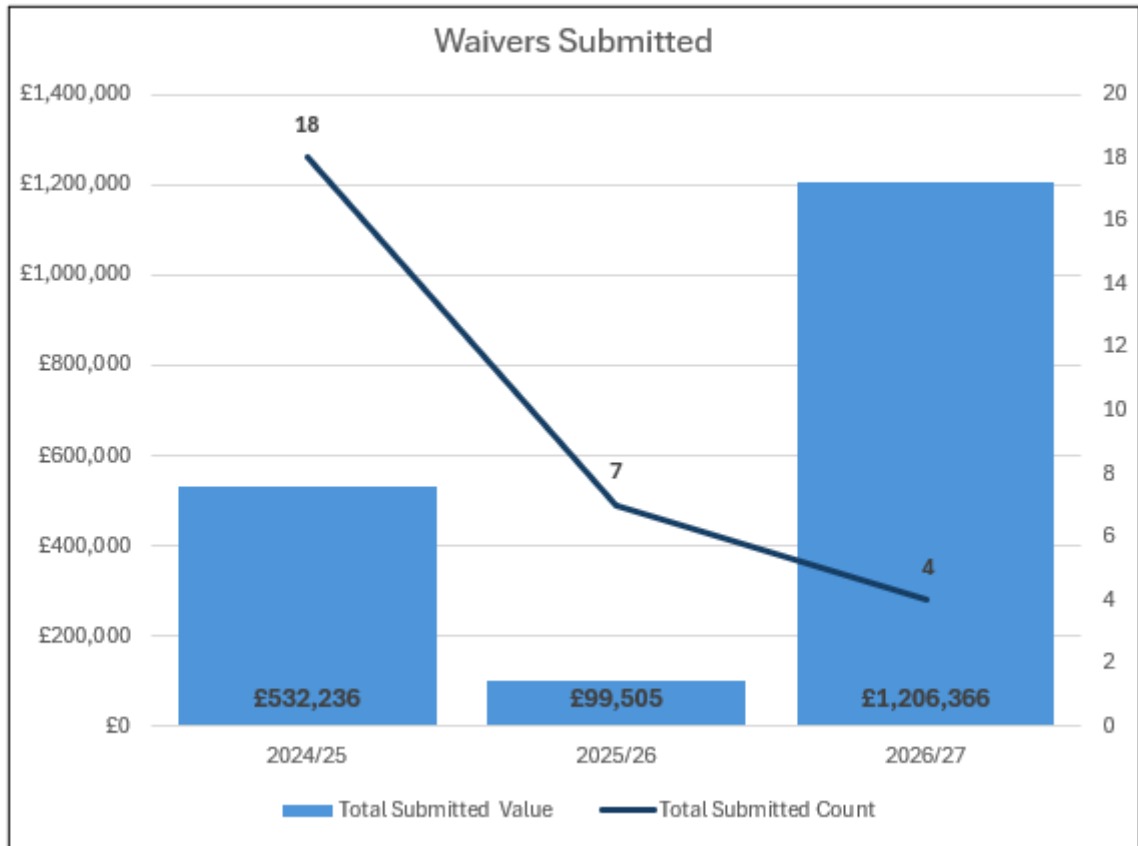
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£66,205	6	-	-	£33,300	1	£99,505	7
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2025/26 Grand Total	£66,205	6	£0	-	£33,300	1	£99,505	7

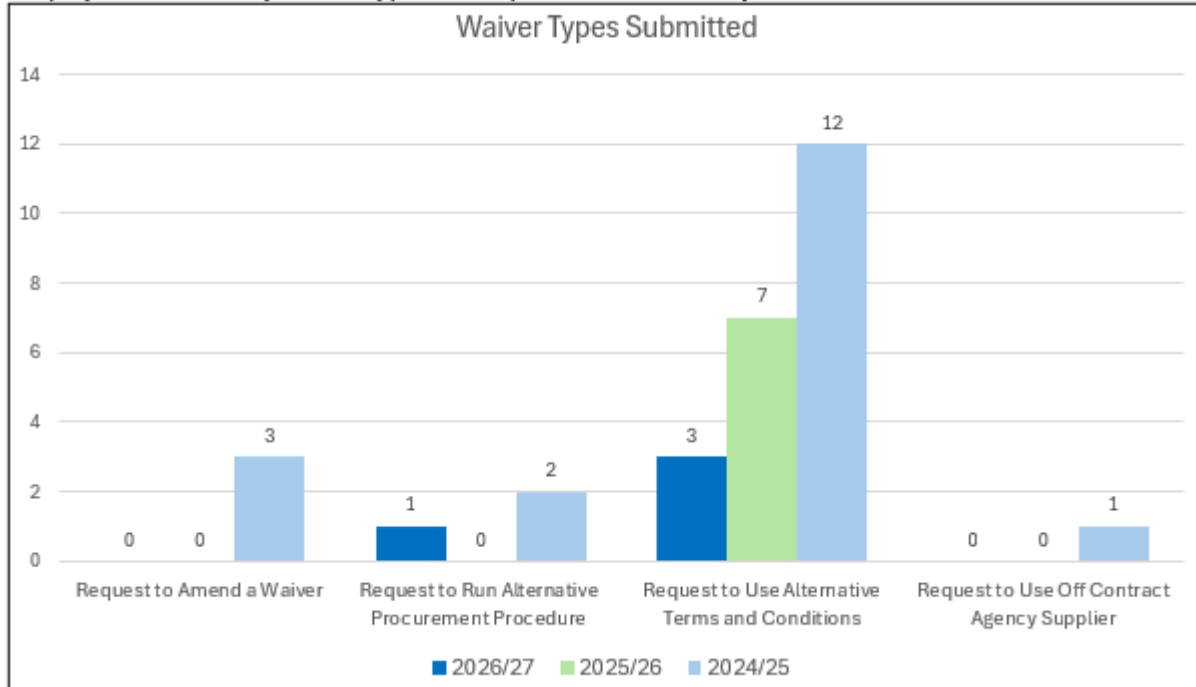
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£224,412	3	-	-	-	-	£224,412	3
Request to Run Alternative Procurement Procedure	£92,610	2	-	-	-	-	£92,610	2
Request to Use Alternative Terms and Conditions	£150,214	12	-	-	-	-	£150,214	12
Request to Use Off Contract Agency Supplier	£65,000	1	-	-	-	-	£65,000	1
2024/25 Grand Total	£532,236	18	£0	0	£0	-	£532,236	18

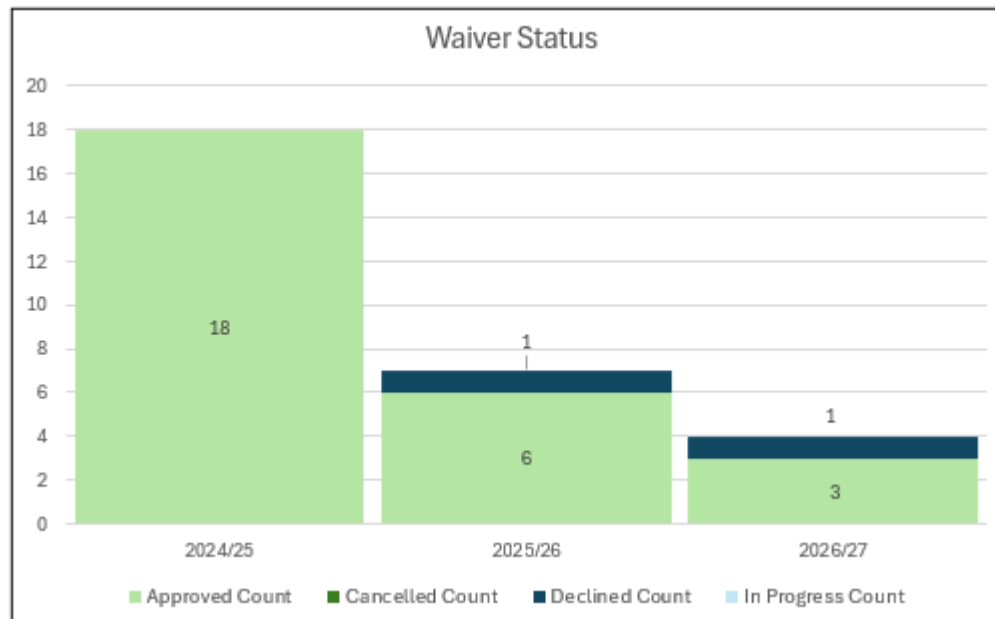
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the past three financial years.



Graph 3 displays total count by waiver status for the past three financial years.



Appendix 7 - Public Health

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£53,375	2	-	-	-	-	-	-	£53,375	2
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	-	-	£0	0
2026/27 Grand Total	£53,375	2	£0	0	£0	0	£0	0	£53,375	2

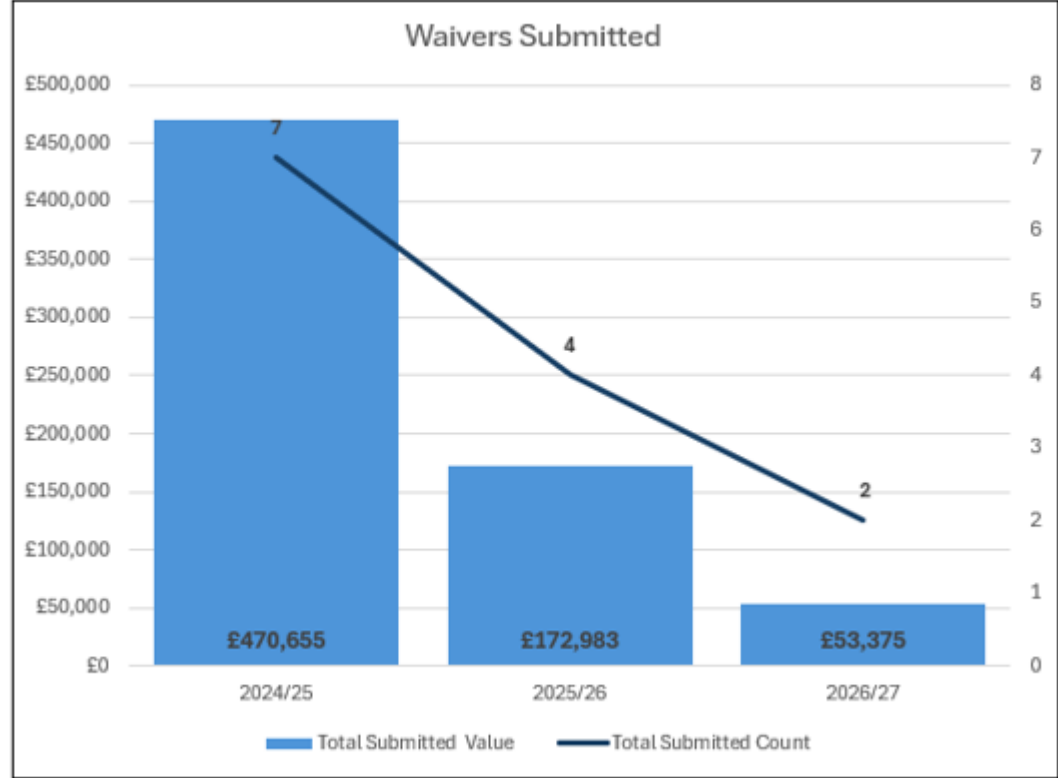
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	£161,596	3	-	-	-	-	£161,596	3
Request to Use Alternative Terms and Conditions	£11,387	1	-	-	-	-	£11,387	1
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2025/26 Grand Total	£172,983	4	£0	-	£0	0	£172,983	4

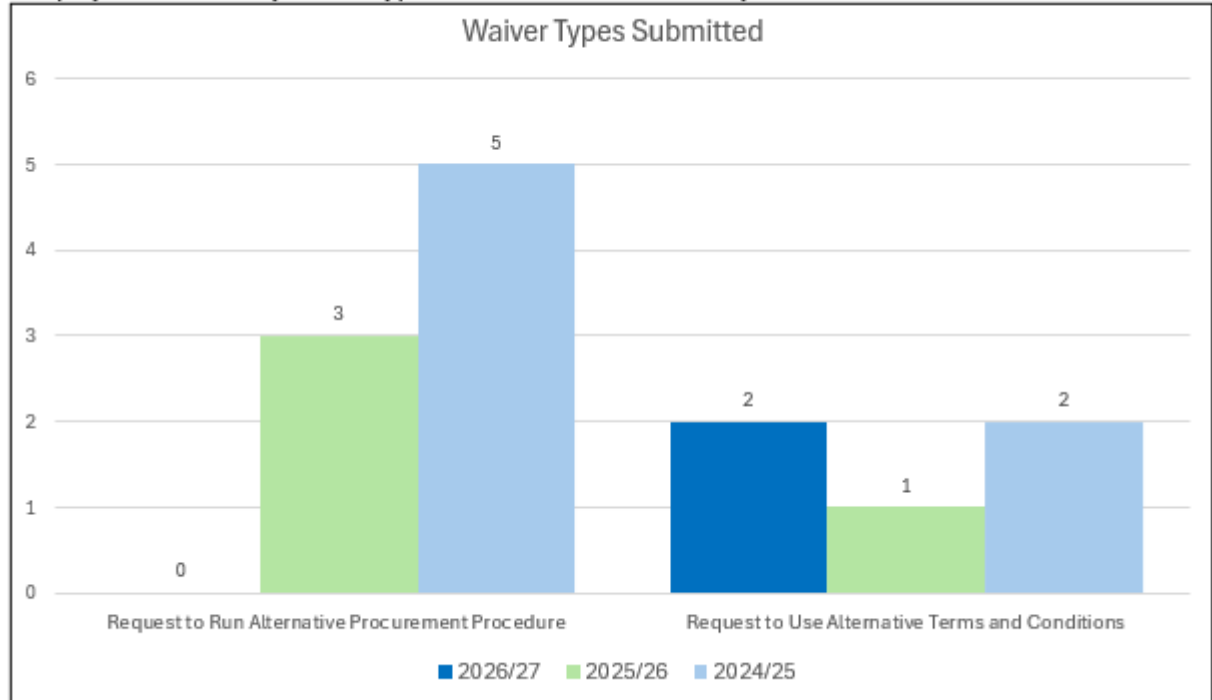
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	£342,850	4	£105,000	1	-	-	£447,850	5
Request to Use Alternative Terms and Conditions	£22,805	2	-	-	-	-	£22,805	2
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	0
2024/25 Grand Total	£365,655	6	£105,000	1	£0.00	0	£470,655	7

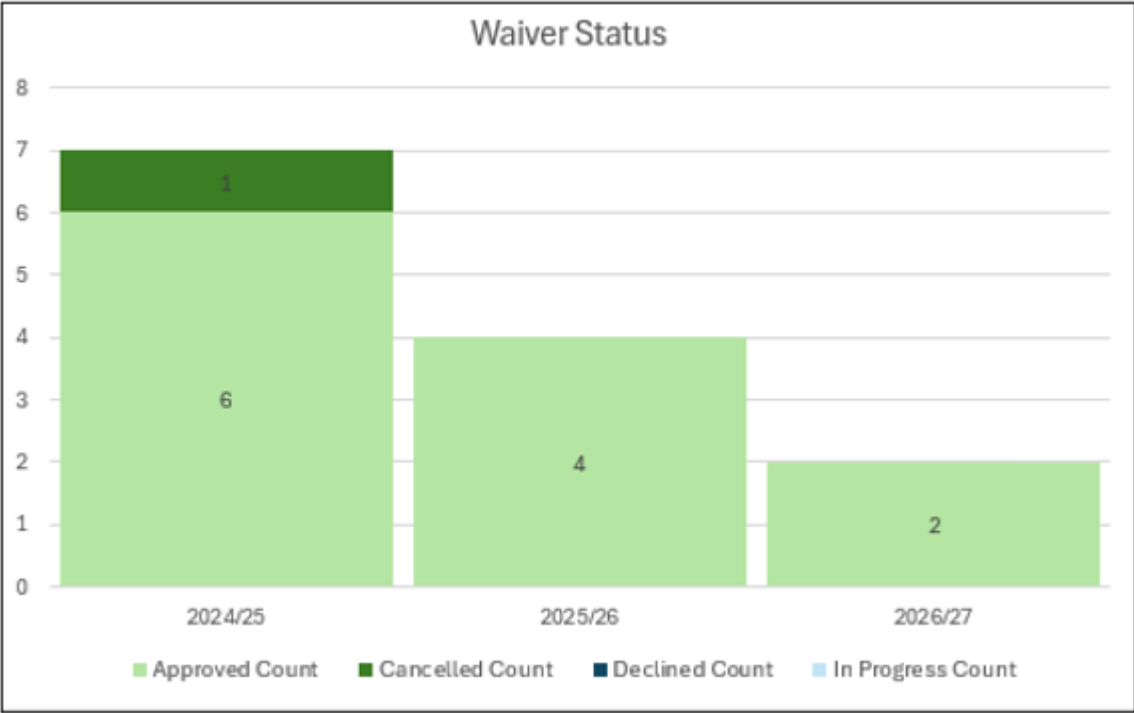
Graph 1 displays the total value and number of waivers submitted over the past three financial years.



Graph 2 displays total count by waiver type for the last three financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Appendix 8 - SWISCo Reports

Table 1 shows the total value and number of waivers by type for the first 6 months of 2026/27, including their approval status: approved, cancelled, declined, or in progress.

2026/27	Approved		Cancelled		Declined		In Progress		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	-	-	-	-	-	-	-	-	£0	0
Request to Use Alternative Terms and Conditions	£304,424	2	-	-	-	-	£150,000	1	£454,424	3
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	-	-	£0	0
2026/27 Grand Total	£304,424	2	£0	0	£0	0	£150,000	1	£454,424	3

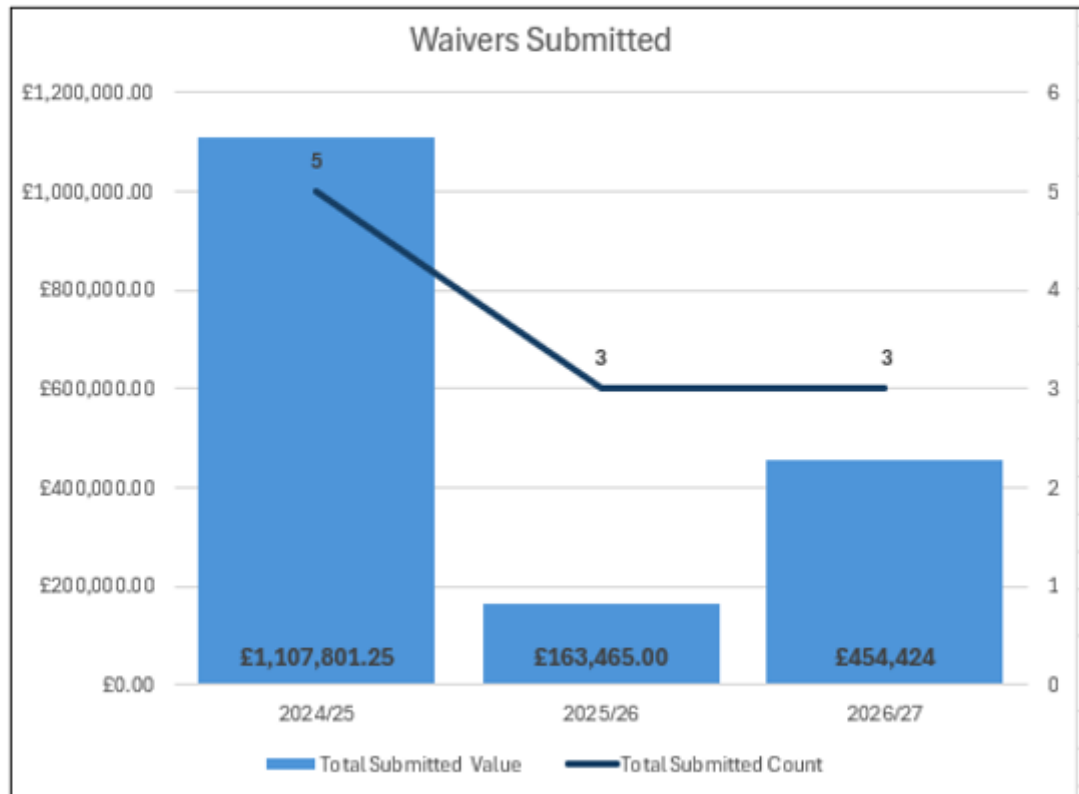
Table 2 shows the total value and number of waivers by type for FY 2025/26, including their approval status: approved, cancelled, or declined.

2025/26	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	-	-	-	-	-	-	£0	0
Request to Run Alternative Procurement Procedure	£44,965	1	-	-	-	-	£44,965	1
Request to Use Alternative Terms and Conditions	£110,000	1	-	-	-	-	£110,000	1
Request to Use Off Contract Agency Supplier	£8,500	1	-	-	-	-	£8,500	1
2025/26 Grand Total	£163,465	3	£0	-	£0	-	£163,465	3

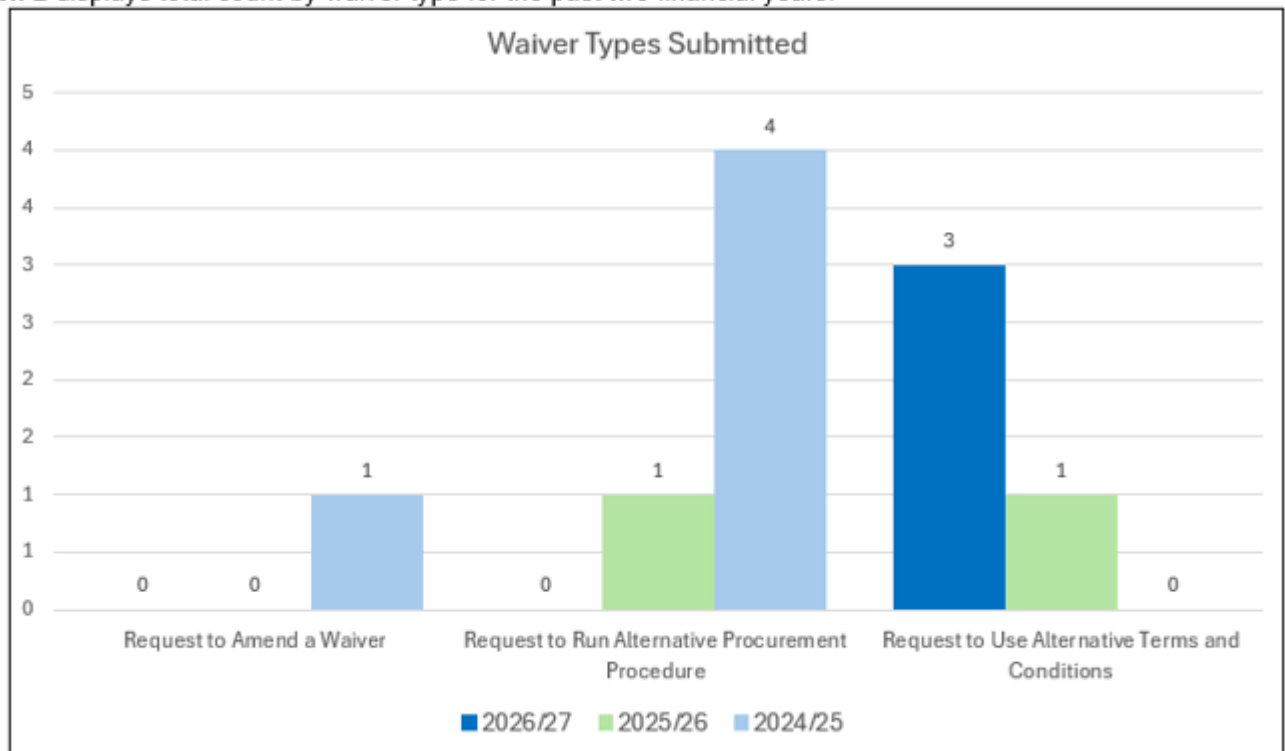
Table 3 shows the total value and number of waivers by type for FY 2024/25, including their approval status: approved, cancelled, or declined.

2024/25	Approved		Cancelled		Declined		Total Submitted	
Waiver Types	Value	No.	Value	No.	Value	No.	Value	No.
Request to Amend a Waiver	£0	1	-	-	-	-	£0	1
Request to Run Alternative Procurement Procedure	£1,107,801	4	-	-	-	-	£1,107,801	4
Request to Use Alternative Terms and Conditions	-	-	-	-	-	-	£0	0
Request to Use Off Contract Agency Supplier	-	-	-	-	-	-	£0	-
2024/25 Grand Total	£1,107,801	5	£0	-	£0	-	£1,107,801	5

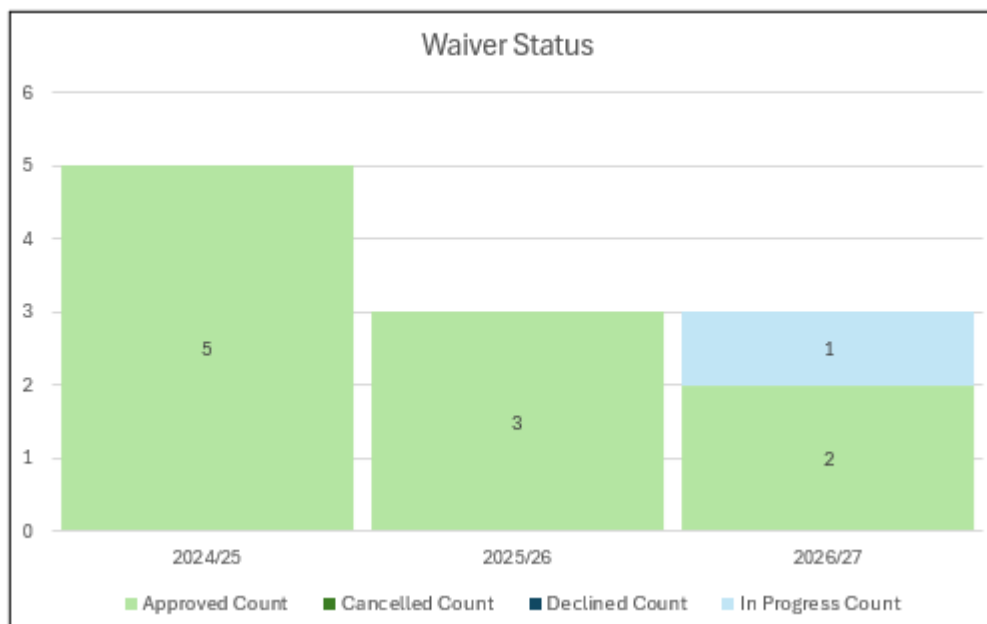
Graph 1 displays the total value and number of waivers submitted over the three financial years.



Graph 2 displays total count by waiver type for the past two financial years.



Graph 3 displays total count by waiver status for the last three financial years.



Background Documents:

Contract Procedures were revised in April 2024 to increase the number of procurement procedure options available for below threshold contracts. The procurement procedure used is identified based on the risk, value, complexity, market and urgency of the requirement, with direct awards being permitted where it can be clearly demonstrated that only one supplier can meet the need and there is no scope for competition.

Officers are able to seek exemption from the following requirements of Contract Procedures:

- using the procedure identified by Commercial Services for below threshold contracts, including the direct award of grants and use of off contract agency staff suppliers;
- using the procedure identified by Commercial Services for above threshold contracts, where the alternative procedure is permitted under the Procurement Act 2023;
- using the Council's standard tender templates;
- following the prescribed route for issuing and submission of tenders;
- using the Council's standard terms and conditions of contract or recognised national construction contracts.

Waiver requests are reviewed and signed off as follows:

Waiver type	Review and comments	Decision
Request to run an alternative procedure	Commercial Services Section 151 Officer Where applicable: - Finance / Information Governance / IT Services	Budget holder
Request to use an alternative tender pack / route for issuing tender	Commercial Services	Commercial Services
Request to use off contract agency supplier	Commercial Services	Budget holder

	Section 151 Officer HR Where applicable: - Finance	
Request to use alternative terms and conditions	Commercial Services Where applicable: - Legal Services / Insurance Manager / Information Governance / IT Services / Finance / Health and Safety	Commercial Services
Request to direct award a grant	Commercial Services Section 151 Officer Finance (VAT Manager)	Budget holder
Request to amend an existing waiver	As set out above subject to waiver type	As set out above subject to waiver type

Officer Contact Details:

Name: Tracey Field

Title: Head of Commercial Services

Email address: tracey.field@torbay.gov.uk

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