



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT REPORT
Wards affected	All
Accountable member	Councillor Patrick Coleman, Cabinet Member for Finance Email: Patrick.Coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: David.Stanley@cotswold.gov.uk
Report author	Emma Cathcart, Assistant Director Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually. The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.
Annexes	None
Recommendation(s)	That the Committee considers and comments on the report
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services
Key Decision	No
Exempt	No



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Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive and Chief Finance Officer Any Policies drafted or revised by the Counter Fraud and Enforcement Unit are provided to Legal Services for review and are issued to the relevant Senior Officers, Governance Group and Corporate Management for comment
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1. EXECUTIVE SUMMARY

- 1.1** In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.
- 1.2** The report sets out work streams which are presented to the Committee as the body charged with governance in this area.

2. BACKGROUND

- 2.1** The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.
- 2.2** Work plans for the Counter Fraud and Enforcement Unit (CFEU) are agreed with the Deputy Chief Executive and Chief Finance Officer and the Council's Management Team. As the body charged with governance in this area, the Audit and Governance Committee oversee the Council's counter fraud arrangements, and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity
- 2.3** The work plan for 2025/26 included a focus on procurement, following the introduction of the new legislation, as a high-risk area. A procurement fraud risk register has been completed, and consultation is underway before it is more widely distributed and introduced to employees across the Council. In addition, a small supplier payment review is underway to identify any concerns or internal control issues.
- 2.4** The focus of the work plan for 2026/27 is fraud awareness work streams for employees, managers, Members and residents. This needs to ensure delivery is more relatable for each group in terms of fraud risk and mitigation. Additionally, whistle-blowing training will be included to support referrals from colleagues to ensure awareness of the associated protections.
- 2.5** The workstream will also include detail regarding the new Economic Crime and Corporate Transparency Act 'failure to prevent fraud' offence to ensure awareness is raised with all employees across the organisation. Under the offence, the Council may be



“Criminally liable where an employee, agent, subsidiary, or other ‘associated person’, commits a fraud intending to benefit the organisation (Council) and the organisation (Council) did not have reasonable fraud prevention procedures in place.”

2.6 A full briefing report will be submitted to Councillors regarding this new legislation and how it impacts the Council in due course.

3. MAIN POINTS

3.1 Counter Fraud and Enforcement Unit (CFEU) Update

3.2 The CFEU Assistant Director forms part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, NHS, Crimestoppers and colleagues from Gloucester City and Gloucestershire County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud.

3.3 The Gloucestershire MAAF webpage has now been launched and is a simple and effective way to raise awareness and stop people falling foul of scams or ‘put a lid on fraud’.



Gloucestershire Against Scams Joint Agency Response

Working together to put a lid on fraud www.cfeu.org.uk/glassjar

3.4 The website provides practical advice for individuals, families, and businesses, clear reporting routes and contact details and support information for those that have been targeted by fraudsters.

3.5 In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). The Council can no longer refer newly found irregularities but can refer any business that defaults on a current repayment plan.

3.6 The Council paid approximately £75,500,000 to businesses during the pandemic. The CFEU identified £1,092,176 which was paid due to fraud and error. Invoices were raised



accordingly and to date £586,294 has been recovered and returned to central government. Where debt has not been repaid, the CFEU have transferred liability to DBT for recovery. There is now only one debt remaining which is subject to a payment plan – there is nothing further outstanding in relation to this work stream.

3.7 All Local Authorities participate in the Cabinet Office’s National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- The CFEU received 1,116 Council Tax related matches in relation to the 2024/25 data sets. All matches have been reviewed, and 30 recommendations have been made to the Revenues Team – results are pending.
- A further 477 matches were received as part of the 2024/25 cycle resulting in the following:
 - 67 matches were reviewed in relation to housing waiting list anomalies. 25 recommendations have been made.
 - 21 matches relating to payroll, 3 matters were referred to update declaration of interest matters.
 - 389 matches relating to Housing Benefit and Council Tax Reduction Scheme discrepancies. 13 cases were referred to the Department for Work and Pensions.

3.8 A review of the Housing Waiting List was due to be completed during 2025/26 to verify applications within Emergency Band, Gold Band and Silver Band. The Data Sharing agreement between the Housing Team and the Revenues and Benefits team for this exercise was reviewed this year. Additional assurance was requested in relation to data sharing which has led to a temporary suspension of this workstream across the CFEU partnership. This is close to reaching a resolution.

3.9 Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £4,283 for each application removed, to represent the value of future losses prevented as a result of removing an applicant. This represents a saving on the cost of temporary accommodation. In addition, the result of the band re-prioritisation is that those



families who are correctly banded have a greater chance of being housed and housed more speedily.

- 3.10** There are approximately 16,191 active household applications on the register for Gloucestershire currently, 1,811 of those relate to the Council. The CFEU undertakes reviews of the Emergency, Gold and Silver Band Lists for the Partnership to maximise savings in this area and ensuring priority applicants are dealt with expediently. Between 1 April 2019 and 31 March 2025 this activity has resulted in the review of 4,641 applications and the subsequent removal of 495 applications representing approximately £1,860,378 in loss avoidance.
- 3.11** The CFEU Officer receives the list of applications within the individual bands, the review of the Emergency and Gold Banded applications is undertaken as a priority. The task of the reviewing officer is to establish the veracity of the reason for the application, for example overcrowding, homelessness, significant medical need or downsizing. Checks relating to occupancy and residential status / history are made and any discrepancies are forwarded to the Housing Team for review.
- 3.12 Results 2025/26 (to 28 February 2026):**
- 3.13** In addition to the work carried out under the annual work plan, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into employee/member fraud and corruption, or tenancy and housing fraud investigation work.
- 3.14** Since 1 April 2025 the year the team received 93 referrals, 71 referrals resulted in advice / referral was declined and 10 matters were referred to the Department for Work and Pensions.
- 3.15** 10 cases were opened in relation to regulatory enforcement with teams across the Council and Publica.
- 3.16** The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and acts as the single point of contact for the Department for Work and Pensions (DWP) Housing Benefit investigations. 6 cases were opened for investigation.



- 3.17** Additionally in this area, work with the Benefits Team to review all Council Tax Reduction Scheme (Council Tax Support) claims is almost complete. To date, 202 cases reviewed by the CFEU have been passed to the Benefits Team for reassessment. This identified incorrectly paid Council Tax Support of £222,763. 42 Civil Penalties, totalling £2,940 have been applied. 7 investigation cases have been opened by the CFEU due to suspected false representations or omissions.
- 3.18** Final updates and reassessments will be completed shortly and a report for consideration by the Deputy Chief Executive and Chief Finance Officer, and the Business Manager: Environmental, Welfare and Revenue Service will be prepared to identify learning and recommendations.
- 3.19** Between 1 April 2025 and 28 February 2026, the team received 2 referrals from HR relating to disciplinary matters. Both cases relate to Publica colleagues and have been closed; results are as follows:
- 1 case related to tracing a previous employee in relation to unpaid debt.
 - 1 case relating to falsifying of timesheets/not working contracted hours – the individual resigned during the investigation.
- 3.20** As previously reported, the team undertook an investigation relating to an employee undertaking full time employment for multiple Councils. The individual was found guilty at trial in July 2025 and was sentenced to 3 years imprisonment. The Proceeds of Crime proceedings are ongoing with the next hearing listed for April 2026.
- 3.21** The team closed 6 matters relating to Member Code of Conduct complaints. In 4 cases, no breach was found and in the case of 2 matters, a breach of the Code of Conduct was found following hearings held at the Standards Hearings Sub Committee.
- 4. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) / INVESTIGATORY POWERS ACT 2016 (IPA)**
- 4.1** The Council's RIPA and IPA Policies are based on the legislative requirements of these Acts and supporting guidance relating to directed surveillance and the acquisition of communications data.
- 4.2** The Policies were reviewed and presented to the Audit and Governance Committee in November 2019; these were adopted by Cabinet in December 2019. The Use of the



Internet and Social Media in Investigations and Enforcement Policy, presented to Audit and Governance Committee in October 2021 and adopted by Cabinet in January 2022.

- 4.3** The Policies were reviewed in July 2023 by the Investigatory Powers Commissioner's Office (IPCO). The Policies were fully endorsed with a request to remove any reference to the OSC Procedures and Guidance document as it has been removed from circulation. This has been done.
- 4.4** Two minor amendments to the current RIPA (Surveillance and CHIS) Policy have been actioned using the delegation which applies as these are minor. Section 22.5 'APPLICATIONS/AUTHORISATION' has been altered to reflect that any alternative approach should be explored before surveillance where possible and justification should be recorded on the case file rather than within a feasibility study/intrusion assessment.
- 4.5** Section 22.18 'ATTENDING THE HEARING' has been updated to reflect that the applicant must attend the hearing but that the Authorising Officer does not but should be available if required to.
- 4.6** The Policies will be the subject of a full review later in the year and will be presented to Members for approval at that time.
- 4.7** The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Chief Executive, and the Authorising Officers are the Deputy Chief Executive and Chief Finance Officer, and the Director of Governance and Development (Monitoring Officer).
- 4.8** All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Head of Service, CFEU.
- 4.9** The Council was inspected by IPCO, regarding its compliance with the legislation in July 2023. The next inspection is due in 2026.
- 4.10** There have been 2 RIPA applications made by the Council during 2025/26 and 1 application was made for communications data.



4.11 The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.

5. WHISTLEBLOWING POLICY

5.1 The Audit and Governance Committee approved the revised and updated Whistleblowing Policy in May 2025.

5.2 Subsequently, the Employment Rights Act 2025 outlined that allegations that sexual harassment has or is likely to occur that are in the public interest will qualify as a 'protected disclosure' and individuals making these allegations will receive whistleblowing protections against dismissal or detriment. The Whistle-Blowing Policy has therefore been updated to reflect this using the delegation which applies as this is a very minor amendment.

5.3 Section 1.5 (2) now includes 'sexual harassment that has or is likely to occur'.

6. FINANCIAL IMPLICATIONS

6.1 The Council has a duty to prevent fraud and corruption with Section 3 of the report providing members with an update on the work of CFEU and the increased revenue and penalties applied following casework and successful investigations. The report details the following:

- Revenue - £222,763 (includes Council Tax revenue which is ultimately shared amongst precepting authorities)

Penalties - £2,940

Loss Avoidance - £0

6.2 The service is a shared one across the County and as such overheads and management costs are also shared equally meaning there is increased value for money however there are other counter fraud provision options which could be considered if the Council wished to explore alternative arrangements.

7. LEGAL IMPLICATIONS

7.1 In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.



7.2 The Authority is also required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be recorded appropriately in the Central Register.

8. RISK ASSESSMENT

8.1 The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

8.2 Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.

8.3 If the Council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

8.4 The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data. The application of the Policies and Procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.

9. EQUALITIES IMPACT

9.1 The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

9.2 The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

10.1 None directly.

11. BACKGROUND PAPERS

11.1 None.



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