



COTSWOLD

District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2025
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT REPORT
Wards affected	All
Accountable member	Cabinet Member for Finance Email: Democratic@Cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: Democratic@Cotswold.gov.uk
Report author	Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit Email: Democratic@Cotswold.gov.uk
Summary/Purpose	<p>To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.</p> <p>Work streams are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>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.</p>
Annexes	None.
Recommendation(s)	That the Committee: 1. Considers and comments on the report.
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services
Key Decision	NO



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Exempt	NO
Consultees/ Consultation	<p>Work plans are agreed and reviewed regularly with the Director of Finance.</p> <p>Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.</p>



1. EXECUTIVE SUMMARY

- 1.1** The Audit and Governance Committee oversees the Council's counter fraud arrangements, and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2** Work plans have been agreed with the Deputy Chief Executive and the Council's Management and details relating to work delivery are presented, in this report, to Audit and Governance Committee as the body charged with governance in this area.
- 1.3** The work plan for 2024/25 included a focus on fraud risk mitigation regarding grant schemes and polygamous working as high-risk areas. A Grant Management Policy and supporting toolkit detailing fraud risk areas, mitigation and suggestions relating to verification activities has been drafted for consideration by Governance Group and the Corporate Leadership Team. The work stream regarding polygamous working has commenced and initial engagement will be made with Human Resources. A further update will be shared in the next report to Audit and Governance Committee.
- 1.4** The work plan for 2025/26 includes a focus on procurement following the introduction of the new legislation. A work stream will be developed with Internal Audit (SWAP) to provide assurance in this area. In addition, the team will be developing a more relatable and streamlined approach to fraud risk and whistle-blowing training to ensure awareness is raised with all staff across the organisation.

2. BACKGROUND

- 2.1** 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.
- 2.2** 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.

3. MAIN POINTS

- 3.1** The Counter Fraud and Enforcement Unit (CFEU) Head of Service 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 and colleagues from Gloucester City and 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.

- 3.2** The Gloucestershire MAAF webpage is now in development. A campaign to launch this will be publicised soon. The website is an opportunity to put in place a communication medium that will be accessible to residents and staff in the county and beyond. This dedicated webpage will enable the group to shape fraud related messaging and offer guidance, advice on fraud and signpost people to the support that is available. The site will enable the group to educate our communities on the changing threat and to provide success stories and testimonials in order to reduce the stigma and increase reporting.
- 3.3** 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). A further extension to the deadline for debt liability transfer from 31 December 2024 to 30 June 2025 has been granted.
- 3.4** 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 £579,264 has been recovered and returned to central government. Where debt has not been repaid, the CFEU are transferring liability to DBT for recovery.
- 3.5** 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.
- As previously reported, earlier in the financial year, matches relating to the 2021/22 data sets resulted in increased Council Tax revenue of £18,116 and 7 Civil Penalties, totalling £490 being applied.
 - In relation to the 2022/23 and 2023/24 data sets, the CFEU received 1,652 Council Tax related matches. These have been reviewed, and 113 recommendations were made to the Revenues Team resulting in 69 accounts



being updated, increased Council Tax revenue of £40,806 and 57 Civil Penalties, totalling £3,990, being applied.

- Results relating to the 2022/23 matches regarding housing application discrepancies have been collated. 130 matches were received and reviewed; 21 recommendations were issued to the Housing Team and therefore 13 applications were removed representing £55,679 in loss avoidance.
- 1,284 matches have been received as part of the 2024/25 cycle – these relate to Council Tax, Housing Benefit, Council Tax Reduction Scheme, Housing and Payroll discrepancies and will be reviewed in due course.

3.6 Criminal Enforcement, Regulation of Investigatory Powers Act and Investigatory Powers Act refresher training was delivered to the enforcement employees in across the Council and Publica during the year.

3.7 A data matching exercise has been completed across the partnership in relation to awards of small business rates relief. 5 premises were flagged for further investigation and subsequently 1 account is under review and 2 accounts were updated resulting in additional business rates totalling £24,680.

3.8 A review of the Housing Waiting List has been completed. This included verification of applications within Emergency Band (35 applications), Gold Band (34 applications) and Silver Band (203 applications). This resulted in 139 recommendations being referred to the Housing Team. 30 applications have been removed representing a figure of £128,490.

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 In December 2024 there were approximately 15,527 active household applications on the register for Gloucestershire, 1,684 of those relate to the Council. The CFEU undertakes reviews of the Emergency, Gold and Silver Band Lists for Cheltenham Borough, Cotswold District, Forest of Dean District, Stroud District and Tewkesbury



Borough Councils. This consistent approach provides assurance that both locally and across the County we are maximising savings in this area and ensuring priority applicants are dealt with expediently.

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 Reactive Case Results 2024/25:

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. During the year the team received 98 referrals, 34 cases were opened, 36 cases were closed, 68 referrals resulted in advice / referral was declined and 25 matters were referred to the Department for Work and Pensions.

- 15 cases were opened in relation to regulatory enforcement with teams across the Council and Publica. This resulted in the removal of 6 incorrect Council Tax discounts/exemptions and 1 property being brought into ratings. Increased Council Tax revenue totalling £13,396 and 3 Civil Penalties totalling £210 being applied.

3.14 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. 3 cases were opened, and 7 cases were closed resulting in the following.

- Increased Council Tax revenue of £8,763 has been raised.
- 1 Criminal Penalty totalling £697 was accepted.
- 1 Prosecution. The individual received a Fine for £100.



- 3.15** Following the approval of the updated Council Tax, Council Tax Reduction Scheme and Housing Benefit Penalty and Prosecution Policy, a refresher session was held with the Revenues and Benefits team to confirm processes and what matters should be referred to the CFEU. In addition, work has now commenced to review all Council Tax Reduction Scheme (Council Tax Support) claims administered by the Council.
- 3.16** During 2024/25, the team received 4 referrals relating to staff matters. 5 cases were closed; results as follows:
- 2 cases relating to the falsification of timesheets; 1 individual resigned during the investigation, the other matter could not be progressed, but the individual is no longer undertaking work on behalf of Publica.
 - 2 grievance reports were issued to HR with recommendations for consideration.
 - 1 case relating to unreturned equipment – this was recovered.
- 3.17** The team undertook an investigation relating to a member of staff undertaking full time employment for multiple Councils. The individual was dismissed last year however the individual is also the subject of a prosecution for fraud. The case is listed for trial at Gloucester Crown Court later this year.
- 3.18** The team also received 12 referrals relating to Member Code of Conduct complaints. 3 cases were closed finding no breach.
- 3.19 Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016 (IPA)**
- 3.20** The Council's policies are based on the legislative requirements of these Acts and supporting guidance relating to directed surveillance and the acquisition of communications data.
- 3.21** 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.
- 3.22** 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. It is not therefore proposed that the Policies will be



presented to Members for approval following the review, but copies can be found on the Council's website. There have been no subsequent amendments to date.

- 3.23** 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, the Director of Governance and Development (Monitoring Officer) and the newly appointed Head of Legal Services.
- 3.24** 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.
- 3.25** The Council was inspected by IPCO, regarding its compliance with the legislation in July 2023. The next inspection is due in 2026.
- 3.26** There have been no RIPA applications made by the Council during 2024/25. 1 application was made for communications data and there have been 2 Non-RIPA applications made during 2024/25 concerning overt activity.
- 3.27** 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.

4. FINANCIAL IMPLICATIONS

- 4.1** 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 - £105,761 (includes Council Tax revenue which is ultimately shared amongst precepting authorities)

Penalties - £4,690

Loss Avoidance - £184,169



- 4.2** 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.

5. LEGAL IMPLICATIONS

- 5.1** 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.
- 5.2** 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.

6. RISK ASSESSMENT

- 6.1** The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.
- 6.2** Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.
- 6.3** If the Council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

7. EQUALITIES IMPACT

- 7.1** The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.
- 7.2** 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.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1** None directly.

9. BACKGROUND PAPERS

- 9.1** None.