

# Cheltenham Borough Council

## Audit, Compliance and Governance Committee –

**27 September 2022**

## Counter Fraud and Enforcement Unit Report

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**Accountable member:**

Cabinet Member Finance and Assets, Councillor Peter Jeffries

**Accountable officer:**

Paul Jones, Executive Director Finance and Assets

**Accountable scrutiny committee:**

Not applicable

**Ward(s) affected:**

All indirectly

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**Key/Significant Decision:**

No

**Executive summary:**

The purpose of the report is to provide the Audit, Compliance and Governance Committee with assurance over the counter fraud activities of the Council. The Counter Fraud and Enforcement Unit will continue to provide Audit, Compliance and Governance Committee with direct updates biannually.

Work plans are presented detailing progress and results for consideration and comment as the body charged with governance in this area.

**Recommendations:**

**That the Audit, Compliance and Governance Committee:**

**Considers the report and work plan at Appendix 2 and makes comment as necessary.**

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## 1. Implications

### 1.1. Financial implications

The report details financial savings generated by the Counter Fraud and Enforcement Unit.

**Signed off by:** Gemma Bell, Head of Finance and Assets (Deputy S151 Officer),  
[Gemma.Bell@cheltenham.gov.uk](mailto:Gemma.Bell@cheltenham.gov.uk)

### 1.2. Legal implications

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.

**Signed off by:** One Legal, [legalservices@onelegal.org](mailto:legalservices@onelegal.org)

### 1.3. HR implications

The HR team continue to work closely with the Counter Fraud and Enforcement Unit on all internal investigations. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

**Signed off by:** Julie McCarthy, HR Manager – Operations and Service Centre  
[Julie.McCarthy@publicagroup.uk](mailto:Julie.McCarthy@publicagroup.uk)

### 1.4. Environmental and climate change implications

Not applicable.

### 1.5. Property/asset implications

Not applicable.

### 1.6. Corporate policy framework implications

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.

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## 2. Promoting equality and reducing discrimination

Not applicable.

## 3. Performance management – monitoring and review

None directly arising from this report.

## 4. Background

- 4.1. In administering its responsibilities; this 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.
- 4.2. The Audit, Compliance and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to such activity.
- 4.3. Work plans have been agreed with the Head of Finance and Assets. The Audit, Compliance and Governance Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 4.4. Attached at Appendix 2 is a copy of the work plan for 2022/2023.

## 5. Report

- 5.1. The CFEU continues to support work streams relating to the Post Payment Assurance Activities directed by the Department for Business, Energy and Industrial Strategy and the Cabinet Office's National Fraud Initiative matches.
- 5.2. The CFEU have reviewed 75 cases pre and post payment for Cheltenham Borough Council. In relation to pre-payment, the CFEU identified £280,668 of loss prevention in that the grant monies were not paid. Regarding post payment recovery, invoices totalling £96,098 have been raised and of this figure, £69,764 has been recovered. £26,334 remains outstanding. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments have been made.
- 5.3. 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.
  - 81 matches have been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes paid during the first lockdown. These matches have been reviewed by the CFEU: 73 required no further action and 8 cases are pending further enquiries.
  - The team have reviewed 1,621 matches relating to single person discount anomalies. 91 accounts have been updated resulting in £54,383 increased revenue. 1027 additional matches relating to this year's data upload have now been received and the team have commenced the review.
  - The team have reviewed 191 matches relating to the Council Tax Reduction Scheme and Housing Benefit claims. 18 referrals have been made to the Department for Work and Pensions.
- 5.4. A review of the Housing Waiting List has commenced.

- This included verification of applications within Emergency Band (49 applications) and Gold Band (59 applications). This resulted in 31 recommendations being referred to the Housing Team, results are pending. The review of the Silver Band (521 applications) has commenced.
- Whilst undertaking the review of the Housing List, the CFEU also processed the related National Fraud Initiative matches (97 matches), 6 recommendations have been sent to the Housing Team, results are pending.
- Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £3,240 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.
- In addition, the team work with colleagues at Cheltenham Borough Homes regarding matches relating to Right to Buy Applications (6 received and reviewed) and Housing Tenant anomalies (206 received / 125 reviewed).

**5.5.** A significant project since 1 April 2022 relates to supporting the Revenues Team with verification activities for the payment of the £150 Energy Rebate. During quarter one, the CFEU received 6,418 cases of which 1,949 required further checks and information.

**5.6.** In addition to the work carried out under the annual work plan attached at Appendix 2, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

**5.7.** Since 1 April 2022:

- The team has received 8 referrals from across the Council and closed 9 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 9 referrals were received and 6 cases were closed. Increased Council Tax revenue of £2,764 has been raised. 1 Civil Penalty and 1 Criminal Penalty totalling £656.

**5.8.** Work with Cheltenham Borough Homes:

- 70 referrals received requesting checks for homelessness, right to buy, succession or housing applications. In relation to right to buy applications, additional checks have been introduced to ensure that any resultant benefit issues are addressed.
- 13 referrals have been made relating to housing and tenancy fraud such as abandonment, illegal succession, subletting, false housing applications, right to buy fraud.

## 6. Alternative options considered

- 6.1. None.

## 7. Consultation and feedback

- 7.1. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by One Legal and have been issued to the relevant Senior Officers, Governance Group and Executive Leadership Team for comment.

## 8. Key risks

- 8.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.
- 8.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.
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### Report author:

Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit,  
[Emma.Cathcart@cotswold.gov.uk](mailto:Emma.Cathcart@cotswold.gov.uk)

### Appendices:

- i. Risk Assessment
- ii. Work Plan 2022/2023

### Background information:

None.

## Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	The authority suffers material loss and reputational damage due to fraud	Executive Director Finance and Assets	3	3	9	Reduce	Maintain a Counter Fraud Team to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing
2	Without dedicated specialist staff in place, the Council may be unable to take effective and efficient measures to counter fraud, potentially resulting in authority suffering material losses due to fraud and error	Executive Director Finance and Assets	3	4	12	Reduce	Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing