

Cheltenham Borough Council

Cabinet - 17 December 2024

Counter Fraud and Enforcement Unit

Accountable member:

Cabinet Member Finance and Assets, Councillor Alisha Lewis

Accountable officer:

Paul Jones, Deputy Chief Executive (S151 Officer)

Ward(s) affected:

All indirectly

Key Decision: No

Executive summary:

To seek approval to the Counter Fraud and Enforcement Unit Partnership Collaboration Agreement between Cheltenham and Tewkesbury Borough and Cotswold, Forest of Dean, Stroud and West Oxfordshire District Councils.

Recommendations: That Cabinet:

- **approves the council entering into the Counter Fraud and Enforcement Unit Partnership Collaboration Agreement.**
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1. Implications

1.1. Financial, Property and Asset implications

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.

The support and delivery of corporate and strategic work streams is costed separately within the budget. Delivery of this support is consistent across partner Councils, with all benefitting equally.

In relation to operational investigation and enforcement delivery, the fee is proportionally based on the individual partner Councils' average use of operational days over the previous 3 years.

Any underspend is moved to reserves held by Cotswold on behalf of the Partnership with an option to utilise this to subsidise partner Council funding each year.

The fee for Cheltenham Borough Council for 2024/25 is £84,086 and is included within the budgets approved by Council for 2024. This represents the overheads and management contribution and 15% of the total operational days provided in total to all partner Councils.

Signed off by: Gemma Bell, Director of Finance and Assets (Deputy S151 Officer), Gemma.Bell@cheltenham.gov.uk

1.2. **Legal implications**

There are no significant legal implications associated with this report.

The agreement, with the intention of establishing a collaboration for the parties' respective counter fraud and enforcement activities, establishes a 'horizontal arrangement' between public bodies, with the aim of exercising public functions in accordance with paragraph 3 of Part 1 to the Procurement Act 2023. It is also entered into pursuant to section 113 of the Local Government Act 1972, section 1 of the Local Authorities (Goods and Services) Act 1970 and under general powers within section 1 of the Localism Act 2011.

The Council may leave the agreement by serving no less than 12 months' notice to the other parties, it should be noted that such notice must expire on 31st March of the following year. Otherwise, the term of this agreement is 10 years with the option to extend by periods exceeding no more than 3 years.

Signed off by: One Legal, legalservices@onelegal.org

1.3. **Environmental and climate change implications**

None.

1.4. **Corporate Plan Priorities**

This report contributes to the following Corporate Plan Priorities:

- Being a more modern, efficient and financially sustainable Council.

1.5. **Equality, Diversity and Inclusion Implications**

Where any safeguarding concerns are identified during the course of the Counter Fraud and Enforcement Unit duties, appropriate referrals will be made.

Prosecutions will only be considered where the evidential and public interest tests are met with due consideration to the welfare of individuals.

The Council will only take enforcement action where appropriate to do so with due consideration to older offenders, offenders with disabilities and where the offender lacks mental capacity. 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.

2. **Background**

- 2.1. 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.
- 2.2. The Counter Fraud and Enforcement Unit (CFEU) is a partnership formed in 2017 to mitigate fraud risk and to reduce criminal activity and financial loss in each member Council's jurisdiction.
- 2.3. The CFEU has evolved over the past seven years to provide a comprehensive, efficient and cost effective corporate, strategic and investigative work service for its partner authorities. The six partner Councils at present are Cheltenham Borough, Cotswold District, Forest of Dean District, Stroud District, Tewkesbury Borough and West Oxfordshire District. Stroud District Council has commissioned services from the CFEU for several years but only became a partner on 1 April 2024.
- 2.4. The Host Authority is Cotswold District Council who are the direct employers of the CFEU staff however, all staff are seconded to work at each partner Council making the delivery of the service as efficient as possible.
- 2.5. The current Collaboration Agreement which acts as the overarching legal framework is due to end on 31 March 2025. This report presents a revised Collaboration Agreement to commence on 1 April 2025.

3. **Reasons for recommendations**

- 3.1. The team provides counter fraud, investigative and criminal enforcement support for the Partnership Councils. In addition, they also provide fraud prevention and detection services for Social Housing Providers and more recently, the CFEU

commenced work for a Registered Charity, The Cheltenham Trust, and for the Royal Borough of Windsor and Maidenhead.

- 3.2. The CFEU acts as an in-house support service supplying preventative activities, proactive drives and reactive investigations and enforcement support. There is a focus on a holistic approach, sharing data and efficiencies across partners. Whilst some areas are generic for resource efficiencies the work plans are bespoke and consider district / borough demographic and individual Council priorities.
- 3.3. The structure of the unit allows partners to maximise the benefits they receive from the service, by providing resilience, shared knowledge and efficiencies of scale that could not be achieved by one Council as a stand-alone service.
- 3.4. Annual costs are subsidised by third party income and through the generation of revenue income streams.
- 3.5. The CFEU Partnership Board attendees are the Chief Finance (S151) Officer (CFO) at each Council. The Board meet biannually to discuss overall budget and resourcing. Regular meetings are also held with each CFO to agree work plans and to discuss delivery and results specific to their authority.
- 3.6. In addition, the CFEU reports biannually to Audit Committees across the partnership and attends each Council's Governance Group. The Head of Service meets quarterly with Internal Audit to discuss activities and internal control risks. This ensures Councillors, corporate management and governance officers are briefed in relation to fraud risk and current activities. By having a dedicated team collecting and recording this data, the partnership is ensuring a well-rounded risk management approach that is working to continuously review and improve internal controls.
- 3.7. Externally the CFEU belongs to the local MAAF (Multi Agency Approach to Fraud) Group, working with Gloucestershire Constabulary, Trading Standards, Victim Support and the NHS to collaboratively reduce and disrupt fraud across the County.
- 3.8. The CFEU works across its partners and the wider criminal enforcement community to share good practice, develop knowledge and improve detection and prevention.
- 3.9. The revised agreement is for 10 years with an option to extend for up 3 years at a time. There is no limit on the number of times the agreement can be extended.
- 3.10. There is an option for the Host Council to cease acting as host on 31 March in any year of the term by giving the other Councils 18 months' notice. Where notice is given to the Partnership Board, they are to meet to consider the appointment of another Council as the Host Authority.
- 3.11. Any Council can leave the agreement on the service of 12 months' notice to expire on the 31 March.

- 3.12. The Host Council is permitted to undertake third party work provided that they have the agreement of the Partnership Board. A clause has been included outlining that should there be an adverse effect on the services to the Councils due to the third party work the Partnership Board may require the host council to modify the services or terminate those provided to the third parties.

4. Alternative options considered

- 4.1. The Counter Fraud and Enforcement Unit is working with all Gloucestershire Local Authorities, West Oxfordshire District Council, Royal Borough of Windsor and Maidenhead and other public sector bodies such as housing associations.
- 4.2. The Council could decide to seek the services elsewhere, consider insourcing the provision or cease to fund these activities. These options have been considered but dismissed as being less effective and providing less value for money than the option recommended. None.

5. Consultation and feedback

- 5.1. The Collaboration Agreement has been reviewed by the Head of Service, Counter Fraud and Enforcement Unit, One Legal and the Director of Finance and Assets (Deputy S151 Officer).

6. Key risks

- 6.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds and social housing.
- 6.2. 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.

Report author:

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Appendices:

- i. Risk Assessment
- ii. Collaboration Agreement

Background information:

N/A.

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, Assets & Regeneration	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, Assets & Regeneration	3	4	12	Reduce	Retain a specialist Counter Fraud Team to tackle the misuse of public funds on behalf of the Council.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing