

Cheltenham Borough Council

Audit, Compliance and Governance Committee

22 October 2025

Counter Fraud and Enforcement Unit Report

Accountable member:

Deputy Leader and Cabinet Member Finance and Assets, Councillor Peter Jeffries

Accountable officer:

Paul Jones, Deputy Chief Executive (S151 Officer)

Ward(s) affected:

All indirectly

Key Decision: No

Executive summary:

The purpose of the report is to provide the Committee with assurance over the counter fraud activities of the Council and to update the Committee in relation to the areas of fraud risk mitigation. Direct updates will continue to be provided biannually.

The report presents the Committee with an updated Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan, so that they may consider the approach taken by the Counter Fraud and Enforcement Unit Partnership, as the body charged with governance in this area.

The report provides assurance to the Committee that the risks of fraud committed against the Council are recognised, managed and mitigated in accordance with Council priorities, and changing fraud trends.

Recommendations: That the Audit, Compliance and Governance Committee:

Considers and comments on the report and attachments, Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan which

are appended to the report.

1. Implications

1.1. Financial, Property and Asset implications

The Strategy itself does not have any direct financial implications. However, the implementation of the work streams associated with the Fraud Risk Strategy will help identify loss avoidance measures and any costs associated with implementation will be contained within existing budgets.

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.

Signed off by: Paul Jones, Deputy Chief Executive (S151 Officer), Paul.Jones@cheltenham.gov.uk

1.2. Legal implications

The legal implications are contained in the body of the report. The Strategy aids the application of an effective fraud risk management regime and assists the Council in effective financial governance which is less susceptible to legal challenge. Having reasonable fraud prevention measures in place reduces the risk of prosecution under the Economic Crime and Corporate Transparency Act 2023 and complies with HM Treasury guidance that organisations should identify, itemise and assess how they might be vulnerable to fraud, covering the risks in some detail.

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

1.3. Environmental and climate change implications

None directly.

1.4. Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Looking after your money

1.5. Equality, Diversity and Inclusion Implications

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

The Counter Fraud and Enforcement Unit 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. Risk Management is used to identify, evaluate and manage the range of risks facing an organisation. This includes consideration relating to the risk of fraud.
- 2.2. Fraud is the most common crime in the UK and costs many billions of pounds to private companies, individuals and the public sector. The cost of fraud and error against the public sector is estimated to be at least £33 billion per year, money that could otherwise be spent on the provision of public services.
- 2.3. Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.
- 2.4. 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 a Councillor.
- 2.5. 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 priorities and community plans.
- 2.6. As the body charged with governance in this area, 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 counter fraud activity.

3. Reasons for recommendations

- 3.1. The Counter Fraud and Enforcement Unit (CFEU) developed a Fraud Risk Strategy for implementation across the Partnership in 2022. Audit, Compliance and Governance Committee considered this in September 2022.
- 3.2. The Fraud Risk Strategy 2025 (the Strategy), attached at Appendix ii, has been reviewed to ensure it meets requirements and reflects current risks,

legislation, government standards, and the CFEU approach relating to counter fraud activities.

- 3.3. The Strategy sets out the definitions and motivations for fraud and the principles of risk management. Risk management and being 'risk aware' are vital to ensure the effective operation of the Council.
- 3.4. The risk of fraud is ever present, and it is impossible to identify or mitigate against all risks, however by being risk aware the Council is in a better position to avoid threats, develop processes that reduce the loss or impact, and increase its ability to recover.
- 3.5. The Strategy identifies the high-risk areas that Local Government is susceptible to, both internally and externally. It also details the types of response methods and refers to the specific fraud response recommended for Local Government. These principles underpin the Council's Strategy.
- 3.6. As set out within the Strategy, the CFEU work with Internal Audit to provide resilience and resource in prevention, detection, response and review of detected fraud and fraud risks.
- 3.7. Referred to when the original Strategy in 2022 was presented, was the Local Government Association Fighting Fraud and Corruption Locally (FFCL) checklist which sets out best practice recommendations. It was agreed that the CFEU would complete this assessment to confirm compliance and identify any areas of non-compliance or improvement.
- 3.8. Attached at Appendix iii is the Fraud Compliance Report which summarises the activities in fraud risk mitigation that the CFEU has committed to. Work has commenced in relation to the introduction of service specific fraud risk registers with the first being issued to the Revenues and Benefits Team.
- 3.9. Work has also commenced on registers relating to Procurement, Human Resources (Recruitment) and Housing. The registers consider national and local emerging fraud risks, good practice in processes and procedure, and possible areas of risk mitigation. This element of the CFEU annual work plan will be developed according to priority with higher risk service areas being addressed first.
- 3.10. Also attached at Appendix iii is the completed FFCL checklist which confirms a significant level of compliance.
- 3.11. Areas shown as partially or non-compliant will be considered to improve this. In terms of Portfolio Lead updates, it has been suggested that Cabinet Members are briefed to coincide with reports presented to Audit, Compliance and Governance Committee. More targeted communications and updates are

planned for employees and contractors in terms of fraud awareness and whistleblowing.

- 3.12. A Fraud Response Plan and supporting summary are presented at Appendix iv. This document should provide a quick reference guide for employees, contractors, Councillors, members of the public and third-party organisations regarding the reporting of fraud, theft or corruption. The supporting summary provides an overview of the process and some quick reference 'Do's and Don'ts to ensure early identification, mitigation and to ensure the investigation is not compromised.
- 3.13. The CFEU work plan for 2024/25 included a focus on fraud risk mitigation regarding grant schemes and polygamous working as high-risk areas.
- 3.14. To support the newly introduced Grant Management Policy, a supporting Grant Management Toolkit detailing fraud risk areas, mitigation and suggestions relating to application drafting and verification activities has been completed and is now available for reference and use by colleagues.
- 3.15. The CFEU undertook an investigation for the partnership regarding a former employee who held multiple contracts of employment simultaneously. He was found guilty of committing fraud against Tewkesbury Borough Council, South Gloucestershire Council, and Publica Group Ltd.
- 3.16. The individual failed to disclose his multiple jobs to each organisation when taking up new roles. He submitted false timesheets, misrepresenting the hours worked for each employer, and provided inaccurate information on declaration forms regarding secondary employment. Through these actions, he received salaries and other benefits totaling approximately £236,000.
- 3.17. On 11 July 2025, following a Crown Court trial, he was found guilty on 9 counts of fraud. He was sentenced on 28 August 2025 to 3 years imprisonment for 3 of the charges and a further 2 years imprisonment to run concurrently, for the other 6 charges. A timetable has been agreed in relation to the financial orders to include Proceeds of Crime proceedings. The matter was reported within the press.
- 3.18. The investigation informed the decision to focus on the risks relating to polygamous working across the partnership. A fraud risks and mitigations report has been issued to Executive Leadership Team, HR and Governance Officers.
- 3.19. The report makes 16 recommendations including suggestions for wording in employment contracts, the requirement for employees to regularly sign and agree to Code of Conduct documents, declaration of interest processes and how the Council manages secondary employment permissions and

monitoring.

- 3.20. Work streams relating to vetting and recruitment risk mitigation, proactive fraud drives to identify secondary employment, and the management of remote working are to be agreed.
- 3.21. The 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, the Office of the Police and Crime Commissioner 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.
- 3.22. The Gloucestershire MAAF webpage, to be known as Gloucestershire Against Scams Joint Agency Response or 'Glass Jar' is now complete. The launch is planned for November.

4. Alternative options considered

- 4.1. None.

5. Consultation and feedback

- 5.1. Work plans are agreed and reviewed regularly with the Director of Finance and Assets and Director of Governance, Housing and Communities.
- 5.2. 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.

6. Key risks

- 6.1. The Council is required to proactively 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. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

Report author:

Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit,
Emma.Cathcart@cotswold.gov.uk

Appendices:

- i. Risk Assessment
- ii. Fraud Risk Strategy 2025
- iii. Fraud Compliance Report and Appendix
- iv. Fraud Response Plan

Background information:

The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Audit, Compliance and Governance Committee Report September 2022 – Counter Fraud and Enforcement Unit Fraud Risk Strategy.

These documents are available for inspection online at www.cheltenham.gov.uk or by contacting democratic services at democratic.services@cheltenham.gov.uk

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