

Cheltenham Borough Council

Audit, Compliance and Governance Committee

22 April 2026

Counter Fraud and Enforcement Unit Report

Accountable member:

Councillor Peter Jeffries, Deputy Leader of the Council and Cabinet Member Finance and Assets

Accountable officer:

Adele Taylor, Interim Director of Finance and Operations (s.151 Officer)

Ward(s) affected:

All indirectly

Key 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. 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.

Recommendations: That Audit, Compliance and Governance Committee:

- **considers and comments on the report.**
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1. Implications

1.1. Financial, Property and Asset implications

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 Counter Fraud and Enforcement Unit ("CFEU") and the increased revenue and penalties applied

following casework and successful investigations. The report details the following:

- Revenue - £107,674 (includes Council Tax revenue which is ultimately shared amongst precepting authorities)
- Penalties - £782 (plus £3,920 Council Tax Civil Penalties recommended)
- Loss Avoidance - £356,452

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: Adele Taylor, Interim Director of Finance and Operations (s.151 Officer), Adele.Taylor@cheltenham.gov.uk

1.2. **Legal implications**

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.

The Authority is 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 must be recorded appropriately in the Central Register.

Signed off by: Alison McKane, Interim Deputy Monitoring Officer, alison.mckane@cheltenham.gov.uk

1.3. **Environmental and climate change implications**

None directly.

1.4. **Corporate Plan Priorities**

This report contributes to the following Corporate Plan Priorities:

- Taking care of 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. 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.
- 2.2. 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 priorities and community plans.
- 2.3. The report sets out work streams which are presented to the Audit, Compliance and Governance Committee as the body charged with governance in this area.
- 2.4. Work plans for the CFEU are agreed with the Interim Director of Finance and Operations (s.151 Officer), and the Director of Governance, Housing and Communities (Monitoring Officer).
- 2.5. 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.
- 2.6. 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.
- 2.7. The workstream will also include detail regarding the new Economic Crime and Corporate Transparency Act 2023 offence of 'failure to prevent fraud', 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.”
- 2.8. A full briefing report will be submitted to Councillors regarding this new legislation and how it impacts the Council in due course.

3. Counter Fraud and Enforcement Unit (CFEU) Update

- 3.1. 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.

- 3.2. 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

- 3.3. 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.

- 3.4. 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.

- In February 2025, 266 matches were received relating to housing anomalies. All matches have been reviewed and recommendations made to the housing teams; results are pending.
- In addition, the team received 1,724 Council Tax related matches as a result of the 2024/25 data sets. These have also been reviewed, and 136 recommendations were made to the Revenues Team resulting in 120 accounts being updated, increased Council Tax revenue of £89,438. 56 Civil Penalties were recommended, these were not administered.
- A further 101 matches were received as part of the 2024/25 cycle resulting in the following:
 - 9 matches relating to payroll, all have been reviewed and closed as no further action.
 - 92 matches relating to Council Tax Reduction Scheme discrepancies. 13 cases were referred to the Department for Work and Pensions. No matches were received in relation to Housing Benefit anomalies.

- 3.5. A review of the Housing Waiting list has been completed. This includes verification of applications within Emergency Band (52 applications), Gold Band (78 applications) and Silver Band (592 applications). This resulted in 319 recommendations being referred to the Housing Team and the removal of 44

applications. This represents a figure of £188,452 in loss avoidance. In addition, 19 applications were downgraded.

- 3.6. 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.
- 3.7. There are approximately 16,191 active household applications on the register for Gloucestershire at this time, 2,914 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
- 3.8. 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.
- 3.9. 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.
- 3.10. Work was finalised in relation to the proactive review of single person discount anomalies resulting in increased Council Tax revenue of £4,040.
- 3.11. Following the introduction of the Grants Fraud Risk Toolkit, the CFEU have been supporting colleagues with the verification of grant applications. 8 applications were reviewed in respect of Community Pride Grants.
- 3.12. The CFEU undertook a review of properties sold under the Right to Buy scheme. Assurance was sought to ensure none had had been the subject of undisclosed sale in the last 5 years. 184 properties were reviewed and no matters were raised.
- 3.13. **Reactive Case Results 2025/26 (to 28 February 2026)**
- 3.14. In addition to the strategic support and agreed 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 staff/member fraud and corruption, or tenancy and housing fraud investigation work.

- 3.15. Since 1 April 2025 the team received 76 referrals relating to non-tenancy matters, 41 referrals resulted in advice / referral was declined and 23 matters were referred to the Department for Work and Pensions.
- 3.16. 9 cases were opened in relation to regulatory enforcement with teams across the Council. This resulted in the following:
- 3 written warnings; 2 for Planning/Heritage and 1 for Licensing.
 - Work undertaken with the Licensing Team resulted in a successful prosecution relating to a Taxi Licensing offences. The individual pleaded guilty and received a Fine for £576 and was ordered to pay £1,158 costs.
- 3.17. The CFEU has been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support), working closely with the Department for Work and Pensions in relation to Housing Benefit investigations. 2 cases were opened, and 7 cases were closed resulting in the following.
- Increased Council Tax revenue of £12,953.
 - 1 Civil Penalty totalling £70.
 - 1 Criminal Penalty totalling £712 was accepted.
 - 2 successful prosecutions for failing to declare increased household income; both individuals pleaded guilty. 1 received a 12-month community order with 20 rehabilitation days, £80 Fine and a costs order for £85. The second individual received a 12-month community order and £60 Fine.
- 3.18. The team received 2 referrals relating to staff matters and closed 3 matters resulting in 1 unfounded grievance and 2 individuals that are no longer employed by the Council.
- 3.19. The CFEU continues to support the Council in tackling tenancy fraud. The overall remit is to prevent, detect and deter abuse of public funds and social housing. Housing and tenancy fraud remains as one of the top four areas of fraud and abuse within the public sector. This takes many forms, but the two most significant areas are Right to Buy and Illegal Subletting. The CFEU will continue to work with the Council and social housing providers to tackle this effectively. A report was presented to Cabinet Housing Committee on 1 April 2026 detailing the work undertaken during 2025/26.
- 3.20. The Counter Fraud Officers are authorised under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014. This means they are authorised to obtain information relating to an individual

from organisations such as financial institutions (banks, credit card companies), utility companies, communications providers and so on. The Act also created new offences in relation to housing fraud that can be prosecuted by Local Authorities acting on behalf of Social Landlords. During 2025/26, the team received 20 investigation referrals and closed 22 cases relating to housing and tenancy fraud such as abandonment, illegal succession, subletting, false housing applications, right to buy fraud.

- 3.21. In addition, the team received 306 verification requests regarding 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.
- 3.22. As a rough guide, the Fraud Advisory Panel, Charity Commission, Tenancy Fraud Forum and others have produced a new method using a standard formula to arrive at an average national cost to the taxpayer per detected tenancy fraud of £42,000. The formula considers:
 - The annual average temporary accommodation cost per family for individual Councils (£12,100) multiplied by 3 being the typical duration for one of these frauds = £36,300;
 - Add the average investigation costs (£1,300), average legal costs (£1,000) and the average void costs (£3,140)
 - The total is therefore £41,740 approximated to £42,000.
- 3.23. 4 properties were recovered representing a loss avoidance figure of £168,000. 3 properties had been abandoned and 1 had been sublet.
- 3.24. The team assisted with activities to trace former tenants with rent arrears. 10 individuals were referred, 5 were traced to new addresses and 4 are presumed to still be residing at the last known address. 1 case remains outstanding.

4. Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016 (IPA)

- 4.1. 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.
- 4.2. The Policies were reviewed and presented to the Audit, Compliance and Governance Committee in January 2020; these were adopted by Cabinet in February 2020. The Use of the Internet and Social Media in Investigations and Enforcement Policy, presented to Audit, Compliance and Governance Committee in September 2021 and adopted by Cabinet in November 2021.
- 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 Covert Human Intelligence Source) 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 Director of Governance, Housing and Communities and the Head of Public Protection.
- 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 no RIPA applications made by the Council during 2025/26 and no applications were made for communications data. There have been 8 non-RIPA applications made during 2025/26 concerning overt activity.
- 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 minor amendment under delegated authority.

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

6. Alternative options considered

6.1. None.

7. Consultation and feedback

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

7.2. 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.

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.

Report author:

Emma Cathcart, Assistant Director, Counter Fraud and Enforcement Unit,
Emma.Cathcart@cotswold.gov.uk

Appendices:

1. Risk Assessment

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	Director Finance and Operations	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	Director Finance and Operations	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