



Epping Forest District Council

AUDIT & GOVERNANCE COMMITTEE **Thursday, 29th September, 2022**

You are invited to attend the next meeting of **Audit & Governance Committee**, which will be held at:

Council Chamber - Civic Offices
on **Thursday, 29th September, 2022**
at **7.00 pm** .

Georgina Blakemore
Chief Executive

**Democratic Services
Officer**

Laura Kirman
Tel: 01992 564243 Email:
democraticservices@eppingforestdc.gov.uk

Members:

Councillors P Bolton, T Matthews, B Vaz, S Heap and M Owen

Independent Mr A Jarvis

WEBCASTING/FILMING NOTICE

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The meeting may also be otherwise filmed by third parties with the Chairman's permission.

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If you have any queries regarding this, please contact the Corporate Communications Manager on 01992 564039.

1. WEBCASTING INTRODUCTION

This meeting is to be webcast. The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the internet (or filmed) and will be capable of repeated viewing (or another use by third parties).

If you are seated in the lower public seating area then it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

This may infringe your human and data protection rights and if you wish to avoid this then you should move to the upper public gallery.

Could I please also remind Members to activate their microphones before speaking”.

2. APOLOGIES FOR ABSENCE

To be announced at the meeting.

Please use the Members Portal webpage to report non-attendance at meetings https://eppingforestdc-self.achieveservice.com/service/Member_Contact to ensure your query is properly logged.

Alternatively, you can access the Members portal from the front page of the Council’s website, at the bottom under ‘Contact Us’ <https://www.eppingforestdc.gov.uk/your-council/members-portal/>

3. DECLARATIONS OF INTEREST

To declare interests in any item on the agenda for the meeting of the Committee.

4. MINUTES (Pages 5 - 10)

To confirm the minutes of the meeting of the Committee held on 27 June 2022.

5. MATTERS ARISING

To consider any matters arising from the minutes of the previous meeting of the Committee.

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Pages 11 - 12)

To consider the attached work programme for the Committee for 2022/23.

7. RISK MANAGEMENT (Pages 13 - 36)

(Strategic Director Corporate and Section 151 Officer) To consider and comment on

the risk management report.

8. INTERNAL AUDIT PROGRESS REPORT (Pages 37 - 56)

(Chief Internal Auditor) To consider and comment on the Internal Audit Progress Report.

9. TREASURY MANAGEMENT OUTTURN REPORT 2021/22 (Pages 57 - 70)

(Strategic Director Corporate and Section 151 Officer) To consider and provide comment on the treasury management annual outturn report 2021/22.

10. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972 requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

11. EXCLUSION OF PUBLIC AND PRESS

Exclusion:

To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

<i>Agenda Item No</i>	<i>Subject</i>	<i>Exempt Information Paragraph Number</i>
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Background Papers:

Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection one copy of each of the documents on the list of background papers for four years after the date of the meeting. Inspection of background papers can be arranged by contacting either the Responsible Officer or the Democratic Services Officer for the particular item.

EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Audit & Governance Committee **Date:** Monday, 27 June 2022

Place: Council Chamber - Civic Offices **Time:** 7.00 - 8.10 pm

Members Present: Councillors: P Bolton (Chairman), T Matthews, B Vaz and M Owen

Co-opted Member Present: Mr A Jarvis

Members Present (Virtually): Councillor S Heap

Other Councillors: Councillor J Philip

Other Councillors (Virtual): Councillor A Lion

Officers Present: L Kirman (Democratic Services Officer), S Marsh (Chief Internal Auditor), M Crowe (Corporate Fraud Team Manager), S Linsley (Senior Auditor), A Small (Section 151 Officer), C Hartgrove (Interim Chief Financial Officer) and S Mitchell (PR Website Editor)

Officers Present (Virtually): R Perrin (Democratic and Electoral Services Officer)

1. WEBCASTING INTRODUCTION

The Chairman made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

2. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

The Democratic Services Officer advised the Committee that it needed to elect a Chairman and Vice-chairman for 2022/23. Nominations were invited from the Committee for the role of Chairman for the forthcoming municipal year. Following the election of the Chairman, Cllr P Bolton, invited nominations for the role of Vice-Chairman for the forthcoming municipal year.

Resolved

- (1) Cllr P Bolton be elected Chairman of the Audit and Governance Committee for 2022/23; and
- (2) Mr A Jarvis be elected Vice-Chairman of Audit and Governance Committee for 2022/23.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made pursuant to the Council's Members' Code of Conduct.

4. MINUTES**Resolved**

That the minutes of the meeting held on 17 March 2022 be taken as read and signed by the Chairman as a correct record.

5. MATTERS ARISING

The Strategic Director Corporate and Section 151 Officer, A Small, advised the committee that the Council had reached agreement with the external auditors, Deloitte, that the 2020/21 and 2021/22 accounts would be audited back to back. The Committee would be updated at the September 2022 meeting.

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME

The Committee noted its Work Programme for 2022/23.

7. CORPORATE FRAUD STRATEGY FOR 2022/23

The Corporate Fraud Team Manager, Martin Crowe, set out the focus and approach of the Corporate Fraud Team for the year 2022/23. Proactive work would be based on intelligence-based projects, the first project in relation to procurement had started. Investigations and reactive work would respond to 100% of referrals including reports of suspected fraud from members of the public, staff etc. Work would continue on the National Fraud Initiative exercise and joint working would be explored.

The Committee sought clarity on work with Harlow and were advised this would be charged on a fixed fee for right to buy investigations.

Resolved

The Committee approved the Corporate Fraud Team's Strategy for 2022/23.

8. ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2021/22.

The Chief Internal Auditor, S Marsh, detailed the importance of this annual report which fed into the Annual Governance Statement and provided her opinion on the adequacy of internal controls for 2021/22. The report provided a summary of the work completed, the assurance required and detailed how the opinion had been reached. She stated her overall opinion was that the Council had adequate and effective governance, risk management arrangements and control processes, this was the highest opinion that could be given. She also advised the Committee that there had been no limited assurance reports in 2021/22, that the tracker process had worked well and there were no significant issues to report, there had been no special investigations and the external Quality Assessment confirmed that the service conformed to the Public Sector Internal Audit Standards.

The Committee asked what happened if recommendations in the tracker were not completed. S Marsh explained that timescales associated with recommendations were challenged and agreed and any overdue items were brought to the attention of

the Committee. If there were sound reasons to refresh the implementation date, the original date was maintained in the tracker. This allowed service areas to be called to account. She advised the Committee there were no concerns in relation to the recommendation tracker at this time.

Resolved

The Committee:

1. Noted the Annual Report of the Chief Internal Auditor for 2021/22 and the assurance level given, and
2. Agreed that for the 12 months ended 31 March 2022, the Council had operated adequate and effective governance, risk management arrangements and control processes.

9. DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

The Chief Internal Auditor, S Marsh advised the Committee that there was a mandatory requirement to publish an Annual Governance Statement (AGS), this provided detail of how governance arrangements had worked 2021/22 and would accompany the Statement of Accounts. The AGS set out the governance framework, and the effectiveness of the framework had remained fit for purpose. The progress and action for the significant issues identified in 2021/22 were detailed. Covid was mentioned in the report, but this had not impacted on the governance arrangements. The governance issues for 2022/23 were identified as: economic issues; statement of accounts; financial management code review, and the common themes from the service areas were business continuity and financial regulations.

The Committee asked if remote working had affected the audit programme and operational process between departments, they were advised that there had been no impact on the audit programme, there had been different ways of working, officers were accessible, data and other evidence could be used to provide a good level of assurance, and there had been a concerted effort to ensure cross department working.

Resolved

The Committee reviewed, commented, and recommended the draft Annual Governance Statement for 2021/22.

10. CORPORATE FRAUD TEAM ANNUAL SUMMARY 2021/22.

The Corporate Fraud Team Manager, Martin Crowe, outlined the Corporate Fraud Team Annual Summary and advised the Committee that Covid had impacted on the working practices of the team, specifically in relation to visiting properties which had now resumed. The investigation activity was summarised: 37% of cases were closed as fraud had been detected and proved; 100% of right to buy applications had been vetted and 18 of these applications had been stopped or withdrawn; 7 investigations into tenancy succession had been carried out and 3 of these had been fraudulent; there had been success in identifying 2 illegal subletting cases; prepayment checks were carried out on Covid grants; and a new fraud information management system had been implemented and tested.

The Committee asked if incentives were available to the public for reporting fraud, they were advised that the 'cheat in your street scheme' was ongoing, incentive schemes had been previously considered but had not been taken forward.

Resolved

The Committee noted the Corporate Fraud Team Annual Summary for 2021/22

11. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2021/22.

The Chief Internal Auditor, S Marsh detailed that the Annual Report of the Audit and Governance Committee outlined the Committee's work and achievements over the year ending 31 March 2022. The Annual Report helped to demonstrate to residents and the Council's other stakeholders the vital role carried out by the Audit and Governance Committee and the contribution that it makes to the Council's overall governance arrangements.

Resolved

The Committee agreed to recommend and refer the Annual Report for the Audit and Governance Committee for 2021/22 to Council.

12. INTERNAL AUDIT PROGRESS REPORT.

The Senior Auditor, S Lindsey, detailed the progress made against the audit plan and advised the Committee that four final audit reports had been issued since the last meeting:- Council Housebuilding had received substantial assurance, Leisure Management Contracts, Treasury Management and IT Major Incident Management had all received moderate assurance. The recommendation tracker showed a steady decline in overdue recommendations and zero high priority recommendations.

The Committee noted the moderate assurance for treasury management and requested that a future treasury management report highlight the issues and how these had been resolved.

Resolved:

The Committee noted the summary of the work of Internal Audit and the Corporate Fraud Team for the period March to June 2022.

13. RISK MANAGEMENT REPORT

The Section 151 Officer, A Small advised the Committee the officer risk management group had reviewed the risk register and the risk around the increase in demand for financial and housing assistance had increased due to the emerging fuel poverty crisis and rise in living costs. The financial resilience of the Council was being closely monitored due to the general inflationary risks and mitigation actions were being developed.

The Committee raised concerns on the risk of interest rate increases, specifically in relation to high borrowing and the third-party partner, Qualis, The Section 151 Officer explained there was risk and economic pressure in relation to building inflation, and The Council's debt, in the main, was on a low-rate fixed interest cost for 15/20 years. Future borrowing for the Capital Programme would be a risk and a robust business case would be required.

The Committee received confirmation that all Qualis loans had a margin for the Council and that service disruption would be viewed as an emerging risk if economic risk transcribed into an impact on service delivery.

Resolved:

The Committee reviewed and endorsed the risk register.

14. ANY OTHER BUSINESS

No other business was raised for consideration by the Committee.

15. EXCLUSION OF PUBLIC AND PRESS

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting.

CHAIRMAN

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Audit & Governance Committee Work Programme 2022/23

27 June 2022

- Annual Report of the Chief Internal Auditor 2021/22
- Draft Annual Governance Statement 2021/22
- Corporate Fraud Strategy 2022/23
- Corporate Fraud Team Annual Summary 2021/22.
- Audit and Governance Committee Annual Report 2021/22
- Internal Audit Progress Report
- Risk Management Report
- Annual Governance Statement 2021/22

29 September 2022

- Internal Audit Progress Report
- Risk Management Report
- Treasury Management Outturn Report 2021/22
- Audit Report to Audit & Governance Committee for year ended 31 March 2021 (“ISA 260”) (Deloitte LLP) **TO FOLLOW**

28 November 2022

- Internal Audit Progress Report
- Risk Management Report
- Review of the Audit and Governance Committee Terms of Reference
- Review of the Audit and Governance Committee Effectiveness
- Review of the Anti-Fraud and Corruption Strategy – now to Council
- Treasury Management Mid-Year Report 2022/23

13 February 2023

- Capital Strategy 2023/24
- Treasury Management & Strategy 2023/24
- Internal Audit Progress Report.
- Risk Management Report
- Review of Code of Corporate Governance.
- Review of the Internal Audit Charter
- Review of the Whistleblowing policy

20 March 2023

- Risk Management Report
- Internal Audit Progress Report
- Internal Audit Strategy and Audit Plan 2023/24
- Corporate Fraud Team Strategy 2023/24

Note: External Audit Reports will be incorporated into the work programme

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Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

**Date of meeting: 29 September
2022**

Portfolio: Leader of the Council
Subject: Risk Management
Responsible Officer: Andrew Small (01992 564278)
Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required:

- (1) **To review the current risk register and consider whether there are any new or emerging risks that are not on the current Corporate Risk Register that should be referred to the officer Risk Management Group**

Executive Summary:

This report gives the Audit and Governance Committee the opportunity to comment on and suggest new risks for inclusion on the Corporate Risk Register or changes to the scoring of existing risks.

Reasons for Proposed Decision:

To enhance the Council's risk management framework.

Other Options for Action:

None. Formal responsibility for making recommendations to Cabinet on risk management issues lies with the Audit and Governance Committee. Members may suggest new risks for inclusion or changes to the scoring of existing risks.

Report:

Corporate Risk Register

1. The corporate risk register was considered by the Council's Officer Risk Management Group at their meeting of 31 August 2022 where all risks were reviewed and challenged.
2. The Council is closely monitoring risk 2 (Increase in demand for financial and housing assistance) and risk 3 (Financial Resilience) although concluded that no change to the risk scores is required at this stage.
3. Emerging risks discussed include:
 - Energy costs – it was felt this is adequately wrapped up in the finance risk.
 - Homelessness – already considered as part of the Increase in demand for financial and

housing assistance risk.

- Health & Safety: compliance and consumer regulations – a meeting has been arranged to discuss the potential impact of this and present to the next Risk Management Group meeting.
- Ability to proceed with corporate plan items (e.g. Council housebuilding/ leisure centre) – to be picked up as part of the governance process through the Project Management Office (PMO).
- Potential rent cap: this will have a significant impact on the HRA (Housing Revenue Account) – the Council will be well sighted on this risk.

4. Waste Management has been added to the risk register.
5. The risk register was subsequently presented to the Corporate Governance Group (which is Chaired by the Section 151 Officer) for further review and challenge. The narrative for each risk has been reviewed and, where appropriate, updated to reflect the current situation (appendix 1).
6. The table below outlines the direction of travel for each risk since it was updated for the June 2022 Audit and Governance Committee, with a brief commentary supporting each risk.

No	Risk	Residual risk rating (i.e. after controls)		Commentary
		June 2022	September 2022	
1	Local Plan	B1	B1	The new Inspector sent a Schedule of action changes in June 2022, and initial officer responses were returned in August 2022. Awaiting their response before submitting a final Council response on actions. Upon agreement of a new schedule of Main Modifications, they will be published for a 6-week consultation, which is anticipated to be end of Sept/ early Oct 2022.
2	Increase in demand for financial and housing assistance (previously Welfare Reform)	B2	B2	Continuing to provide a range of mitigating measures although this risk is largely out of the Council's control. Subject to ongoing close monitoring.
3	Financial Resilience	B1	B1	Balanced budget set for 2022/23. Increasing pressures on finances means the Council needs to urgently implement mitigating strategies to control net expenditure within budget in 2022/23 and currently developing a balanced budget for 2023/24.

No	Risk	Residual risk rating (i.e. after controls)		Commentary
		June 2022	September 2022	
4	Economic Development	C2	C2	Significant work has already been undertaken to deliver town centre action plans, although work has now been scaled back. Additional investment is being sought via the Districts Shared Prosperity Fund bid.
5	Data/information	C2	C2	Work continues with the Information Asset Owner Group to embed understanding of the importance of information governance across the authority.
6	Business continuity (BC)	C2	C2	A Business Impact Analysis tool has been adapted for Council use and is being implemented with service managers. The Corporate BC Plan is due to be reviewed by the end of October 2022.
7	Cyber security	C2	C2	Continually monitoring situation and potential risks. Controls in systems have been strengthened in response to specific occurrences.
8	Delays in issuing Planning Permissions	C2	C2	Planning applications continue to be reviewed and released as appropriate. Development Management have employed a senior planning officer to specifically clear the backlog
9	Climate emergency	B2	B2	The Climate Action Plan approved in April 2022. Currently under review to identify what is Business as Usual and what are priority actions. Findings will be reported back to the PMO Steering Group. Climate work to be scoped and mapped.
10	Waste Management	n/a	B2	New risk added to reflect the inability to provide waste collection services as specified in Contract or to agree a Waste Contract Extension.

- Members are asked to consider the attached updated Corporate Risk Register (Appendix 1) and whether the risks listed are scored appropriately and whether there are any additional risks that should be included. Appendix 2 sets out Council's risk assessment matrix and is used to determine individual risk scorings.

Resource Implications:

Within the report

Legal and Governance Implications:

The Corporate Risk Register is an important part of the Council's overall governance arrangements and that is why this Committee considers it on a regular basis.

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

The Risk Management Group and Leadership Team were involved in the process.

Background Papers:

CIPFA audit committees – practical guidance for Local Authorities and Police 2018 edition

Risk Management:

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considering which could threaten achievement of the Council's corporate objectives.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as appendix 3 to the report.

CORPORATE RISK REGISTER (SEPTEMBER 2022)

LIKELIHOOD	A Very High				
	B High			2 9 10	1 3
	C Medium			4 5 6 7 8	
	D Low / Very Low				
		4 Insignificant	3 Minor	2 Moderate	1 Major
	IMPACT				

Risk no.	Risk score	Description
1	B1	Local Plan
2	B2	Increase in demand for financial and housing assistance
3	B1	Financial resilience
4	C2	Economic Development
5	C2	Data/Information
6	C2	Business Continuity
7	C2	Cybersecurity
8	C2	Delays in issuing planning permission
9	B2	Climate emergency
10	B2	Waste Management

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
Risk No 1 Local Plan	<p>Vulnerability: Deadline of December 2023 for all authorities to have up-to-date Local Plans in place. Delays in the adoption of the Local Plan (LP) and failure to meet the Housing Delivery Test will delay the implementation of the Local Plan Strategy and lead to the presumption in favour of sustainable development being applied.</p> <p>Consequence: Delays in granting consent for planned new homes, affordable housing, and jobs because of delays in implementing the spatial approach including strategic housing and employment sites.</p> <ul style="list-style-type: none"> • Vulnerable to ad hoc planning applications and appeal decisions • Loss of associated New Homes Bonus, Business Rates tax base growth and S106 monies to support key infrastructure projects. • Reputational damaged <p>An annual housing requirement of 953 homes per year (2020/21) far more than the Local Plan annual average of 518 dwellings per year. Housing supply and trajectory under consideration as part of the Main Modifications (MM's).</p>	<p>Local Plan Submission Version 2017 agreed by Council Dec 2017 and published. Following the Judicial Review (JR) the plan was submitted for examination which took place between Feb & June 2019. The Inspector identified 39 Actions for the Council to complete in August 2019. The Council's response to these actions resulted in proposed amendments to the Plan (Main Modifications) in July 2021. The comments on these MM's were considered by the first Inspector but delayed before she was replaced by a new Inspector who has asked for further MM's that are due to go out to consultation in autumn 2022.</p>	VERY HIGH	MAJOR	A1	<p>1) MMs consultation ended on 23rd September 2021 and summary of responses sent to The Inspector who in June 2022 asked for further MMs.</p> <p>2) Consultants in place to support Habitats Regulations Assessment, Sustainability Assessment statements required alongside the Local Plan adoption.</p> <p>3) Considering detailed transport models and enhancement plans with stakeholders to demonstrate the effectiveness of policies.</p> <p>4) Financial contributions towards mitigation and enhancements required by Interim Air Pollution MS and Green Infrastructure Mitigation Strategy already being secured.</p> <p>5) Implementation Team established to accelerate delivery of strategic site allocations</p> <p>5) Regular reports at officer and Member level through the Cooperation for Sustainable Development Group and Cabinet.</p>	HIGH	MAJOR	B1	<p>1) Regular updates provided and posted on the Council's website. Numerous posts since 6 May 2022, when we were informed that a new Inspector has been appointed to complete the examination, followed by a Schedule of 50+ action changes sent on 16 June 2022. Initial officer response and clarifications to his required actions sent August 2022 and now awaiting his response before submitting a streamlined final Council response on actions to him. Upon agreement of a new schedule of MM's, to then publish them for a 6-week consultation, which is anticipated to be end of Sept/ early Oct 2022.</p> <p>2) Once the Inspector has considered the responses, including the evidence presented throughout the duration of the Examination, he will determine whether the Local Plan is 'sound' and produce a written report outlining his final recommendations. Following receipt of the Inspector's report, the Plan can be formally adopted by the Council if it makes the MMs recommended. Anticipated to be Jan 2023.</p>	Service Director – Planning Services	Regular programme meetings (but at least monthly)

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
Risk No 2	<p>Vulnerability:</p> <p>Rising cost of living could significantly impact residents' ability to meet housing costs leading to increase in demand for homelessness assistance. Tenants' inability to pay rent resulting from rising cost of living could impact HRA revenue having negative consequences for HRA investment and the 30-year business plan.</p> <p>Ukrainian refugee schemes could result in increased demand for homelessness assistance directly affecting the general fund by increasing numbers in and cost of temporary accommodation.</p> <p>Increasing demand for homelessness assistance also poses significant risk in terms of staffing resources which meet current need, but which do not have any capacity for increased demand.</p> <p>Government's move to full dispersal model will inevitably put pressure on an already over stretched affordable private rented sector market and means the addition of yet another competing priority.</p>	<p>Emerging fuel poverty crisis and general, significant, rise in living costs. Increasing competing priorities for finite number of affordable housing units.</p> <p>Consequences:</p> <ul style="list-style-type: none"> • Tenants no longer able to afford current/new tenancies. • Residents no longer able to afford mortgages • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent and Council Tax arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents. • Rise in mental health impacts • Rise in safeguarding issues 	HIGH	MAJOR	B1	<ol style="list-style-type: none"> 1.Virtual customer portal signposting access to a range of help, advice and support services 2.Breathing Space 3.Hub approach to service delivery centred at Civic Office with plans to ensure targeted holistic provision of services across the district. 4.Dedicated private sector lettings resource to increase prevention of homelessness, reduce demand for Temporary Accommodation and instances where a full rehousing duty would otherwise be owed 5.RSI funding secured enabling enhanced targeted response to single homelessness including creation of a mental health navigator embed within the homelessness team 6.Domestic Abuse (DA) Navigator and specialist DA safeguarding officer provide expert support and lead through DAHA accreditation ensuring a whole housing approach to DA 7.Additional £57K funding secured for DA work 8.Monthly tracking for early identification of spikes in demand 9.£117K additional homelessness prevention grant to assist with homelessness prevention specifically for private renters affected by Covid-19 10. Successful Changing Futures grant £72K for Job Coach programme that will assist 60 clients over 2 years into sustainable employment starting 22/23 11. Distribution of £5m in Council Tax Energy Payments 	HIGH	MODERATE	B2	<p>Revs and Benefits staff attendance at the Waltham Abbey Hub.</p> <p>Hold some evening surgeries for people who find themselves struggling.</p>	Service Director - Customer Services and Community and Wellbeing	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
Risk No 3 Financial Resilience	<p>Covid-19 (Legacy) The impact of Covid-19 (including long-lasting, or permanent legacy issues) has added to a recent downward trajectory in available reserves, as income is struggling to keep pace with expenditure</p> <p>Qualis Income Securing planned income returns from LATCO initiative is vital to maintaining financial self-sufficiency and minimising expenditure reductions</p> <p>Economic Turbulence Recent volatility in the worldwide economy, including sharply rising inflation and increasing interest rates poses a substantial threat to the Council's adopted Medium-Term Financial Plan; this threatens general expenditure costs (especially on pay and major contracts) and interest costs incurred on Qualis 'on-lending, as well as major capital projects (impacted by the increasing cost of building materials especially)</p> <p>Efficiency Savings The medium-term financial outlook means that setting a balanced budget for 2023/24 will be a very challenging process, with the realisation of cashable efficiencies an overwhelming priority; and</p> <p>Financial Control Tighter financial control is essential in the more challenging financial environment that lies ahead.</p>	<p>Balanced budget now set for 2022/23 (approved by full Council in February 2022). In addition, the Medium-Term Financial Plan (MTFP) for 2022 to 2027 was adopted alongside the budget.</p> <p>The adopted MTFP is forecasting a cumulative budget deficit of £4.2 million by 31st March 2017. However, economic circumstances and forecasts have recently changed rapidly, especially following the Russian Invasion of Ukraine in February 2022, with the inflationary assumptions especially that were included in the MTFP – with the benefit of hindsight – now looking over-optimistic.</p> <p>Slippage on the timetabled income and benefits from Qualis continues to be a risk. Although net income expectations from Qualis were purposely reined in as part of developing the 2022/23 budget, the rapidly rising interest rates during the spring/summer of 2022 were not anticipated. Increasing (major) pay pressure and delayed Local Plan (reduced income from Planning Applications).</p> <p>CIPFA Financial Management Code effective from 1 April 2021: further improvement required to achieve full compliance.</p>	VERY HIGH	MAJOR	A1	<p>Covid-19 Immediate pressure receded gradually in 2021/22. Medium/Long Term financial impacts being managed through updated MTFP (@ February 2022).</p> <p>Qualis Council's interests directly overseen and managed by Section 151 Officer with tailored support from specialist professional advisors</p> <p>Economic Turbulence Inflationary impacts (including interest rate increases) being closely monitored and assessed by Section 151 Officer. Mitigating actions being developed and implemented by Senior Management with higher value expenditure areas (such as pay, contracts and construction projects) being targeted.</p> <p>Efficiency Savings and Service Cuts Potential for cashable efficiency savings for 2023/24 now being pursued with Leadership Team support. Early indications re Budget prospects for 2023/24 appear extremely challenging and suggesting (potentially) that service cuts may be unavoidable. A review of current capital commitments also likely.</p> <p>Financial Control Process improvements continuing to be rolled out by Deputy S151. Corporate Finance function now (since summer 2022) fully resourced, with added focus now on internal financial control procedure and increasing leadership of improvements in wider financial support services.</p>	HIGH	MAJOR	B1	<p>Complete transformation of Corporate Finance functions, utilising the benefits of a fully resourced Finance Team.</p> <p>Further develop wider leadership role of Corporate Finance Team, ensuring that improvements are achieved in financial process across the Council.</p> <p>Urgently implement mitigating strategies with the aim of trying to control net expenditure within budget in 2022/23 and developing a balanced budget for 2023/24. Key areas to focus on include pay (e.g. vacancy control), energy, contracts (e.g. Waste Management and Leisure) and major capital projects (e.g. Epping Leisure Centre, HRA housebuilding).</p> <p>Explore potential availability of non-statutory/low priority service cuts for political consideration during September, October, November (to ensure adequate time for careful consideration).</p> <p>In the medium-term, continue cultural change process and address current deficit in efficiency and effectiveness.</p>	Strategic Director & 151 Officer	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
Risk No 4 Economic Development	Vulnerability: Economic development and employment are very important to the Council particularly in the post Covid-19 economic climate. The Council needs to be able to stimulate opportunities for economic development and employment (especially youth employment and those seeking local career progression) in the District in line with the Local Plan. It is recognised that the current economic shocks increase uncertainty but do however also provide opportunities through increased home working and local manufacture and trade. Consequence: <ul style="list-style-type: none"> Unable to secure sufficient employment opportunities Local area and people lose out Insufficient inward investment Impact on economic vitality of area Loss of business rate revenue Increased economic cost to the council 	Risk that Council loses out to other authorities in terms of attracting business, employment and other Place opportunities. All of which would financially impact on the Council (e.g. loss in business rates, and residents/visitor spending power. E.g. leisure centres. Cost of living crisis can impact on disposable income with knock-on effects on the local economy/businesses. Unemployment has tracked back down to below national and regional levels but is still higher than pre pandemic levels. Good use has been made by the Council of government and County Covid-19 funding including business grants. (Bulk of Government schemes ended, legacy schemes still in operation). Demand for industrial and retail assets in the district remains high. Digital transformation continues to reshape much of the local economy and employment and income generation opportunities. This has implications for future skills provision and inward investment.	VERY HIGH	MAJOR	A1	Economic Development Plan (Nurturing Growth) in place and flexed to take account of Covid-19 and post pandemic issues. A completely new action plan has been developed which considers a range of options for recovery of local high streets. A new package of Government support is expected focusing on energy costs, although it is unclear what role will be set out for local authorities as part of this response. Cabinet in July 2021 approved six town centre action plans to help support and improve economic viability of town centres across the district. Significant work has already been undertaken to deliver these. Following consultation with Town and Parish Councils, the Town Centre Manager post was deleted, and work has been scaled back, additional investment is being sought via the Districts Shared Prosperity Fund bid. A new inward investment site (Invest Epping Forest) has been produced and is awaiting launch. Loyal Free has been purchased and is being rolled out. Huq has been purchased and is in operation monitoring footfall. The Council has launched its Kickstart programme and development hub to help improve employment and skills. NWA Business Zone and possibly freeport development linked with other employment sites. Engendering and supporting work from home and work local approaches through the support/creation of work hubs reducing the need to travel and commute and having environmental as well as economic benefits.	MEDIUM	MODERATE	C2	Ensure full delivery of inward investment site and loyal free. Support development at North Weald for maximum return in jobs and investment. Prepare for successful business plan to allocate shared prosperity funding (£1 million) to support key priority areas. Business plans to be submitted by end of July 2022 following consultation. Shared Prosperity Fund bid submitted and passed first gate of Government review. Continue to develop DIZ, market digital economy, target public and private sector funding for enhanced infrastructure. New initiatives around enhanced 5G connectivity, SME digital clusters and support on environmental sustainability underway. Continue to develop and secure opportunities from the visitor economy to support high streets and local businesses. Upgrade and re-launch Visit Epping Forest website by the end of June 2022. Rescale town centre initiatives following withdrawal of resource. New programme of support identified in Shared Prosperity Fund bid. Review economic impact of RideLondon 2022.	Chief Operating Officer via Economic Development and Planning	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 5 Data / Information	<p>Vulnerability: The authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations leading to significant fines or/and intervention by the Information Commissioner's Office (ICO) Increased costs and legal implications Reputation damaged and loss of public confidence 	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. Generally effective to date, with no significant lapses since the introduction of the 2018 DPA.</p> <p>The work programme for the Information Governance Group, who oversees this risk, is comprehensive but has limited resource to progress the work.</p>	HIGH	MAJOR	B1	<p>Significant work was undertaken by the Council to ensure it was compliant in time for the introduction of the GDPR in May 2018. This included review of policy and procedures, staff and Member training and awareness, completing an information asset register/register of processing activities and reviewing security of data arrangements.</p> <p>The Council continues to have a designated Data Protection Officer in post and a system of data breach and subject access request monitoring in place. A recent audit on data retention and disposals has been completed which identified several actions.</p> <p>A Senior Information Risk Owner has been identified and an Information Governance Group (IGG) has been formed. In addition, an Information Asset Owner Group has been set up. The Information Governance Group has put together a draft work programme and other actions will be reviewed and monitored through this Information Governance Group.</p> <p>A review of the work programme took place by IGG in their meeting</p> <p>A Retention and Disposals Policy was launched Feb 2021.</p> <p>FOI infographic and eLearning-Use Litmos and plan for launched in February 2022.</p>	MEDIUM	MODERATE	C2	<p>Continue working with the Information Asset Owner Group to embed understanding of the importance of information governance across the authority. The IGG Work Programme is being prioritised and is subject to ongoing review by SIRO and Chief Auditor.</p> <p>Information Governance policy review to be undertaken by Policy sub-group chaired by the SIRO. Executive Team Information Governance training to take place in 2022.</p> <p>The IAOG reminded of their responsibilities of implementing the Retention & Disposal Policy. Audit to discuss Policy with service areas to ensure periods are appropriate.</p> <p>Work has begun to redesign the Council's 'Open Data' webpage and populating with information required by the Code. Information is currently being added to the current Open data page.</p> <p>When the Website is updated the look and feel of the page will be reviewed</p> <p>Work will soon begin to cleanse the Council's Z drive and review the Retention and Disposal Policy. End date for this project is 31 March 2023. A Teams channel will be set up and an action plan template circulated for Team Managers to manage their data.</p>	Service Director- Corporate Services (SIRO)	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 6 Business Continuity	<p>Vulnerability: The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act. Following the re-organisation and negative outcomes from Internal Audit's review plans need to be updated and changes in responsibilities confirmed.</p> <p>Consequence:</p> <ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively • Strain on/or lack of staff resources. ▪ Increased sickness absence due to Covid19 – staff availability to work ▪ Additional capacity needed for projects ▪ ICT restructure 	<p>An Internal Audit of Business Continuity arrangements identified a number of weaknesses which were addressed through the BC project. An external consultant has been engaged to develop the strategy and provide coaching to staff to develop plans. This has largely been completed and an exercise to test was undertaken in Feb 2020.</p> <p>All departments now have their own departmental BC plans</p> <p>Corporate strategy now sits above all plans and has been tested. Currently, the organisation is continuing to deliver services to a high standard, working remotely, in new ways etc, however there are strains on project delivery and in some areas BAU due to staff absence, restructures, turnover.</p> <p>The current ICT DR solution is not fully tested, and therefore might not deliver the expected benefits.</p>	VERY HIGH	MAJOR	A1	<p>Improvement of current business continuity (BC) management arrangement is currently in progress.</p> <p>Our organisational response to the current covid-19 emergency demonstrates a generally effective BCP with essential services / critical functions continuing.</p> <p>Next phase is to co-ordinate the review and updating of plans on an ongoing progressive program.</p> <p>Mitigation re staff resources:</p> <ul style="list-style-type: none"> ▪ New recruitment process and careers page to attract new candidates. More efficient and less bureaucratic processes ▪ The category A, B, C list of staff availability has recently been reviewed ▪ ICT Portfolio Governance Group is established ▪ Flexible use of salary budget to plug short term gaps <p>Business DR testing successfully completed over 3 days.</p>	MEDIUM	MODERATE	C2	<p>A Business Impact Analysis tool has been adapted for EFDC use and is being implemented with service managers.</p> <p>The Corporate BC Plan is due to be reviewed by end of October and critical services notified of the need to update and / or produce a relevant BC plan reflecting the changes to the new hybrid way of working. Managers will be requested to produce a draft BC plan by the end of Dec 2022</p> <p>Senior managers to keep situation under regular review. Staffing issues is a standing item on fortnightly Wider Leadership Team Meeting.</p>	Service Director – Corporate Services	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<p>Risk No 7</p> <p>Cyber Security</p>	<p>Vulnerability: The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Loss of system access and/or data Unable to provide Council services Increased costs Reputation damaged Ransomware payment Corporate fines 	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. However, no loss of data. Systems have remained protected from cyber-attack.</p> <p>EFDC is targeted directly. Unknown vulnerabilities in systems. Misconfigured systems. EFDC staff error. Disgruntled EFDC staff.</p> <p>System Loss, Data unavailable, Data stolen, Data changed,</p>	<p>VERY HIGH</p>	<p>MAJOR</p>	<p>A1</p>	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access. Controls in systems have been strengthened in response to specific occurrences. IT monitoring & installing system updates & patches All data back up now directly to the cloud. Considering extending to grandfather back-ups</p> <p>Latest windows major upgrade underway and on track (except GIS & M3 PP).</p> <p>An eLearning module provided by the National Cyber Security Centre has been rolled out across the Council.</p>	<p>MEDIUM</p>	<p>MODERATE</p>	<p>C2</p>	<p>Mystery Phishing campaign delayed due to other priorities. Will be picked up in Sept / Oct 2022.</p> <p>Security audit being undertaken by Elucidate</p> <p>Security review being conducted by Microsoft.</p> <p>PSN check (internal and external) booked for w/c 5th Sept.</p> <p>An action from the three reviews above will be actioned.</p>	<p>Service Director – ICT & PMO, Strategy & Policy</p>	<p>Quarterly</p>

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
Risk No 8 Delays in issuing Planning Permission	<p>Vulnerability: Delays in issuing around 260 Planning Permission for development following objections by Natural England regarding the impact of development on air quality in Epping Forest SAC.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Delays in granting Planning Permission in the District and house building to create new homes. Loss of New Homes Bonus Restricted Business Rates tax base growth Reputation damaged 	The Habitats Regulations Assessment (HRA) January 2019 found that the Plan would be likely to have a significant effect upon the Epping Forest Special Area of Conservation (the SAC) in respect of both atmospheric pollution and disturbance from recreation & urbanisation.	VERY HIGH	MAJOR	A1	Regular meetings held with key stakeholders including Natural England to update the HRA and develop a mitigation strategy. Interim mitigation strategy (SAMMS) was agreed by Council in October 2018 to mitigate the impact of recreational pressure on the Forest and Natural England have confirmed it is appropriate. The outstanding concerns in relation to the Green Infrastructure Strategy/ SANG strategy and the need for site specific projects to mitigate the impact of recreational pressure associated with growth in the South of District has been addressed in the GI Strategy approved at Cabinet on 20 April 2021. A Draft Air Pollution Strategy was agreed by Cabinet in July 2020 for further consultation with Natural England. An updated strategy has been prepared and was adopted by Council on 8 February 2021 following confirmation from Natural England that the strategy was agreed. Development Management have employed a senior planning officer to specifically clear this backlog	MEDIUM	MODERATE	C2	<p>Mitigation strategy in place for both recreational pressure and air quality issues.</p> <p>Interim air pollution mitigation strategy has been agreed with Natural England and has been adopted by the Council through a PFH report which was called in to a Full Council meeting on 8 February 2021.</p> <p>The Interim Air Pollution Strategy was agreed by full Council on 8 February 2021 and opened the potential release of 260 planning permissions. To date, 187 planning permissions have been successfully released equating to 281 dwellings. 22 applications have been withdrawn and 26 have been refused planning permission. A number are still awaiting the completion of s106 agreements to accompany the planning permission. Applications submitted after 8 February 2021 are being dealt with in a Business As Usual manner.</p>	Service Director - Planning Services	Monthly – regular updates are being provided to the inspector

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
Risk No 9 Climate Emergency	<p>Vulnerability: The Council declared a climate emergency and has pledged to do everything within its power to make the Epping Forest District carbon neutral by 2030. The Council has identified a number of initial areas of focus, including: Local Plan site allocations achieving high standards of sustainability; carbon reduction of council owned properties; the promotion of sustainable transport and implementing an air quality strategy.</p> <p>Consequence:</p> <ul style="list-style-type: none"> • Reputational damage • Greatly increased costs from Climate Change Adaptation requirements 	<p>Failure in achieving identified carbon reduction targets and taking action to reach the carbon neutral District by 2030 pledge.</p> <p>Contracts of both the Climate Change Officer and the Sustainable Transport Officer have been made permanent. Climate Change Officer now on maternity leave.</p>	VERY HIGH	MODERATE	A2	<p>The Climate Change and Sustainable Transport Officer developed a draft action plan with the overall objective of becoming carbon neutral by 2030. It covers all service areas and the wider District emissions. The draft Climate Change Action Plan went for public consultation, finishing on 26th November 2021. A report of the findings from the consultation went to Overview and Scrutiny at the end of March 2022. Final version of Climate Action Plan submitted and approved by Cabinet in April 2022</p> <p>DaRT87 launched in Jan 2021 as an emergency hybrid Demand Responsive Transport (DRT), had been hit by the effects of the pandemic with continued WFH work patterns suppressing demand for tube journey links and older/concessionary pass holders remaining cautious about using public transport (confirmed in ECC and national stats). Cabinet in March 2022, agreed in its current form and cost to continue the service.</p>	HIGH	MODERATE	B2	<p>The move to staff working from home and covid-19 associated projects including increasing active travel as part of the Safer Places project for High Street recovery, will contribute towards a positive impact on carbon reduction.</p> <p>The Climate Action Plan reviewed to identify what is Business as Usual and what are priority actions. Findings will be reported back to the PMO Steering Group. Climate work to be scoped and mapped.</p> <p>DaRT87 - further funding merited due to extreme challenges posed by Covid-19 conditions – as one third of interest had been from Harlow residents, Harlow's (and ECC's) financial support should also be sought in 22/23.</p>	Chief Operating Officer	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 10 Waste Management	<p>Vulnerability: Failure of Waste Contract Inability of the Council's partnering contractor, Biffa Municipal Limited to provide waste collection services as specified in Contract.</p> <p>Failure to agree Waste Contract Extension</p> <p>Consequence:</p> <ul style="list-style-type: none"> • Reputational damage to the Council • Significant additional costs to the Council • Environmental impact – increased rubbish on street, health issues if waste left out too long before collected • Ongoing service delivery issues 	<p>There has been significant increase in volume and frequency of missed collections, which has led to district wide disruption and complaints. This is due to staff shortages (particularly divers) and vehicle breakdowns due to age of fleet.</p> <p>The Council is in discussion with Biffa regarding a contract extension, however a full procurement exercise is being considered.</p>	HIGH	MAJOR	B1	<p>Daily communications with Biffa, keeping members and residents informed.</p> <p>New management team at Biffa, Waltham Cross (Depot). Biffa have agreed a further 2 year pay deal with the GMB. Biffa have already managed to recruit an additional 6 drivers who will commence employment shortly.</p> <p>Biffa are currently sourcing newer / more reliable narrow access vehicles for the Contract, this should be finalised within the next 4 weeks.</p> <p>Biffa St Albans now providing further additional support for vehicle maintenance in Epping. Waste Management team have a vehicle and crew from another contractor which is being used as and when required to clear missed collections.</p> <p>A PIN (Prior Information Notice) was issued on 24th August. This is a soft market testing exercise which legally allows us to speak to waste contractors to ascertain if they would be interested in the contract should we go to market rather than extend the contract with Biffa. To date we have 5 contractors' express interest and market engagement meetings are set for September.</p>	HIGH	MODERATE	B2	<p>Continue to work with Biffa to resolve the issues. Issue Contract Defaults where necessary until issues are resolved. Keep members and residents up to date. Explore service innovations and improvements to improve service delivery. Establish a Portfolio Holder Advisory Group to look at current issues and service improvements.</p> <p>Attend market engagement meetings with waste contractors to find out their interest in the Waste Contract and then after produce an options appraisal for Cabinet.</p>	Service Director - Contracts	Monthly

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Risk Assessment Matrix

Likelihood	Definite >90% has happened or has happened on a regular basis over the last 12 months	A Very high (Almost certain)	A4	A3	A2	A1
	Occurs in most circumstances 55% to 90%. Or has happened once or twice in the last 2 years	B High (Likely)	B4	B3	B2	B1
	Occurs in certain circumstances 10% to 55% or has happened once or twice in the last 5 years.	C Medium (Possible)	C4	C3	C2	C1
	Occurs exceptionally/very unlikely <10% or has not happened in the last 5 years	D Low/very low (Unlikely/rare)	D4	D3	D2	D1
			4 Low	3 Medium	2 High	1 Very high/ critical
Impact	Financial	Loss/overspend under £10K	Loss/overspend £10K-£250K	Loss/underspend £250K-£1M	Loss/underspend over £1M	
	Service	Marginal disruption to service capability	Short term disruption to service or marginal reduction in service. Objectives of one section not met.	Short term loss of service or significant reduction service. Directorate objectives not met.	Medium/longer term loss of service. Failure to deliver at least one the Council's corporate objectives.	
		Unlikely to cause complaint/litigation	High potential for complaint with possible litigation	High potential for complaint with probable litigation	Litigation almost certain and difficult to defend.	
	Reputation	No adverse publicity	Minor adverse publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity	
	Legal/regulatory	Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of law punishable by fines	Breaches of law punishable by imprisonment	
	Environmental/Public Health	Incident with no lasting effect	Short term incident (weeks)	Medium term major incident (1 month – 1 year)	Long term major incident (1 year +)	
	Health and Safety	'First Aid' level injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality	

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Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Strategic Director**

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team:

Title of policy or decision: **Risk Management report**

Officer completing the EqlA: Tel: **01992 564446** Email: **smarsh@eppingforestdc.gov.uk**

Date of completing the assessment: 16/09/22

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? No; an update of risk management to Audit and Governance Committee
2.2	Describe the main aims, objectives and purpose of the policy (or decision): N/A What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A
2.4	Will the policy or decision involve substantial changes in resources? N/A
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Andrew Small

Date: 16/09/22

Signature of person completing the EqlA: Sarah Marsh

Date: 16/09/22

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: 29 September 2022

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report September 2022

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required:

- (1) **The Committee notes the summary of the work of Internal Audit and the Corporate Fraud Team for the period June to September 2022**

Executive Summary:

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the June 2022 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

Reasons for Proposed Decision:

Monitoring report as required by the Audit and Governance Committee Terms of Reference.

Other Options for Action:

No other options.

Report:

2022/23 Internal Audit Plan

1. Progress is being made on the 2022/23 Audit Plan as shown in Appendix 1.
2. Three audits have been added to the Audit Plan as detailed below:
 - Safes- requested by the S151 Officer to ensure the Council holds an accurate record of safes, and assets held within them are fully insured
 - Right to Buy (RTB) - to review the RTB conveyancing processes to ensure they have been properly carried out
 - Agency Staff- requested by Senior Leadership Team to ensure there is appropriate

oversight of agency workers and consultants procured by the Council.

3. No final reports have been issued since the Committee received its last update in June 2022.

Recommendation Tracker

4. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports regardless of whether they are overdue or not.
5. The current overdue tracker is shown at Appendix 2 and contains seven medium and one low priority recommendations which have passed their due date. There are no high priority recommendations.

Table 1. Summary of tracker in September 2022

Recommendation type	Number (September 2022)	Number (June 2022)	Number (March 2022)	Number (January 2022)	Number (November 2021)	Number (September 2021)
High Priority not yet passed its due date	0	0	0	0	1	2
High Priority passed its due date	0	0	0	1	1	2
Medium Priority passed its due date	7	7	8	12	9	4
Low Priority passed its due date	1	1	1	3	5	4
Total	8	8	9	16	16	12

Other Internal Audit activities

6. Internal Audit has continued to provide advice and guidance in several business areas:

Risk Management: The Risk Management Working Group has revised the Risk Management Policy, Strategy and Framework and is communicating these across the Council. These will be formally rolled out once approved by senior management.

Health and Safety (H&S): Internal Audit is assisting in strengthening the H&S framework through assurance mapping.

Information Governance: Internal Audit is actively involved in both the Strategic Information Governance Group (SIGG) and the operational Information Asset Owners Group, feeding back to the Corporate Governance Group. Internal Audit resource is being provided to lead on a range of actions in the SIGG workplan.

National Fraud Initiative (NFI): Preparations are underway for the 2022/23 NFI exercise. The NFI Protocol has been reviewed and updated and timetable issued to relevant staff.

Corporate Fraud Team (CFT) Update

7. Four Right to Buy applications have been stopped or withdrawn following interviews by CFT officers, and a property has been successfully recovered following an investigation into a suspected fraudulent succession application. The property was surrendered by the applicant just prior to the scheduled first court hearing.
8. An Internal Investigation has been carried out resulting in the termination of an agency worker's contract and good progress is being made on the first data analytics exercise.
9. Headway has been made with regards to the provision of a shared anti-fraud resource with Harlow Council and the CFT have been tasked to provide Anti-Fraud training to members of Harlow Council.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2022/23 Audit Strategy and Plan

Risk Management:

Failure to achieve the audit plan and poor follow up of audit recommendations may lead to a lack of assurance that internal controls are effective and risks properly managed, which ultimately feeds into the Annual Governance Statement.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 3 to the report.

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Appendix 1 - Audit Plan Monitoring 2022/23
Progress as at September 2022

	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
Finish 21/22 Council housebuilding	Housing & Property	5	Final report	■	■	■	substantial	0	0	0
Finish 21/22 KFC Treasury Management	Corporate Services	5	Final report	■	■	■	moderate	0	1	1
Finish IT Major Incident Management Strategy	Corporate Services	5	Final report	■	■	■	moderate	0	3	2
KFC Debtors	Customer Services	15	Draft report	■	■					
Cyber security	Corporate Services	10	Draft report	■	■					
Finish 21/22 audit Qualis (repairs)	Housing & Property	5	In progress	■						
Data analytics - Compliance with the Procurement Rules	Contracts and Technical	20	In progress	■						
Safes (new audit)	Corporate Services	10	In progress	■						
Right to Buy Conveyancing (new audit)	Corporate Services	5	In progress	■						
H&S assurance mapping	Corporate Services	20	In progress	■						
Agency Staff (new audit)	Corporate Services	10	Scoping							
Climate emergency action plan	Economic Development & Partnerships	12	Scoping							
KFC Cash and banking	Customer Services	15	Scoping							
Qualis Commerical	Chief Executive	12								
Corporate KPIs (underperformance)	Strategy Delivery & Performance	15								
Council housebuilding	Housing & Property	15								
Commerical rent and leases	Housing & Property	20								
Declarations of Interest	Corporate Services	5								
KFC General ledger	Corporate Services	12								
Delivery of the Local Plan	Planning Services	15								
Community Grants	Community Culture & Wellbeing	12								
TOTAL								0	4	3

Key
c/f = carried forward
H&S = Health and Safety
KFC = Key Financial Controls

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EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p>Harlow Gilston Garden Town 2019/20 Issued July 2020</p> <p style="text-align: center;">Page 43</p>	1	<p>To clarify the accountability and extent of any liability of each partner in the HGGT a signed overarching agreement between the councils should be prepared. This will include a data sharing agreement. Arrangements regarding the recovery of costs incurred by the councils should be agreed by all parties and included in the agreement.</p>	Med	<p>Work is now well underway on the next steps to establish Combined Delivery Service following Board decision on 10 Feb 2020.</p> <p>Legal work is underway to clarify arrangements and delegations for the CDS</p> <p>Link to HIG delivery and governance</p>	<p>HGGT Director</p> <p>HGGT Project Manager</p> <p>HGGT Programme Manager</p>	<p>Political and corporate agreement to proposals – 31/03/21</p> <p>Shadow structures then up and running</p> <p>Formal decision making will need to follow the local election period – 30/09/21</p>	<p>31/03/22 31/12/22 31/03/23</p>	<p>May 21: HGGT Solicitors, Weightmans, are developing a partnership agreement between all the HGGT partners.</p> <p>Jul 21: Lead Members and Lead Officers of all five Partner authorities are meeting to progress this.</p> <p>Sep/Oct 21: An HGGT Governance Review Task and Finish Group has been established to take forward the formalisation of governance arrangements for HGGT. The Task and Finish Group agreed for further work to be undertaken towards the establishment of a Joint Committee.</p> <p>Jan 22: Work to put in place a Joint Committee continues to progress. Given the scale and complexity of the work, the timescales have been pushed back and we are now looking for formal approval in summer 2022 and for operation of the Joint Committee to commence in September 2022.</p> <p>The Partner Councils will be taking a stage 1 sign-off report through their formal decision-making processes to seek agreement 'in principle'.</p> <p>Jun 22: The stage 1 governance report was approved by all five Partner</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p style="text-align: center;">Page 44</p>								<p>Councils and detailed work is progressing. It is anticipated that the Partnership will formally consult with Members in September 2022 with final draft proposals. An update report is being taken to the HGGT Board on 13 June 2022. The expectation is that the joint Committee will be formed and in place during 22/23. The establishment of the Joint Committee would include Inter Authority Agreements formally addressing cost and risk sharing.</p> <p>Aug 22: A report setting out the legal Joint Delegations Framework will go to HGGT Board 13 Sept 2022. This will include a recommendation to return in Dec 22 with a Inter Authority Agreement formally addressing cost and risk sharing. Subject to approval by all five council partners, anticipate a go live to the Joint committee and IAA for start of municipal year 2023.</p>	
	<p>Key Financial Controls – Fixed Assets 2019/20 Issued November 2020</p>	3	Detailed Fixed Asset financial procedures be drafted, and to include a section on year-end processes.	Med	Detailed financial procedures will be developed and documented alongside updated Financial Regulations.	Chief Financial Officer	30/09/21	31/08/22 31/12/22	<p>Nov 21/Feb 22: A Senior Finance Business Partner has been appointed to cover HRA, Capital and Projects. The Capital role includes responsibility for the Fixed Asset Register (FAR).</p>

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p style="text-align: center;">Page 45</p>								<p>Processes are being reviewed as well as understanding how the CIPFA asset system works and how it feeds into the year-end processes.</p> <p>Jun 22: Process notes will be compiled (including the roll forward of the FAR through to closedown). It will take time to do this and is dependent on how well the closedown goes.</p> <p>Aug 22: Due to the late running 2020/21 audit, there was a substantial delay in getting clearance from the external auditors to roll forward the Fixed Asset Register into 2021/22. This led to a condensed timetable for preparing the 2021/22 Statement of Accounts and officers did not have to time to document the system at that point as planned (key content includes the roll forward process) and 'rough notes' were taken during the subsequent closedown process. The Capital team are now committed to completing the task in Quarter 3 (i.e. by 31st December 2022) when clearance is anticipated from the external auditors to roll</p>	

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
								forward the Fixed Asset Register from 2021/22 into 2022/23.	
Active Directory Management 2020/21 Issued December 2020 Page 46	9	All unsupported Windows Server 2008 servers should be promptly replaced or decommissioned with a target set to achieve this.	Med	Accepted. An external Project Manager will be appointed to manage the identification and replacement of all unsupported Windows servers.	Interim IT Service Manager	30/04/21	31/07/21 31/12/21 31/01/22 30/08/22 31/12/22	Jun 21: A project to assess the 2008 servers and produce a technical plan for migrating or rebuilding has been started. Sep 21: A project is in flight with the IT company EACS. An initial review has been completed and currently agreeing statement of work. Nov 21/Jan 22: Project agreed with supplier and ready to instigate. Still awaiting kick off date for work. Jun 22: EACS are working through servers, although the work is moving slower than expected. Aug 22: Work is progressing. The status of servers is as follows: <ul style="list-style-type: none"> • Ten complete • Six in flight • Eight being clarified 	Overdue
Accounts Payable 2020/21 No. 04.20/21	1	Financial Regulations are formally reviewed, updated, and approved. Once approved the new Financial	Med	This will be actioned after the implementation of the new Corporate Finance function, which will impact on some of the details within Financial Regulations.	Chief Financial Officer and Deputy S151 Officer.	31/03/22	31/03/23	Jun/Aug 22: The new Corporate Finance function has recently been Implemented, although a further – relatively short – pause has been introduced pending completion of the	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
		Regulations be made available to all staff electronically and staff notified of the key changes.						ongoing service structure review, to ensure that the updated Financial Regulations accurately reflect the Council's future financial governance needs in the light of any amendments to wider financial procedure (if applicable).	
Qualis Group Governance Issued July 2021	6	The Shareholder Agreement should be amended to reflect that a four-year rather than six-year business plan will be prepared and include the revised reporting requirements once agreed.	Low	The shareholder agreement will be reviewed in September 2021 and the issues raised will be dealt with in the update.	Qualis Managing Director	31/10/21	31/03/22 30/09/22	Oct 21: The review has been put on hold due to competing priorities. Jun/Aug 22: This will be formalised through the Council's S151 Officer's Cabinet report in September 2022.	Overdue
Gas Safety Issued August 2021	1	1. Update and finalise the Gas Safety Policy, ensuring the policy is reviewed and updated on a regular (annual) basis in line with current Gas Safety legislation. 2. Review other council's Gas Safety Policy's and adopt best practice, e.g. including details on governance and assurance (i.e. monitoring of gas safety compliance,	Med	Agreed	Head of Asset Strategy	30/09/21	31/12/21 31/03/22 31/12/22	Oct 21/Jan 22: Revision of the policy has not yet been completed due to competing priorities. The existing policy is in line with Gas Safety legislation and is being updated to reflect current council procedures and best practice. Once finalised and approved it will be communicated to relevant staff and published on the Council's website. Jun 22: 1. Policy has been reviewed but now needs to be reviewed again largely because the contract is now being run by Qualis	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p style="text-align: center;">Page 48</p>		<p>roles and responsibilities and key performance indicators) and equality and diversity considerations</p> <p>3. Publish the Gas Safety Policy on the Council's website</p> <p>4. Notify key officers of the update Gas Safety Policy ensuring they are kept informed of changes in the policy and gas safety legislation and save the policy on the Council's network that is accessible to key officers.</p>						<p>Management and we need to ensure that the details match what has been agreed with Qualis.</p> <p>2. Key performance indicators have been re-assessed in line with both EFDC/Qualis management requirements. Agreed KPIs will be submitted as part of a change control note for amendment on the SLA with Qualis. Once the change control has been signed off, we will make the changes to the policy.</p> <p>3. This forms part of a larger piece of work that housing and property are starting to publicise all safety information to residents. Key stakeholders to the Gas servicing contract and policy have been involved in the transfer and mobilisation of service form the old contractor to Qualis. This information is communicated through regular meetings.</p> <p>Sept 22: The existing policy is still relevant and aligns with the regulations. As part of a larger piece of work with a consultant (Pennington's Choices) the policy and procedures for all compliance items (including gas) will be reviewed. Policy changes will</p>	

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
								be communicated electronically to all stakeholders and stored on the Council's intranet.	
Gas Safety Issued August 2021	3	Full reconciliations between the Graceland's gas safety database (Job Logic) and OHMS/CIVICA (Housing system) to completed at least annually to ensure that information held on the gas safety database is accurate (particularly focusing on sold, new and brought back properties).	Med	Agreed	Head of Asset Strategy	30/09/21	31/03/22 31/12/22	<p>Oct 21/Jan 22: A full reconciliation between Job Logic and OHMS was performed as part of the audit (August 2021), at which time differences due to sold properties were identified. Processes were improved during the audit to ensure the database is updated promptly with sold properties. A reconciliation will be completed at the year end and then at least annually.</p> <p>Jun 22: The reconciliation was started (this was essential to the transfer of the service to Qualis) but identified some issues with the quality of the data the Council holds. Qualis have undertaken their own data validation which we will then reconcile with the Council's records. We are working with a Data specialist to look to consolidate data from the spreadsheet to be able to manage the data within Ohms and reformat it so that it can ultimately be uploaded to the new system Cx.</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue)

Last updated: 20 September 2022

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
								Sept 22: Reconciliation of data is largely complete. Still working with the Civica CX project team to ensure the data format is suitable for export when required.	
IT Major Incident Management Plan Issued May 2021/22 Page 50	1	ICT produce a documented Data Backup Policy defining all key data replication tasks. The retention periods for all tape backup media are reviewed. Consideration should be given to increasing the retention period to a full 12 months or to period end.	Med	Accepted. EFDC will write a policy. Accepted. Team Manager – Security and Infrastructure to get quote for grandfather / father / son backups to take to the Council's officer Information Governance group for approval, then implement if agreed.	Team Manager – Security and Infrastructure	31/08/22	31/12/22	Aug 22: Policy to be allocated to one of team.	Overdue

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details
Your function, service area and team: Internal Audit, Chief Executive
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: N/A
Title of policy or decision: Internal Audit Monitoring Report
Officer completing the EqIA: Tel: 01992 564446 Email: smarsh@eppingforestdc.gov.uk
Date of completing the assessment: 16 September 2022

Section 2: Policy to be analysed	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? Report is an update to Audit and Governance Committee on the work of Internal Audit Service
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For Audit and Governance Committee to note the work of Internal Audit Service What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)?
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> • service users • employees • the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A
2.4	Will the policy or decision involve substantial changes in resources? N/A
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion			
		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No ✓	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off I confirm that this initial analysis has been completed appropriately. (A typed signature is sufficient.)	
Signature of Head of Service: Sarah Marsh	Date: 16/09/22
Signature of person completing the EqlA: Sue Linsley	Date: 16/09/22

Advice
Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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Report to the Audit & Governance Committee



**Epping Forest
District Council**

Date of meeting: 29th September 2022

Portfolio: Finance, Qualis Client & Economic Development

Subject: Treasury Management Outturn Report 2021/22

Responsible Officer: Andrew Small (01992 564278)

Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required:

- (1)** To note the Treasury Management Outturn Report for 2021/22 (**Appendix A**) and pass comment for full Council.

Executive Summary:

The Council's adopted Treasury Management Strategy (including Investment Strategy) for 2021/22 was considered in detail by the Audit and Governance Committee on 22nd March 2021.

In accordance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code 2017) and generally accepted good practice, the Treasury Management Outturn Report for 2021/22 (presented in **Appendix A**) sets out the Council's actual Treasury Management activity for 2021/22, including the year-end position contained in the Council's (draft) Statement of Accounts for 2021/22.

Appendix A begins by setting the external context for 2021/22 by exploring the Economic Background, Financial Markets, Credit Ratings, and ongoing changes to national Treasury Management practice.

The Borrowing and Investment position for Epping Forest DC as at 31st March 2022 was as follows:

- *Borrowing* – external borrowing rose by £7.3 million (from £261.7 million to £269.0 million) during the period April 2020 to March 2021; and
- *Investments* – there was also an increase of £8.2 million in investments (from £10.5 million to £18.7 million) during the same period.

CIPFA's Treasury Management Code covers all of the financial assets of the Council, as well as other non-financial assets which the Council holds, primarily for financial return. The report therefore also considers the Council's Commercial Property Portfolio, which delivered Net Income of £7.490 million in 2021/22 and remains a key part of Council strategy to minimise Council Tax increases.

Appendix A concludes by considering compliance with the Council's adopted Treasury Management indicators. Full compliance was achieved with most indicators. But cash flows experienced during the latter part of 2021/22 were relatively unusual, being primarily driven by external factors. This led to some short-term technical breaches of Investment Limits. Operational procedure has now been amended to ensure that the Council is better able to cope with future scenarios of a similar kind, without recourse to breaching the adopted Strategy.

Reasons for Proposed Decision:

To enable the robust scrutiny the Council's Treasury Management performance in 2021/22 in compliance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code 2017) and generally accepted good practice.

Legal and Governance Implications:

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

Safer, Cleaner and Greener (SCG) Implications:

None.

Background Papers:

Treasury Management Strategy 2021/22 (Audit and Governance Committee, 22nd March 2021).

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

Risk Management:

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The services of external Treasury Management advisors are therefore utilised.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Strategy includes several Risk Management features (e.g. the overriding priority that security of deposit takes precedence over return on investment).

Treasury Management Outturn Report 2021/22

Introduction

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual ("mid-year updates") and annual reports.

The Council's Treasury Management Strategy for 2021/22 was considered at a meeting of the Audit and Governance Committee on 22nd March 2021 and was subsequently agreed by full Council. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy for 2021/22 was also considered by the Audit and Governance Committee on 22nd March 2021 and subsequently agreed by full Council.

External Context: Review of 2021/22

Economic Background: The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the year.

The Bank Rate was 0.1% at the beginning of the financial year. April and May 2021 saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% (year on year) from 4.4%.

The Government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%.

With the fading of lockdown – and, briefly, the ‘pingdemic’ – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

Having increased the Bank Rate from 0.10% to 0.25% in December 2021, the Bank of England increased it further to 0.50% in February and 0.75% in March 2022.

In its March 2022 interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February 2022 Monetary Policy Report.

Financial Markets: The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January 2022 but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.

Credit Review: Fitch and Moody’s revised upward the outlook on several UK banks and building societies to ‘stable’, recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK.

The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia’s invasion of Ukraine pushed Credit Default Swap (CDS) prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

Having completed its full review of its credit advice on unsecured deposits, in September 2021, Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December 2021 for the non-UK banks on this list.

Revised CIPFA Codes, Updated PWLB Lending Facility Guidance

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. As reported to this Committee in January 2022, this Council already complies with the principles of the new Code and Finance officers are working towards full reporting compliance for 2023/24.

To comply with the new Prudential Code, authorities must not borrow to invest primarily for financial return. The Code also states that it is not prudent for local authorities to make investment or spending decisions that will increase the CFR unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

This Council is following the same process as the Prudential Code by implementing the changes in reporting requirements in 2023/24.

Local Context

On 31st March 2022, the Council had net borrowing of £250.3 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31/03/22 Actual £m
General Fund CFR	151.947
HRA CFR	157.552
Total CFR	309.499
Less: Other Debt liabilities	0
Borrowing CFR	309.499
Less: External borrowing	(268.956)
Internal borrowing:	40.543
Less: Usable reserves	(38.482)
Less: Working capital	(20.797)
Net Investments	(18.736)

Lower official interest rates reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council has pursued a strategy of keeping borrowing and investments below their underlying levels – sometimes known as internal borrowing – to reduce risk.

The Treasury Management position as at 31st March 2022 and the change during the financial year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31/03/21 Balance £m	Movement £m	31/03/22 Balance £m	31/03/22 Rate %
Long-term Borrowing	199.0	14.7	213.7	3.11%
Short-term Borrowing	62.7	(7.4)	55.3	0.51%
Total Borrowing	261.7	7.3	269.0	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0	0	0	N/A
Cash and Cash Equivalents	10.5	8.2	18.7	0.06%
Total Investments	10.5	8.2	18.7	
Net Borrowing	251.2	(0.9)	250.3	

The Council's cash flows during 2021/22 were less volatile than 2020/21 (which was heavily affected by Covid-related items):

- Long-Term Borrowing – the Council took out further long-term borrowing of £16.0 million in the year, resulting in a net increase in the balance of £14.7 million, after allowing for the repayment of principal on existing loans
- Short-Term Borrowing – such borrowing – from other Local Authorities – has remained a prominent feature during the year. This allowed the Council to benefit from the very low short-term interest rates on offer, although longer-term replacement borrowing is being actively considered in 2022/23 in the light of rising interest rates (in consultation with Arlingclose); and
- Cash and Cash Equivalents – although cash flows were relatively stable in the year compared to the major volatility experienced in 2020/21, the Government has consistently delayed calling back overpaid/unspent Section 31 and Covid grant balances; this led to the Council temporarily holding slightly higher cash balances than planned towards the latter part of the year (it is a pattern that has carried over into the early part of 2022/23).

Borrowing Update

The Council was not planning to borrow to invest primarily for commercial return and so is unaffected by the recent changes to the Prudential Code.

Borrowing Strategy

As at 31st March 2022 the Council held £269.2 million in loans (an increase of £7.5 million compared to the position as at 31st March 2021), as part of its strategy for funding the Capital Programme. Outstanding loans on 31st March 2022 are summarised in Table 3 below.

Table 3: Borrowing Position

	31/03/21 Balance £m	Net Movement £m	31/03/22 Balance £m	31/03/22 Weighted Average Rate %	31/03/22 Weighted Average Maturity (Years/Days)
Public Works Loan Board (long and short-term)	238.7	(23.7)	215.0	3.13%	18 Years
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	23.0	31.0	54.0	0.49%	241 Days
Total Borrowing	261.7	7.3	269.0		

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short-term interest rates remaining lower than long-term rates (despite recent increases), the Council considered it more cost effective in the short term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in Table 3 above.

Other Debt Activity

The Council did not raise any other capital finance during 2021/22.

Treasury Investment Activity

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During 2021/22, the Council's investment balances ranged between £6.4 million and £35.6 million; this was due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4: Treasury Investment Position

	31/03/21 Balance £m	Net Movement £m	31/03/22 Balance £m	31/03/22 Income Return %	31/03/22 Weighted Average Maturity Days
Banks & building societies (unsecured)	1.4	0.3	1.7	0.01%	Instant Access
Government (incl. local authorities)	0	0	0	N/A	N/A
Money Market Funds	9.1	7.9	17.0	0.06%	Instant Access
Total Investments	10.5	8.2	18.7		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also holds a significant commercial property portfolio on its Balance Sheet, which are summarised in Table 5 below.

Table 5: Commercial Property Investments

Category	31/03/22 Balance Sheet Value	Net Income 2021/22 (12 months April - March) ***
Shops*	£99.367m	£5.326m
Industrial Units	£43.703m	£1.375m
Other**	£18.936m	£0.789m
Total Value/Net Income	£162.006m	£7.490m

*Includes Public Houses and a Petrol Station

**Includes North Weald Airfield and Sports Facilities

The Council received total net income of £7.490 million from Commercial Property Investments in 2021/22 (£6.798 million in 2020/21), with the numbers reflecting additional income generated from new and renegotiated tenancies at North Weald Airfield.

The Committee should note that the numbers reflect the accrued position currently in the Council's books, which does not take account of the collectability of income. So far, there have been no write-offs due to the effects of Covid-19, with the Council's portfolio appearing to have weathered the pandemic generally very well. However, an increase in write-offs cannot be ruled out in the future given the current economic climate.

Compliance

The Strategic Director and Section 151 Officer reports that all Treasury Management activities undertaken during the financial year complied fully with the CIPFA Code of Practice. However – in 2021/22 – regarding the approved Treasury Management Strategy:

- Debt Limits – full compliance achieved
- Investment Limits – the Council was forced to carry significantly higher than usual cash balances during the last two months of the year due to a range of – mainly external – factors. This led to some short-term technical breaches of Investment Limits with both the Bank and Money Market Funds (MMFs) limits. Procedures have now been adjusted and are now much more able to cope with any future events of this nature; and
- Treasury Management Indicators – compliance achieved in nearly all cases, although the Interest Rate Exposure target (on Interest *Receivable*) was technically missed due to the (aforementioned) carrying of higher cash balances.

Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

Table 7: Debt Limits

	2021/22 Maximum	31/03/22 Actual	2021/22 Operational Boundary	2021/22 Authorised Limit	Complied? (Yes/No)
Borrowing	£302.1m	£269.0m	£353.7 million	£363.7 million	Yes
Finance Leases	0	0			
Total Debt	£302.1m	£269.0m			

Since the Operational Boundary is a management tool for in-year monitoring it is not significant if it is breached on occasions due to variations in cash flow; this is not counted as a compliance failure. Total debt did not breach the Operational Boundary during the year.

Table 8: Investment Counterparties and Limits

Sector	Time		Value		Sector	
	Limit	Actual	Limit	Actual	Limit	Actual
The UK Government	50 years	Instant	Unlimited	£29.0 million	N/A	£29.0 million
Local authorities & other government entities	25 years	None	£10.0 million	£0	Unlimited	£0
Banks (unsecured)	13 months	Instant	£5.0 million	£13.6 million*	£20.0 million	£13.6 million
Building Societies (unsecured)	13 months	None	£2.0 million	£0	£2.0 million	£0
Registered Providers (unsecured)	5 years	None	£3.0 million	£0	£3.0 million	£0
Money Market Funds	N/A	Instant	£10.0 million	£10.0 million	Maximum of 3 Funds (see below)	4**

Note - excludes Qualis loans

Table 8 above shows two technical breaches to the Council's adopted Investments Limits as follows:

- ***Banks (Unsecured)** – Limit £5.0 million (Actual £13.6 million) – the limit was briefly exceeded on Saturday 26th and Sunday 27th March 2022 due to the late receipt of external funding of £13.0 million on Friday 25th March 2022 (the Council was assembling funds to repay a Variable Rate PWLB loan of £31.8 million); the timing of the receipt prevented any temporary transfers to other funds for the duration of the weekend. The matter was immediately rectified on Monday 28th March 2022, with the repayment of the PWLB loan; and
- ****Money Market Funds (MMFs)** – Limit 3 (Actual 4) – the Council has for some time operated with access to four MMFs, but only investing in three at a single point in time in accordance with the Strategy. However, the Council was carrying much higher than usual cash balances in early February 2022 due to the combined impact of drawing down PWLB loans for on lending to Qualis (£16.0 million) and ensuring cash was available to repay the Government Section 31 (Business Rates) grants on demand (£9.7 million). This led to the 'emergency' use of the fourth MMF on a temporary basis. The Council has subsequently opened a (UK Government) "Debt Management Account Deposit Facility" and has closed one of the MMF accounts, which will prevent this situation occurring again in the future.

Treasury Management Indicators

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31/03/22 Actual	2021/22 Target	Complied?
Portfolio average credit rating	A	A-	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31/03/22 Actual	2021/22 Target	Complied?
Total cash available within 3 months	£18.7 million	£3.0 million	Yes

At no time during 2021/22 (or subsequently at the time of preparing this report), did the Council go overdrawn at the Bank.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest Rate Risk Indicator	31/03/22 Actual	2021/2022 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates (Borrowing)	£9,000	£318,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates (Investments)	(£169,000)	(£120,000)	No*

**Explained above within Investment Limits. Outturn a function of – unavoidably – higher cash balances being carried.*

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The table above shows a very different outturn profile from that of recent years following the repayment of the Council's only remaining Variable Rate Loan in March 2022. Net interest rate exposure of £160,000 (£169,000 minus £9,000) is now focussed on Lending (Investments) as opposed to Borrowing.

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Refinancing Rate Risk Indicator	31/03/22 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	20%	50%	0%	Yes
12 months and within 24 months	0%	50%	0%	Yes
24 months and within 5 years	0%	50%	0%	Yes
5 years and within 10 years	11%	50%	0%	Yes
10 years and within 15 years	4%	50%	0%	Yes
15 years and within 20 years	45%	50%	0%	Yes
20 years and within 25 years	13%	50%	0%	Yes
25 years and above	8%	50%	0%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Price Risk Indicator	2021/22
Actual principal invested beyond year end	£0
Limit on principal invested beyond year end	£15.0 million
Complied?	Yes

Other

IFRS 16: The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation, CIFPA/LASAAC announced an optional two-year delay to the implementation of this standard; the decision which was confirmed by the Financial Reporting Advisory Board (FRAB) in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023, or 1st April 2024. IFRS16 is unlikely to have a material impact on Epping Forest District Council; on that basis, the intended local adoption of the new standard is on 1st April 2024.