



Epping Forest District Council

AUDIT & GOVERNANCE COMMITTEE **Thursday 15th February 2024**

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

Council Chamber - Civic Offices
on **Thursday 15th February 2024**
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, M Owen and
J M Whitehouse

1. WEBCASTING INTRODUCTION

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

"I would like to remind everyone present that this meeting will be recorded to the internet) 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](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 4 - 6)

To confirm the minutes of the meeting of the Committee held on 30 November 2023.

5. MATTERS ARISING

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

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Page 7)

To consider the attached work programme for the Committee for 2023/24.

7. RISK MANAGEMENT (Pages 8 - 24)

To consider and comment on the risk management report.

8. INTERNAL AUDIT PROGRESS REPORT (Pages 25 - 88)

To consider and comment on the Internal Audit Progress Report.

9. AUDIT AND GOVERNANCE COMMITTEE EFFECTIVENESS UPDATE (Pages 89 - 98)

To consider the Audit and Governance Committee Effectiveness Update.

10. TREASURY MANAGEMENT QUARTER 3 UPDATE 2023/24 (Pages 99 - 112)

To consider the Treasury Management Quarter 3 update 2023/24.

11. 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.

12. 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):

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

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.

Agenda Item 4

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee:	Audit & Governance Committee	Date:	Thursday 30 November 2023
Place:	Council Chamber - Civic Offices	Time:	7.00 - 7.40 pm
Members Present:	Councillors P Bolton, B Vaz and J M Whitehouse		
Co-opted Member Members:	Mr A Jarvis		
Apologies:	M Owen and T Matthews		
Officers Present:	C Hartgrove (Interim Director Finance / Deputy 151 Officer (Shared Services)), L Kirman (Democratic Services Officer), A Small (Strategic Director, Corporate and Section 151 Officer), S Marsh (Head of Internal Audit - Internal Audit (Shared Services) / Corporate Fraud) and P Seager (Chairman's Officer)		
Officers Present (Virtually):	T Larsen (Democratic Services Officer)		

[A RECORDING OF THIS MEETING IS AVAILBLE FOR REPEATED VIEWING](#)

17. 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.

18. Declarations of Interest

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

19. Minutes

RESOLVED:

That the minutes of the meeting held on 27 July 2023 be taken as read and signed by the Chairman as a correct record.

20. Matters Arising

There were no matters arising from the minutes of the previous meetings which warranted further discussion.

21. Audit & Governance Committee - Work Programme

The Committee noted that the: Anti-Fraud and Corruption Strategy, and the Whistleblowing Policy would be presented to the Committee at the February meeting.

The remaining Work Programme for 2023/24 was noted.

22. Risk Management

The Strategic Director Corporate and Section 151 Officer, A. Small, outlined the risk management report and highlighted minor decreases in the risk score for homelessness, building and regeneration programme, and climate change. There had been an increase in the risk associated with delivering a balanced budget, as the budget proposals were being developed.

The Committee were advised that:

- shared services for audit, payroll and finance were in existence, this provided resilience, better use of systems, expertise and knowledge.
- there was scope to consider assurance and governance arrangements for shared services.
- risks associated with legal disputes were reflected in the service risks.

Resolved:

The Committee reviewed and endorsed the risk register.

23. Internal Audit Progress Report

The Senior Auditor, S Linsley, presented the Internal Audit Monitoring Report and updated the Committee on the work completed by internal audit since the previous meeting. Three final reports had been issued, IT Disaster Recovery and Cash and Banking had been given substantial assurance and Safes reasonable assurance. The recommendation tracker showed 13 items outstanding items.

The Head of Internal Audit, S Marsh, advised the Committee that an external quality assessment had showed Epping Forest District Council to be fully compliant with Public Sector Internal Audit Standards (PSIAS), the internal Audit Charter for the shared service partners was now a single document, and progress had been made against the 2022/23 Annual Governance Statement action plan.

The Committee commended the work of the Internal Audit Service and compliance with the PSIAS.

Clarity on the assurance arrangements on the recommendation tracker was provided to the Committee.

Resolved:

That the Committee

- Noted the summary of the work of Internal Audit for the period July to November 2023, and
- Approved the Internal Audit Charter

24. Treasury Management Quarter 2 Update 2023/24

C Hartgrove (Interim Director Finance / Deputy 151 Officer) provided an update on the Treasury Management Quarter 2 position as at 30th September 2023, and highlighted that external borrowing had increased by £8.7 million to £290.3 million, and the treasury investment position had reduced by £5.9 million to £8.2 million during the period April to September 2023. The overall value of service investments, which captured the loans granted to Qualis, had increased by £12.0 million to £50.9 million. Commercial Property Investments had a balance sheet value of £148.5 million at the start of the year with a net income of £4.1 million in the first 6 months of 2023/4. There was one commercial loan of £30 million to Qualis due to the nature of this loan the balance would remain static for the duration of the loan.

Confirmation that treasury management activities complied the CIPFA Code of Practice was provided by Strategic Director and Section 151 Officer to the Committee.

The loss allowances on the development and investment loans was explained to the Committee as a technical adjustment calculated annually for balance sheet purposes.

Resolved:

The Committee commented on the Treasury Management Quarter 2, 2023/24 report.

25. Any Other Business

The Chairman advised the Committee that this was the last meeting of Mr Jarvis and thanked him for his service to the Committee, the Section 151 Officer also expressed his thanks for his positive contribution to the Committee.

CHAIRMAN

Audit & Governance Committee Work Programme 2023/24

29 June 2023- delayed until 27 July 2023

- *Annual Report of the Chief Internal Auditor 2022/23*
- *Draft Annual Governance Statement 2022/23*
- *Audit and Governance Committee Annual Report 2022/23*
- *Corporate Fraud Team Strategy 2023/24 and 2022/23 Year End Report*
- *Internal Audit Progress Report*
- *Risk Management Report*
- *Treasury Management Outturn Report 2022/23*

30 November 2023

-
- Internal Audit Progress Report
- Risk Management Report
- Review of the Anti-Fraud and Corruption Strategy c/f
- Treasury Management Mid-Year Report 2023/24
- Review of Code of Corporate Governance -
- Review of the Internal Audit Charter
- Review of the Whistleblowing Policy c/f

16 February 2024

- Treasury Management Strategy (including investment Strategy) 2023/24
- Capital Strategy 2023/24 to 2026/27
- Internal Audit Progress Report, (including The Anti-Fraud and Corruption Strategy and Whistleblowing Policy)
- Risk Management Report

28 March 2024

- Risk Management Report
- Internal Audit Progress Report
- Internal Audit Strategy and Audit Plan 2024/25
- Corporate Fraud Team Strategy 2024/25

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

Agenda Item 7

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

**Date of meeting: 15 February
2024**

Portfolio: Finance and Economic Development

Subject: Risk Management

Responsible Officer: Andrew Small (asmall@eppingforestdc.gov.uk)

Democratic Services Officer: L Kirman (democraticservices@eppingforestdc.gov.uk)

Recommendations/Decisions Required:

- (1) To consider the current risk register and refer to Cabinet for approval.

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 and refer to Cabinet for approval.

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:

1. The corporate risk register has been reviewed and updated by the Senior Leadership Team in January 2024 to reflect the current position and is attached at appendix 1.
2. The risk register was subsequently presented to the Corporate Governance Group (which includes the Chief Executive, the Monitoring Officer, the Chief Operating Officer, and the Section 151 Officer in its membership) for review and challenge.
3. Members are asked to consider the attached updated Corporate Risk Register (Appendix 1) to determine whether the risks listed are scored appropriately and whether there are any additional risks that should be included.
4. The table below outlines the direction of travel for each risk since it was last updated in November 2023. No risks have increased; the majority have remained at the same level.

5. CONT001 (Failure of waste contractor/service) has reduced slightly as the contract for the procurement of waste vehicles was approved by Cabinet on 15 January 2024 and a waste licence has been obtained for North Weald Airfield. However, the risk remains red and is being closely monitored.
6. COMP001 (Compliance with social housing regulation) has reduced to amber. Outcomes of the stock condition survey have informed the Housing Revenue Account (HRA) business plan which takes into consideration the health & safety and compliance requirements and an HRA Asset Management Strategy (under development) will ensure that structural and compliance needs for the Council's housing are given priority.
7. FIN001 (Delivering a Balanced Budget and Sustainable Medium-Term Financial Plan) has also been reduced to amber. A first draft balanced budget for 2024/25 was completed in December 2023 and there is regular communication of the financial position to Members and senior management.

New risk reference	Risk	Residual risk score Oct 2023	Residual risk score Feb 2024	Direction of Travel
HRA 001	Increase in demand from homeless increasing financial need	12	12	
HRA 002	Building/regeneration programme	12	12	
ECDEV 001	Economic Development	4	4	
CORSER 001	Data/information breach	12	12	
CORSER 002	Lack of and/or inadequate Business Continuity Plans	16	16	
ICT 001	Cyber security (previously titled risk of a cyber security incident)	16	16	
SUS 001	Climate Change (previously titled failure to achieve carbon emissions targets)	16	16	
CONT 001	Failure of waste contractor/ service	16	15	
COMP 001	Compliance with social housing regulation	15	10	
FIN 001	Delivering a Balanced Budget and Sustainable Medium-Term Financial Plan	15	10	
FIN 002	Ensuring the continued financial viability of Qualis	12	12	
FIN 003	Maintaining and improving VFM (value for money)	12	12	
PEOPLE 001	Future proofing the workforce	12	12	

Resource Implications:

None

Legal and Governance Implications:

Risk Management is an important part of the Council's overall governance arrangements.

Safer, Cleaner and Greener Implications:

None

Consultation / Scrutiny Undertaken:

The Senior Leadership Team and Corporate Governance Group have reviewed the corporate risk register.

Background Papers:

None

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 which could threaten achievement of the Council's corporate objectives would not be considered.

Equality:

An Equality Impact Assessment was carried out and there was no significant impact.

Corporate Risk Register - January 2024


Summary Position January 2024

Page 11	LIKELIHOOD	Almost Certain	5					
		Highly Likely	4				CORSER002 ICT001 SUS001	
		Possible	3				HRA001 HRA002 CORSER001 FIN002 FIN003 PEOPLE001	CONT001
		Unlikely	2		ECDEV001			FIN001 COMP001
		Negligible	1					
			1	2	3	4	5	
			Negligible	Low	Medium	High	Very High	
			IMPACT					

Key

- CORSER002- Business Continuity arrangements
- ICT001- Cyber Security
- CONT001 -Waste service delivery failure
- HRA001- Increase in demand from homeless could increase financial need
- HRA002-Council house build programme
- SUS001- Climate Change
- COMP001-Compliance with social housing regulations
- CORSER001-Data information breach
- FIN002- Ensuring the financial viability of Qualis.
- FIN003- Maintaining and improving VFM.
- ECDEV001- Economic Development
- FIN001- Delivering a balanced budget and Sustainable Medium-Term Financial Plan (MTEP)
- PEOPLE001 – Future proofing the workforce


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED		
HRA001 Increase in demand from homeless could increase financial need	Increase in numbers of homeless households and lack of supply of suitable accommodation could result in adverse financial impact directly affecting the general fund.	5	4	20	<ol style="list-style-type: none"> 1. Senior officers authorise all placements. 2. Entered into a block booking arrangement with a local provider at a reduced cost. 3. Building our own stock. 4. New provision other social housing providers. 5. Taskforce of key staff in place to improve collection rates of charges 	3	4	12		Interim Service Director Housing & Property	Apr 24	OPEN		
CAUSE - EFFECT (detail narrative)														
											TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
Jan 24	We have seen an unprecedented increase in households becoming homeless due to national factors (cost of living and the implications of the Domestic Abuse Act). There is a possible additional risk of increasing numbers locally from the bridging hotels (2 in the district) if they are made to leave without arrangements for rehousing elsewhere being in place.										TREAT		(All) EG	Mar 24
														Ongoing
														Mar 24

Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
HRA002 Council house build programme	Inability to deliver new affordable housing through our own pipeline, the strategic partnership or other ventures.	5	4	20	<ol style="list-style-type: none"> 1. Programme-wide risk management schedule is in place. 2. Project management of all schemes to ensure effective delivery of time, budget, and quality. 3. Carry out 360 Reviews with contractors to review performance. 4. Deliver schemes in line with RIBA development stages 1- 7. 5. Involve Planning staff at early stages and throughout. 6. Carry out robust feasibility studies. 	3	4	12	<ol style="list-style-type: none"> 1. Purchase and Implement sequel to manage cashflows for the schemes rather than outsourced. 2. Deliver schemes in the current pipeline. 3. Explore development opportunities with Qualis, strategic partners and other developers. Considering all contract types. 4. Review the local plan for development opportunities. 5. Review of HRA business plan including development schemes underway. Close monitoring of expenditure required. 6. Monthly meetings with finance business partner to manage cashflow of schemes. 7. Review programme as issued by the contractor. 8. Put together development strategy and implement. 9. Monitor development funding opportunities – notably Homes England. 	Interim Service Director Housing & Property	Apr 24	OPEN
CURRENT REVIEW DATE	CAUSE – EFFECT (detail narrative)					TREAT						
Jan 24	If the Council fails to deliver new build housing, we are unable to provide housing to our most vulnerable residents who remain on the waiting list. RTB (Right to Buy) impact on the level of stock and without new build delivery we are unable to increase stock.									↔	<ol style="list-style-type: none"> 1)RH 2)RH 3)SB 4)SB 5)RH 6)RH 7)RH 8)RH 9)RH 	<ol style="list-style-type: none"> June 24 Sept 24 Ongoing June 24 June 24 Ongoing June 24 June 24 June 24


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
ECDEV001	A failure to deliver projects linked to the council's UK Shared Prosperity Fund (UKSPF) bid, mean that the Council will miss out on the benefits linked to £1 million worth of external funding.	4	5	20	1.Joint meetings between Community & Wellbeing and Economic Development 2. Shared priorities 3.Designated project leads in place. 4.Designated Lead Officer for reporting back to Government 5.Development of internal and external partnerships to ensure funding is utilised on identified need and outputs and outcomes met.	2	2	4		Service Director Customer & Community	Apr 24	OPEN
	CAUSE - EFFECT (detail narrative)					TREATMENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
Jan 24	i) A lack of staff resource to coordinate the programmes, means that the council is unable to report adequately back to the UK Government on the use of funds. ii) A failure to follow UK Government legal and procurement rules risks the delivery of UKSPF projects. iii) A failure to attend to marketing and communications rules linked to the programme leads to risk of the UK Government withdrawing funding support.					TREAT			<ul style="list-style-type: none"> Present to Strategic Leadership Team on the delivery plan. Regular meetings (quarterly) with delivery partners to ensure projects are performing and meeting targets. Develop delivery plan for 2024/25 funding. 		FF	Jan 24
											FF	Ongoing
											FF	Feb 24

Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
CORSER001	Risk of data held by the Council ends up in inappropriate hands.	4	4	16	1) The Council continues to have a designated Senior Information Risk Officer (SIRO), Data Protection Officer (DPO), and Freedom of Information (FOI) Officer. 2) A Strategic Information Governance Group and an Information Asset Owner Group are in place and meet quarterly to monitor breaches and learn lessons where needed 3) The Information Governance Group 23/24 work programme is in place and is being prioritised and subject to ongoing review by the SIRO, Head of Internal Audit and DPO quarterly. 4) GDPR & cyber security e-learning training on Litmos. People Team review employees who have not undertaken the training. Automated reports are sent to managers 5) Training is underway with SLT, started on 30 January 2023 is ongoing until March 2024. Quarterly sessions in place for 2023. 6) ICT information Governance policy review completed. 7) Align electronic data to retention and disposal policy. Data cleanse project launch summer 2023 initially focussing on F drives. 8) Microsoft Tenant Audit completed.	3	4	12	1) FOI infographic eLearning on Litmos along with raising awareness communication and data governance will be rolled out during 2023 and 2024. 2) Data quiz to be circulated. 3) Reviewing implications of Data Protection and Digital Information Bill that is with the House of Lords at Committee stage 4) ICT and Strategic Information Governance Group to discuss further controls following review of the Microsoft Tenant audit – this links into Colchester work 5) Members code being reviewed for Members using personal email addresses on Council business	Service Director Corporate Services	Apr 24	OPEN
CURRENT REVIEW DATE	CAUSE – EFFECT (detail narrative)					TREATMENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
Jan 24	Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations (GDPR) leading to significant fines or/and intervention by the Information Commissioner’s Office (ICO) • Increased costs and legal implications • Reputational damage to the Council					TREAT				↔	PM/S M/LR	Mar 24
										PM/M KS	Comp	
										PM/M KS	Mar 24	
										MKS/ PM	Sept 24	
										PM/N B	Mar 24	


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRVEL	ACTION OWNER			ACTION DATE	
CORSER002 Business Continuity Arrangements	Failure to ensure robust plans are in place for critical services and regularly tested could result in an event occurring having adverse impact on service delivery.	5	5	25	1. There is a well-established MIM process for ICT issues to be managed. 2. Majority of 'office' based employees can work from home. 3. The Council has alternative locations it could work from. 4. BC Plan templates and manager training completed in April 2023 conjunction with Essex Police BC Team. 5. BCP framework in place. 6. Service BC Plans and BIAs in place for majority of Council 7. All management involved in desktop test.	4	4	16	1. Finalise Corporate BC Plan. Include the role of internal Gold officer and Group also Silver and Bronze response. – Final draft yet to be completed. 2. For both sets of BC Plans identify specific processes and agreed decisions related to the situation. 3. BC Officer booked to attend specific BC course and take Exam 4. Some service areas BC Plans are requiring completion 5. Lessons learnt from desktop test required 6. Ensure that adequate contingency arrangements are in place for the Elections	Service Director Corporate Services	April 24	OPEN
CURRENT REVIEW DATE	CAUSE - EFFECT (detail narrative)			TREATMENT STATUS		DIRECTION OF TRVEL	ACTION OWNER	ACTION DATE				
Jan 24	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act 2004. Failure to do so can result in loss of service delivery. <ul style="list-style-type: none"> • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively 			TREAT			1) LL	Jan 24				
						2) LL	Comp					
						3) LL	Oct24					
						4) LL	Mar 24					
						5) LL	Feb 24					
						6) PM/ RP	Mar 24					


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED	
											DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
ICT001 Cyber security	If the Council are subject to a serious cyber incident, the impact to our services and communities could be extensive.	5	5	25	<ul style="list-style-type: none"> - Data backed-up off-site. - Documented and tested incident management procedures in place. - Mandatory cybersecurity training for staff, run in conjunction with Essex Police. - People Team notifies ICT of all leavers to ensure access rights are promptly disabled. - Single sign-on and/or multi-factor authentication applied wherever possible. - Mystery Phishing campaigns run - Updated Information Security, Security Breach, ICT Remote Access, and ICT Security policies in place. - Public Sector Network compliance, with penetration testing completed. - Network firewalls in place to protect network; device firewalls and anti-virus software deployed 	4	4	16	<p>1. Microsoft audit has been undertaken across Epping and Colchester and a prioritised action plan will be created to increase our security posture – ongoing</p> <p>2. Additional information sharing and best practice across Essex Councils – on-going</p> <p>3. Continued emphasis on educating and supporting colleagues, as human mistakes remain biggest threat – ongoing</p> <p>4. Further mitigations in relation to suppliers and supply chains</p>	Joint ICT & Transformation Director	Apr 24	OPEN	
CURRENT REVIEW DATE	CAUSE - EFFECT (detail narrative)					TREATMENT STATUS				DIRECTION OF TRAVEL		ACTION OWNER	ACTION DATE
Jan 24	<p>Every organisation carries multiple risks in relation to cyber threats in particular government organisations</p> <p>The Authority handles a large amount of personal and business data. Cyber risks stem from 3 main root causes that require a cross organisational response</p> <ul style="list-style-type: none"> • Insufficient technical controls • Poor staff awareness and practice • Third party and supply chain risks <p>potentially leading to</p> <ul style="list-style-type: none"> • Loss of system access and/or data • Interruption and degradation of Council services • Increase costs • Reputational damage • Corporate fines 					TREAT				↔		MW	Apr 24

Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
SUS001	Failure to achieve carbon emission targets will result in not achieving our targets contained within our Corporate Plan and will result in increased costs.	5	5	25	Policy controls: Climate Change Action Plan, Local Plan - environmental policies, Sustainability Guidance vols 1-3 covering major and minor development and extensions/refurbishments, Interim Air Pollution Mitigation Strategy, Air Quality Action Plan Other controls: -Climate Change Steering Group - Fleet conversion to Electric Vehicles - EV charge points at offices and on EFDC public land. -Carbon Literacy training - Net zero training given to planning officers	4	4	16		Chief Operating Officer/ Service Director Planning	Apr 24	OPEN
	CAUSE - EFFECT (detail narrative)											
Jan 24	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. Areas key to this climate risk are transport including EV charge points, new builds and EFDC's own property, planning for new developments and masterplan areas considering carbon emissions and flood risk, the potential new waste depot and subsidence from trees. If we fail to achieve our targets could result in: <ul style="list-style-type: none"> • Reputational damage • Greatly increased costs from Climate Change Adaptation requirements (flooding, overheating, subsidence from drought, increased insurance claims) 					TREAT		1. Include energy efficiency investment in Housing Asset Management Strategy Plan, strategy due early 2024 to complete remaining 50% of stock survey in 2023/24. 2. Include energy efficiency investment in operational asset management strategy 3. EV charge points on EFDC land to be part of asset management strategy. 4. Identify EFDC planning staff with required specialist knowledge to oversee carbon emissions and climate considerations. 5. Investigate carbon emissions of waste fleet at proposed depot. 6. Implement a tree policy to protect against subsidence and building damage.		1) SB/DG 2) DG 3) SLJ 4) GC 5) JW 6) MT	Mar 24 Feb 24 Feb 24 Jan 24 Jan 24 Mar 24	


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
CON001	Failure to implement future waste services project by Nov 2024 Current Provider fails to continue to deliver service	5	5	25	1-OPS Ltd appointed to project manage Future Waste Services Project. 2-There are 3 workstreams: Workstream 1 – Waste services delivery	3	5	15		Service Director - Contracts	Apr 24	OPEN
					Workstream 2 - Mobilise a waste vehicle facility at NWA. Workstream 3 - Procure a Vehicle Fleet.							
Jan 24	Failure to obtain planning permission for waste vehicle depot at NWA Consequences: • Reputational damage to the Council • Significant additional costs to the Council Environmental impact – increased rubbish on street, and health issues if waste left out too long before collected				3-Interim Managing Director appointed for the new waste company 4-Award contract for Procurement of waste vehicles approved by Cabinet 15 th Jan 2024 5- Waste Licence obtained for waste vehicles at NWA 6- Waste Management Partnership Board 7- Contingency plans in place	TREAT			1) Cabinet approved on 10 th July to set up a wholly owned EFDC subsidiary to deliver waste services from November 2024. 2) Future Waste services project steering group meet fortnightly. 3) Planning permission submitted for operations hub at North Weald Airfield. 4) Procurement for contractor to construct Operations hub underway 5) Monthly Highlight Report to PMO.		JW	Feb 24


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
COMP001 Compliance with social housing regulation	If the Council, is unable to demonstrate compliance with numerous statutory H&S requirements it could face a Regulatory Notice and/or heavy fines. There is also a need to meet Consumer Standards and Consumer Standards as laid out in the Social Housing (Regulation) Bill (2023). If the Council is unprepared, it will face serious reputational damage.	4	5	20	1) Comprehensive suite of policies in place. 2) Specialist compliance IT solution has started to be implemented 3) Weekly oversight of compliance by ELT. 4) COO is agreed lead on Health and Safety for Housing (as required by the Regulator) 5) The Director for Housing & Property is lead for Consumer Standards. As required by the Regulator. 6) Outcomes of the stock condition survey have informed the HRA business plan and takes into consideration the H & S and compliance requirements went to Scrutiny 16/01/2024	2	5	10		Interim Service Director Housing and Property	Apr 24	OPEN
	CAUSE - EFFECT (detail narrative)											
Jan 24	In addition to the requirements of the Social Housing Regulator described above there are requirements from the Building Safety Act 2022 and Fire Safety Act 2021. HSE is now the new regulator for building safety and whilst currently applies to 7 storeys and above the intention is to reduce this down to lower storey blocks. Requires a competent person to be formally appointed and 'golden thread' of records and retention of documents. Fire Safety Act 2021 – applies to EFDC from January 2023 and will amend the existing regulatory (reform) Fire safety order 2005. Applies to all buildings not just housing. The Council must self-refer if not compliant. Fire Safety (England) Regulations 2022.											


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
FIN001 Delivering a Balanced Budget and Sustainable Medium-Term Financial Plan (MTFP)	Failure to maintain a Balanced Budget and Sustainable Medium-Term Financial Plan (MTFP) would breach a legal duty to maintain a balanced budget and could potentially result in the bankruptcy of the Council.	5	5	25	1) The active monitoring and reporting on internal and external factors affecting the MTFP, including the 2024/25 Budget through the established Financial Planning Framework 2) Regular communication of financial position and future prospects to Members (through the Cabinet and Scrutiny process) and senior management (via SLT route).	2	5	10		Strategic Director of Resources (Section 151 Officer)	Apr 24	OPEN
	CAUSE – EFFECT (detail narrative)											
Jan 24	The Council has a legal duty under the Local Government Finance Act 1992 to maintain a balanced budget. Furthermore, Section 114 (3) of the Local Government Finance Act 1988 dictates..." the CFO (Section 151 Officer) of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure". The updated Medium-Term Financial Plan (MTFP) 2024/25 to 2028/29 approved by Cabinet on 9th October 2023 showed a forecast General Fund budget deficit of £3.720 million for 2024/25. The Q2 General Fund forecast for 2023/24 was also showing a substantial overspend (£1.3 million) and the General Fund Reserve was on course to fall well below its recommended contingency balance of £4.0 million. A first draft (balanced) budget for 2024/25 was presented to Cabinet on 18th December 2023.					TREAT		1) Maintain (effective) Recruitment Freeze in 2023/24. 2) First Draft balanced budget for 2024/25 now completed (Dec 23). Now need to complete final balance budget by Feb 2024. 3) Develop Shared Services Strategy 4) Develop and deliver Transformation Plan (including Shared Services)		AS	April – March (23/4)	
										CH	Feb 24	
										AS	June 24	
										MKS	June 24	


Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED	
FIN002 Ensuring the financial viability of Qualis.	Failure to ensure the continued financial viability of Qualis represents a major financial and reputational risk to the Council.	3	5	15	1) Quarterly monitoring and reporting on progress against Qualis Business Plan through the established Governance Framework. 2) Quarterly reporting on Council budget position (including Qualis loan margins and other transactions) through Cabinet and Scrutiny process. 3) Enhanced reporting (with effect from 2023/24 in compliance with December 2021 codes) through Audit & Governance Committee re Capital and Treasury Management strategies (especially on Qualis-related Service and Commercial Investments). 4) Monitoring and reporting on monthly Cash Flow Statement from Qualis.	3	4	12	1) Monitor and report quarterly on Qualis-related Council risk exposure.	Strategic Director of Resources (Section 151 Officer)	Apr 24	OPEN	
	CAUSE – EFFECT (detail narrative)					TREAT MENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE	
Jan 24	<p>The Council's LATCO, the Qualis Group, has had to operate in particularly difficult economic and trading conditions since its inception. This is proving challenging in property development especially, with the recent sharp increase in worldwide interest rates threatening the viability of planned housing and regeneration schemes. In particular, the Council's medium-term income assumptions are dependent on the successful delivery of these schemes through the margins that it makes on on-lending to Qualis.</p> <p>The Council has obtained security wherever possible against its financial commitments to Qualis, so has purposely mitigated risk to a large extent. Nevertheless, in the event that Qualis fails to establish and maintain its financial viability in the medium-term, the Council would potentially suffer significant financial loss, as well as reputational damage.</p>					TREAT					AS	Mar 24	

Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED	
						TREATMENT STATUS					DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
FIN003 Maintaining and improving VFM.	A failure to maintain and improve Value for Money (VFM) in the commissioning and delivery of services would potentially jeopardise public funds and cause the Council significant reputational damage.	4	5	20	1) Quarterly performance monitoring and reporting through established Cabinet and Scrutiny progress. 2) Ad hoc scrutiny of Qualis service-delivery performance.	3	4	12		Strategic Director of Resources (Section 151 Officer)	Apr 24	OPEN	
	CAUSE – EFFECT (detail narrative)												
Jan 24	<p>The Council is a Best Value authority under the Local Government Act 1999 and is under a general Duty of Best Value, which requires it to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness” (an optimal balance thereof representing “Value for Money”).</p> <p>The Council’s Duty of Best Value is further reflected in Sections 20 and 21 of the Local Audit and Accountability Act 2014, which require (external) auditors to be satisfied that the Council “has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources”.</p> <p>The Council is redesigning service delivery arrangements in a range of areas (including the transfer of some services to Qualis), so has to ensure that the Duty of Best Value continues to be met.</p>					TREAT					AS	Mar 24	
									AS		Mar 24		
									AS		Mar 24		
										JG	Mar 24		
										AS	Mar 24		
										AS	Mar 24		

Corporate Risk Register - January 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
PEOPLE001	Experiencing significant workforce issues around not having the right skills, behaviours, productivity and capacity in place to deliver services to our residents and deliver the Corporate Plan 2023-27.	4	5	20	1. People Strategy 2024/27 in place that recognises the importance of attraction & retention, employee development, supports our new ways of working and engagement with employees and trade unions, and wellbeing support. 2. A successful Apprentice Scheme which maximises expenditure of the Apprenticeship Levy 3. Well established and embedded hybrid/flexible ways of working 4. Leadership development programmes and career pathways. 5. A dedicated L&D (Learning and OD Development) budget and team 6. Partnership working/shared services other authorities and public services which offers potential career, specialist and personal development. 7. Officers involved in a range of Essex wide groups/LGA/EELGA discussing attraction and recruitment to wider Essex.	3	4	12	1. Service workforce development plans become an element of our Service Planning Process 2. Workforce planning upskilling is an essential skill for all leadership and line managers. 3. Shared Services in discovery phase	Head of Service – People	Apr 24	OPEN
CURRENT REVIEW	CAUSE - EFFECT (detail narrative)			TREATMENT STATUS		DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE				
Page 24 Jan 24	The Council requires a highly skilled and motivated workforce to deliver the Corporate Plan and services to our residents. Public services are facing challenging times regarding; <ul style="list-style-type: none"> ▪ financial restraints ▪ cost of goods and services for employees and employers ▪ tight labour markets ▪ increasing trade union unrest The Council needs to attract, recruit, and retain a workforce that can meet these challenges whilst meeting high standards of delivery	TREAT		1) JB/C G		Mar 24 Mar 24 Mar 24						

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Date of meeting: 15 February 2024

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report February 2024

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 November 2023 to February 2024**
- (2) The Committee approves the revised Anti-Fraud and Corruption Strategy and refers it to Council for approval**
- (3) The Committee notes the revised Whistleblowing policy**
- (4) The Committee approves the Code of Corporate Governance**

Executive Summary:

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the November 2023 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

The Anti-Fraud and Corruption Strategy has been reviewed, updated, and is presented for comment and approval.

The Whistleblowing policy has been reviewed and updated and is presented for noting.

The Code of Corporate Governance is presented for approval.

This report gives an update on the progress of actions taken to address issues identified in the Annual Governance Statement.

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:

2023/24 Internal Audit Plan

1. Progress is being made on the 2023/24 Audit Plan as detailed in Appendix 1.
2. Two final reports have been issued since the Committee received its last update in November 2023. The first follows an investigation following an attempted bank mandate fraud, which was prevented due to staff vigilance.
3. Internal Audit was asked to undertake a review of the processes for changing bank details at the request of a supplier/customer. Overall, there were appropriate controls in place to help prevent fraud occurring. However, some of these needed tightening up.
4. In addition, Internal Audit investigated an external allegation of poor tendering practices. It was concluded that the allegation was unfounded, and the Council had complied with procurement legislation and its own Procurement Rules.

Recommendation Tracker

5. 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.
6. The current overdue tracker is shown at Appendix 2 and contains seven medium and two low priority recommendations which have passed their due date. There are two high priority recommendations which are not yet due for completion.

Table 1. Summary of tracker in February 2024

Recommendation type	Number (February 2024)	Number (November 2023)	Number (June 2023)	Number (March 2023)	Number (February 2023)	Number (November 2022)
High Priority not yet passed its due date	2	2	0	0	0	0
High Priority passed its due date	0	0	0	0	0	0
Medium Priority passed its due date	7	9	11	7	7	7
Low Priority passed its due date	2	3	1	1	1	0
Total	11	14	12	8	8	7

Other Internal Audit activities

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

Risk Management: Internal Audit continues to assist with the roll out of the new corporate risk management framework. In addition to the quarterly review of the

corporate risks by the Senior Leadership Team, an operational risk management group has been established (chaired by the Head of Internal Audit) to further embed risk management in the organisation. Risk management training for Members was provided in January 2024.

Review of Whistleblowing Policy

8. The Whistleblowing Policy (Appendix 3) has been reviewed and revised. Changes are shown in **bold underline** and are minor in nature. It will be disseminated to all staff.

Review of Anti-Fraud and Corruption Strategy

9. The Council’s Anti-Fraud and Corruption Strategy is attached at Appendix 4 with changes shown in bold and underlined. The strategy remains largely the same as last year and includes reference to the 2023-26 Economic Crime Plan. The Economic Crime Plan aim is for the public and private sectors to jointly deliver a holistic plan that defends the UK against economic crime, prevents harm to society and individuals, protects the integrity of the UK economy, and supports legitimate growth and prosperity.
10. The Audit and Governance Committee is requested to comment on and approve the revised Anti-Fraud and Corruption Strategy and refer to Council for approval.

Review of Code of Corporate Governance

11. The Code is a statement of the systems by which the Council directs and controls the exercise of its functions and how it relates to the local community. It is intended to provide confidence in the activities of the Council and how it goes about its business; focus the minds of those involved in decision making and ensures that those decisions are made in a proper and transparent way. The Code also seeks to ensure that the Council actively engages with local stakeholders, assist the constant improvement in service delivery and the minimisation of associated risks.
12. This year’s review (Appendix 5) confirms the Code is still up to date, in line with good practice and fit for purpose. Changes have been identified using **bold underlined** wording or strikethrough.

Progress against the 2022/23 Annual Governance Statement

13. In July 2023, the Audit and Governance Committee noted the Annual Governance Statement (AGS) which accompanies the Council’s Statement of Accounts. The AGS outlines the proposed actions to be taken to deal with significant governance issues identified. The Corporate Governance Group monitors the actions set out in the AGS on a regular basis. The progress made to date on addressing the issues identified for improvement during 2023/24 is shown in the table below.

No.	Objective	
1	<p>Economic Issues</p> <p>At the time of preparing this (2022/23) AGS, economic volatility – both nationally and globally – continues, although</p>	<p>The implications continue to be monitored by SLT and feature as key considerations in the reports presented to Cabinet and in the development of the MTFP (Medium-Term Financial Plan) for 2024/25 and future years.</p>

	<p>there are some early signs of stability emerging with inflation beginning to settle down (CPI peaked at 11.1% in October 2022), with notable reductions in fuel and energy prices. Interest rates though continue to rise as the Government strives to further dampen inflation. This is having a direct impact on both the Council and Qualis, threatening the viability of a range of capital schemes.</p> <p>The economic situation is also proving challenging for the local community and is increasing the demand for Council services in some areas (e.g. Housing Benefits) as well exerting pressure on core Council funding streams such as Council Tax and Business Rates.</p>	<p>This includes the Section 151 Officer's quarterly Qualis Monitoring Report to Cabinet.</p> <p>Frontline services, especially Revenues and Benefits, continue to prioritise and resource the delivery of the various support packages offered by the Government in response to public need (e.g. through various Energy schemes and rebates).</p> <p>The Council has a Cost of Living page on its website, which includes useful websites, organisations and advice to help with rising costs.</p>
2	<p>Statement of Accounts</p> <p>The delays with the audit of the Accounts reported in the 2021/22 AGS have worsened (nationally) in 2022/23, with the Government now actively considering a range of concerns raised from within the Local Government sector. Locally, the Council has an increasingly resilient Finance function, but a shortfall in External Audit resources has prevented the final sign off of the draft 2020/21 Accounts and limited audit work has been undertaken on the draft 2021/22 Accounts. Concerns include potential accuracy of rolled forward balances in the 2022/23 Accounts.</p>	<p>The Council is continuing to work with its External Auditors to resolve the audit difficulties, and the Section 151 Officer is also accessing professional guidance and support available through professional networks, including the Essex Finance Officers Association (EFOA).</p> <p>The delay in auditing accounts is a national issue and governance guidance is expected before Christmas on how to address the significant backlog of local government audits.</p> <p>The Audit and Governance Committee is being kept informed on progress.</p>
3	<p>Financial Management Code</p> <p>The assessment has carried over from the 2021/22 AGS action plan, although further progress was made in addressing the underlying principles of the Code in 2022/23.</p>	<p>The Code assessment will now be undertaken in 2023/24 to ensure that the Council can demonstrate compliance with the Code. If there are any remaining deficiencies, an action plan will be developed to address these.</p> <p>A template for the review has been identified and resource being identified to undertake the</p>

		review.
4	<p>Income Recovery</p> <p>The Income Recovery functions require improvement, with the Council experiencing a range of interlinked financial pressures as a consequence of sub-optimal performance (leading to increased revenue costs through additional bad debt provisions and lower returns from funding incentives such as the Essex “Council Tax Sharing Agreement” (CTSA). The Sundry Debtors function has a substantial backlog of outstanding cases (exacerbated by the recent installation of a new IT system) and the Council experienced higher Local Tax arrears than expected at the year end, due to a decline in both Council Tax and Business Rates collection performance in Quarter 4 of 2022/23.</p>	<p>Additional performance measures have been introduced in 2023/24 to monitor and capture the Council’s progress in tackling a backlog in outstanding Sundry Debts more closely. Additional resources are also being engaged within the Revenues function.</p> <p>Income collection and recovery systems (including performance), for both Local Tax and Sundry Debts, is being explored and benchmarked as part of the shared services partnership with Braintree District Council and Colchester City Council.</p>
5	<p>Financial Regulations</p> <p>The review has carried over from the 2021/22 AGS action plan, with the delay partly as a consequence of ongoing delays to the introduction of the new Management Structure.</p>	<p>The review has been scheduled in for 2023/24.</p> <p>The updated Financial Regulations will be systematically rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.</p>
<p><i>Common themes emerging from the 2022/23 Service Assurance Statements were:</i></p>		
6	<p>Risk Management</p> <p>Further work is required to develop and embed risk management processes.</p>	<p>A revised risk management strategy and policy has been developed and approved by Cabinet in December 2023. Risk management features quarterly at SLT to review strategic risks and an operational risk management group meets quarterly. Service risk registers are currently being developed. Member training on risk management was provided in January 2024</p>
7	<p>Business Continuity</p> <p>A Business Continuity project has been ongoing during 2022/23 which has included providing relevant training to services so that they can develop their business continuity</p>	<p>Business continuity arrangements are being strengthened through the completion of all Business Continuity Plans (corporate and service level).</p> <p>A business continuity exercise by the Wider Leadership Team was undertaken in</p>

plans.	November 2023, the outcomes of which are being used to help inform the Plans.
--------	---

Corporate Fraud Team (CFT) Update

- 14. Three Right to Buy applications have been withdrawn following interviews by CFT officers.
- 15. Investigations have been undertaken into the following:
 - a. allegations of false information given on a homeless application, whereby the applicant failed to declare ownership of a property,
 - b. an EFDC tenant who failed to declare ownership of a property whilst on the housing waiting list, and was subsequently awarded a tenancy, and
 - c. allegations an EFDC tenant was not resident at their supported housing accommodation. Work is currently ongoing with the tenant who wished to give up their EFDC tenancy.
- 16. The CFT worked with Internal Audit and the Council’s Insurance Risk Lead Officer to investigate fraudulent insurance policies being set up using the Council’s address.
- 17. The CFT has assisted Environmental Health Officers (EHOs) in an investigation focused on illegal Houses in Multiple Occupancy (HMO’s) in the district, and following a formal interview conducted by EHOs and CFT officers, the company involved has received substantial monetary fines.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2023/24 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.

Appendix 1 - Audit Plan Monitoring 2023/24
 Progress as at November 2023

	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
22/23 Right to Buy Conveyancing	Corporate Services	5	Final report	■	■	■	n/a	0	0	0
22/23 Cash and banking	Corporate Services	10	Final report	■	■	■	Substantial	0	3	1
22/23 Safes	Corporate Services	5	Final report	■	■	■	Reasonable	0	0	1
IT Disaster Recovery	Corporate Services	10	Final report	■	■	■	Substantial	0	3	0
KFC Housing rents and arrears	Housing & Property	15	In progress	■						
KFC Fixed Assets	Corporate Services	12	In progress	■						
Data analytics - purchase cards	Corporate Services	10	In progress	■						
Homelessness	Community Culture & Wellbeing	12	Scoping							
Qualis Commercial	Chief Executive	12	Scoping							
Public Interest Reports	Chief Executive	15								
Commercial rent and leases	Housing & Property	20								
Housing - statutory H&S compliance	Housing & Property	12								
Budgetary control	Corporate Services	15								
KFC Council Tax and Business Rates	Customer Services	15								
Tree strategy	Contracts and Technical	12								
Delivery of the Local Plan	Planning	15								

KFC = key financial control

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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="writing-mode: vertical-rl; transform: rotate(180deg);">Page 32</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.</p> <p>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 31/03/24</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 are now looking for formal approval in summer 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

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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 33</p>								<p>Councils and detailed work is progressing. 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.</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>Nov 22/Feb 23: The HGGT Board endorsed the legal Joint Delegations Framework in Sept 2022. The Inter Authority Agreement formally addressing cost and risk sharing will go to the Board in Feb/March 2023 subject to agreement by the 5 Council partners on which local authority will be the Accountable Body for the partnership in the future. Subject to approval by all five council partners, anticipate a go live to the Joint committee</p>	

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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 34</p>								<p>and IAA in the municipal year 2023.</p> <p>Jun 23: The HGGT Board endorsed the legal Joint Delegations Framework in Sept 2022. The Inter Authority Agreement (IAA) formally addressing cost and risk sharing will now go to the Board in June 2023. Anticipate a go live of the Joint committee and IAA in the municipal year 2023/24.</p> <p>Nov 23: Board members endorsed the proposal to establish a Joint Committee, and the matter has now been referred to the governing bodies of the respective five partner authorities for ratification.</p> <p>Jan 24: All five council partners have now formally agreed to enter into the Inter Authority Agreement and set up the HGGT Joint Committee. The Deed is currently being executed and subject to that, the first Joint Committee will be held in June 2024.</p>	

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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>Key Financial Controls – Fixed Assets 2019/20 Issued November 2020</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 35</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 31/03/23 20/09/23 31/03/24	<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). 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/Nov 22/Feb 23: 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</p>	Overdue

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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
Page 36								<p>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 forward the Fixed Asset Register from 2021/22 into 2022/23.</p> <p>Jun 23/Nov 23/Jan 24: Work has started on the procedure notes. This is included in 2023/24 Finance Service Plan.</p> <p>Jan 24: The team had a member on long-term sick leave which impacted on ability to complete the process notes. The aim is to draft the procedure notes during the year-end process 2023-24.</p>	
	<p>Procurement and Contract Issued January 2022</p>	3	<p>(a) Procurement Rules are revised to clarify that the Procurement team should be notified before officer's sign contracts on behalf of the Council. purchase orders are raised contract extensions.</p>	Med	<p>Amendments to the Rules can take some time to implement due to the Governance process.</p>	<p>Team Manager – Procurement and Contract Management</p>	31/03/23	31/03/24	<p>Jun 23: (a) This change has not yet been made. The Rules were only changed in January 2022 and therefore more time is needed to formally review and amend Procurement Rules.</p> <p>Nov 23/Jan 24: The process of updating Procurement Rules is still to be completed. Some additional amendments are required as part of a larger piece of work to align</p>

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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
								the Council with other authorities within the Shared Procurement Service which have not yet fully been determined, and these changes will be made at the same time as part of a single Governance process.	
Treasury Management Issued May 2022 Page 37	1	Treasury Management risks and the associated control framework are detailed within the Finance Risk Register or a separate Treasury Management Risk Register. The risk and mitigating controls be linked to the CIPFA Treasury Management practice notes. Risks need to include the absence of adequate business continuity planning arrangements.	Med	The absence of a Service Risk Register reflects the Council's current Risk Management Framework and is consistent with other services. The recommendation is supported and, at the time of responding to this report, the Corporate Risk Management Working Group is considering a range of measures designed to strengthen current Risk Management arrangements; especially the management of operational risk and is likely to recommend the widespread introduction of Service Risk Registers.	Chief Financial Officer and Deputy S151 Officer & Principal Accountant.	31/12/22	30/06/23 31/03/24	Feb/Jun 23: Risk management training by Zurich is being rolled out corporately in February 2023 following which service risk registers will be developed. Treasury management risks will be included in the finance risk register. Nov 23: The service risk register is currently being developed. Jan 24: Treasury Management Risks and their mitigation are identified as part of the Council's Treasury Management Strategy every year and are monitored through the treasury management report to the Audit and Governance Committee.	Overdue

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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>Council House Building Issued June 2023</p>	2	<p>Controls be strengthened with the Head of Development developing:</p> <ul style="list-style-type: none"> • a process flow diagram to detail the approval processes at each gateway (go / no go) stage of the development of a scheme; and • a log of the approval dates and references to the approval documents for each scheme when it is approved to progress to the next stage. 	Low	<p>A process diagram by July 2023.</p> <p>Approval dates are saved on file for both cabinet and planning approvals, so this does present some duplication of work. However, the inclusion of these dates in an overall programme file will be completed during June 2023.</p>	Service Manager Housing Development	31/07/23	<p>31/12/23 31/03/24</p>	<p>Nov 23: A process flow diagram is being developed</p> <p>Jan 24: A draft process map has been prepared and is awaiting approval.</p>	Overdue
<p>Stolen Van investigation Issued June 2023</p>	1	<p>a) A corporate policy/ formal process should be put in place for ensuring all appropriate Council owned fleet vehicles have a tracker installed and this is shared corporately including the fleet services team.</p> <p>b) A corporate asset register of all Council</p>	Med	<p>a) A draft policy will be prepared for approval that will include the requirement for all Council owned fleet to have a tracker installed.</p> <p>b) A corporate asset register already exists within finance, will ensure this will include tracker information.</p>	Service Manager Technical/ Insurance Specialist	30/06/23	<p>31/01/24 31/03/24</p>	<p>Nov 23/Jan 24: A draft policy is being prepared which will cover all the arrangements concerning fleet vehicles and trackers. The policy will include the responsibilities of services around ensuring fleet vehicles taken home are used for work purposes only and mileage, fuel usage and insurance are monitored and checked on a 3 monthly basis</p>	Overdue

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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="writing-mode: vertical-rl; transform: rotate(180deg);">Page 39</p>		<p>owned new and older fleet vehicles should be created, including tracking information, how and where vehicles are stored when not in use.</p> <p>c) A formal process should be put in place where a tracker is required to be removed and vehicle disposed of and that approval/ authorisation by a service manager or above must be sought and documentation retained explaining the business case why this is occurring.</p> <p>d) The fleet team should follow a strict protocol that no tracker be removed unless they have a copy of the approval given and this is retained as evidence.</p> <p>e) Services/teams should take ownership of the fleet vehicles in their use/care and that a record of fleet vehicles with and</p>		<p>How and where vehicles are stored is the responsibility of the relevant services not Fleet.</p> <p>c) Formal process for approval or transfer and/or disposal including tracker information as required will be implemented.</p> <p>d) See points b and c above.</p> <p>e) Confirmation of responsibility for Council-owned Fleet will be sent to Service Managers.</p>				<p>to ensure vehicles are not used for personal use.</p>	

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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
		without trackers are identified and recorded.							
Stolen Van investigation Issued June 2023	4	An email should go out to all appropriate staff who drive and have access to the Council's vehicles to inform them of the incident of the stolen vehicle and to ensure all staff remain vigilant and take the appropriate safety precautions including reporting any suspicious activity. (i.e. attempts to break into vehicles).	Low	This is the responsibility of individual services, will ask that some comms are circulated around fleet responsibility.	Service Manager Technical/ Insurance Specialist	31/07/23	31/01/24 31/03/24	Nov 23/Jan 24: A reminder email will be issued along with the policy.	Overdue
Sundry Debtors Issued June 2023	3	ASH should be reconciled to eFinancials quarterly and any differences investigated and corrected promptly.	Med	The Interim Chief Financial Officer commissioned a detailed review of the reconciliation in August 2022 and significant differences, including a missing unallocated cash batch file (approximately £400,000) from the previous sundry debt system (AIMS), which had not been uploaded into the ASH system, were identified. On 31 October 2022 an unexplained difference of £113,736 remained and	Interim Chief Finance Officer	31/12/23	30/06/24	Jan 24: There has been some progress made since October 2022 in investigating the unexplained difference identified. The AIMS system has been decommissioned and the ASH system contract is nearing the end. Progress has been made on the monitoring of the daily interface from ASH to eFinancials that have eliminated duplicate uploads and ensuring that all the interfaces have been uploaded. This ensures the	Overdue

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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
				officers are still working on resolving this.				accuracy on the transactional level. There are still issues however with the reconciliation of the balances at the period end. The AST Team is working closely with the Debt Recovery Team to reconcile the two systems.	
Sundry Debtors Issued June 2023	6	The Sundry Income and Debt policy should be updated to reflect current roles and responsibilities, and current working practices, including the recovery profiles available on ASH.	Med	The Sundry Income and Debt policy is under review.	Corporate Debt Team Manager	31/12/23		Jan 24: awaiting update	Overdue
Qualis Property Solution - KPIs and Payment Mechanisms Issued June 2023	1	The Council and Qualis Property Solutions should agree on the annual benchmarking data to be reported to Members. Qualis Property Solutions annual performance reporting should be presented to Stronger Communities Select Committee and/or Overview and Scrutiny Committee prior to Cabinet to	High	A comprehensive independent review of QPS performance and VFM was commissioned from Housemark; report received early June 2023. A report is going to Communities Select Committee 27 June 2023. Annual benchmarking via Housemark is to be agreed and arranged in due course with reporting annually to Communities Select Committee.	Interim Housing and Property Director/ Qualis Property Solutions (QPS) Managing Director	31/03/24		Nov 23: The review was reported to the Communities Select Committee in June 2023 at which it was agreed that further work would be undertaken to understand and resolve the issues and the results be reported back to the Committee. It was agreed that an annual benchmarking review of the Housing Repairs arrangements will be commissioned. Jan 24: Membership of Housemark in place, on-boarding session underway Jan & Feb 2024. Membership	In progress

Appendix 2 : EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 05 02 2024

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
D		allow greater scrutiny and challenge, as it involves the management of public resources.						includes monthly submission of performance data plus annual reporting / benchmarking. Key EFDC and QPS Leads engaged in on-boarding including Finance colleagues from EFDC. Housemark data will include performance and Financial benchmarking. Annual reporting to Committees will be undertaken.	
Qualis Property Solution - KPIs and Payment Mechanisms Issued June 2023	2	An independent review of Qualis Property Solutions should be commissioned, and the Service Level Agreement (SLA) revisited. The review should include determining the actual proportion of standard to non-standard charges for 2021/2022 to check whether the basis of the costs in the SLA is fair.	High	The Housemark benchmarking report reviewed these areas, the findings from which require a further deep dive with a view to making amendments to form, function and process. An improvement action plan will arise from the Housemark report with items, including this, for action.	Interim Housing & Property Director/ Interim Head of Assets	31/03/24		Nov 23: Progress is being made on reviewing the Housemark report and drawing up an improvement action plan. Jan 24: A review of the SLA is currently underway and involves EFDC and QPS colleagues. The price structure for 2024/25 is already in place. The revised SLA aims to set pricing structure for 2025/26 following collation of Housemark data during 2024.	In progress

Epping Forest District Council

Whistleblowing

Policy and Procedures

(Confidential Reporting)

Version	5	Status	Draft
Implementation Date	February 2024	Next Review Date	February 2025
Revised by	Sarah Marsh (Head of Internal Audit)	Policy Lead Officer	Nathalie Boateng (Legal Services Manager)

Page

Introduction	3
Aims and Scope	3
What is a whistleblower?	3
Staff responsibilities	4
Safeguarding – allegations of abuse made against staff	4
Harassment or Victimisation	5
Types of whistleblowing eligible for protection.....	5
Who is protected?	5
Who isn't protected?	6
Tribunals	6
Confidentiality	6
Anonymous allegations.....	6
Untrue allegations	6
The Responsible Officer	7
Reviewing the Policy and Procedure	7
Other relevant information	7
Other organisation's policies and procedures.....	7
Whistleblowing Procedure	8
Raising a concern	8
How to raise a concern	8
How the Council will respond.....	9
Action to be taken	9
Acknowledging receipt.....	10
Timescales.....	10
Investigating Procedure.....	10
Future contact and meetings	10
Support offered during the enquiry	10
Alleged perpetrator	11
How the matter can be taken further	11
Other useful contacts	12

Introduction

Epping Forest District Council (EFDC) will not tolerate activities such as criminal activity, improper conduct, unethical behaviour, malpractice etc. or any attempt to conceal such activities in the administration of its responsibilities.

The Council believes in having an open and honest culture underpinned by a core set of Values and Behaviours and is committed to the highest possible standards of probity and accountability. In line with that commitment, the Council encourages anyone with serious concerns about any aspects of the Council's work to raise those concerns.

The Council is committed to tackling the types of conduct listed above and other forms of malpractice, including abuse of vulnerable people, and treats these issues extremely seriously.

Employees and Members are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, they may feel it is easier to ignore the concern rather than report what may just be a suspicion for fear of being wrong.

The Council recognises that some concerns may be extremely sensitive and have therefore established a framework to allow concerns to be raised confidentially and provide for a thorough and appropriate investigation of the matter to bring it to a satisfactory conclusion. It is intended to encourage and enable employees and Members to raise serious concerns within the Council, irrespective of seniority, rank, or status, rather than overlooking a problem.

This policy fully complies with and supports The Public Interest Disclosure Act 1998 and The Enterprise and Regulatory Reform Act 2013 (which amends The Employment Rights Act of 1996).

Aims and scope

This policy applies to all employees, Councillors, agency workers and contractors working on the Council's behalf. It also covers suppliers and those providing services under a contract with the Council.

This policy aims to:

- provide ways to raise concerns and receive feedback on any action taken.
- allow staff (and others covered by this policy) to take the matter further if they are dissatisfied with the Council's response.
- reassure staff (and others covered by this policy) that they will be protected from reprisals or victimisation for reporting in good faith.

What is a whistleblower?

It is an employee, a former employee or member of an organisation who reports suspected misconduct to people or entities that have the power and presumed willingness to take corrective action. Officially this is called 'making a disclosure in the public interest'.

Whistleblowing occurs when an individual raises concerns, usually to their employer or a regulator, about a workplace danger or illegality that affects others. The Public Interest Disclosure Act 1998 is the key piece of UK legislation protecting individuals who 'blow the whistle' in the public interest.

Responsibilities

Every-one has a duty to draw attention to bad and/or poor practice in the workplace, including practice that may be criminal, abusive and/or neglectful and unethical. Failure to report amounts to collusion with the perpetrator and abuse. Additionally, those who work with vulnerable people have an individual responsibility to raise concerns with someone who has the authority to take action.

It may be necessary to go outside the immediate work environment or the immediate organisation, for example to Social Services or the Police.

Any person covered by this policy can report things that they know, or suspect aren't right, are illegal or if anyone at work is neglecting their duties. Concerns must be raised when a person reasonably believes that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- a criminal offence (including fraud, corruption, bribery, money laundering)
- a failure to comply with a statutory or legal obligation
- improper unauthorised use of public or other funds
- improper use or misappropriation of assets (for example, theft of council property)
- a miscarriage of justice
- maladministration, misconduct, or malpractice
- endangering of an individual's health and safety
- staff perpetrating abuse of a vulnerable individual
- damage to the environment
- any other similar occurrences
- any instance of unethical behaviour
- deliberate concealment of any of the above

If someone is unsure whether a concern should be raised, advice can be sought from the Section 151 Officer, the Monitoring Officer (the Section 151 Officer and Monitoring Officer are statutory roles), the Chief Executive, the Strategic Director, the Chief Operating Officer, any of the Service Directors or the Head of Internal Audit. See contact details on page 8 and 9

The overriding concern should be that it would be in the public interest for malpractice to be corrected and, if appropriate, sanctions applied.

Safeguarding - allegations of abuse made against staff

All Council staff (and everyone else covered by this policy) should be aware that colleagues could carry out abuse of children and vulnerable adults and that all allegations are taken seriously so that appropriate action can be taken.

In the event of a serious allegation against a member of staff regarding children or young people, the Council will follow the procedures set out in the Southend, Essex, and Thurrock (SET) Child Protection document and will involve the Local Authority Designated Officer (LADO) employed by Essex County Council. If the allegation is regarding a vulnerable adult, the council will follow procedures set out in the Southend, Essex, and Thurrock (SET) Safeguarding Adult Guidelines.

If someone feels a colleague has:

- (a) behaved in a way that has harmed a child/vulnerable adult, or may have harmed a child/vulnerable adult; or
- (b) possibly committed a criminal offence against, or related to, a child/vulnerable adult; or
- (c) behaved towards a child/vulnerable adult in a way that indicates they are unsuitable to work with them

then they *must* inform their line manager immediately and follow the relevant procedure as outlined in the Council's Safeguarding Policy and Procedures.

Harassment or Victimisation

Whistleblowers are protected by law and should not be treated unfairly or lose their job because they have 'blown the whistle'.

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern in good faith. This does not mean, if they are the subject of disciplinary or redundancy procedures, that those procedures will be halted because of confidential reporting.

Types of whistleblowing eligible for protection

People have in the past often been deterred from whistleblowing about abuse or neglect by duties of confidentiality and/or fear of the consequences of speaking out.

The Public Interest Disclosure Act 1998 seeks to protect individuals making disclosures and expects that malpractice disclosures will generally be made in the first instance to the person's employer or another person/body who appears responsible for the malpractice.

The Act expects employers to have procedures so that staff who have justified concerns about breaches of practice or the law can pass on these concerns to be investigated. Staff are only protected by the Act if they are acting in good faith, and reasonably believe that their allegations are true. Allegations made for financial gain are not protected, even if they are true.

It may be justified for the whistleblower to disclose to a third party in the first instance rather than the employer.

A disclosure made in accordance with the Act's expectations will mean that:

- a confidentiality clause in an employment contract cannot be used to prevent staff from disclosing relevant breaches of the law or practice. This means that confidentiality terms in employment contracts cannot be used by employers who are responsible for breaking a law or for abuse or neglect or other malpractice.
- dismissal on grounds of disclosure within the terms of the Act is automatically unfair and can be challenged before an employment tribunal.

Someone who is treated detrimentally at work because of making a disclosure, which is protected by the Act, may be able to claim compensation at an Employment Tribunal.

The person providing the information may be reluctant to give their name or they may ask that they remain anonymous. Their wishes will be recorded and respected as part of the referral process.

Whilst respecting their right to confidentiality, they cannot however be given an absolute undertaking that they will not be identified at a later date, especially, if any legal action is indicated.

Who is protected?

The following people are protected:

- employees
- agency workers
- people that are training with the Council, but not employed
- self-employed workers engaged by the Council, if supervised or working off-site

- volunteers
- Council Members

A worker will be eligible for protection if:

- they honestly think what they're reporting is true
- they think they're telling the right person
- they believe that their disclosure is in the public interest

Workers who aren't employees cannot claim unfair dismissal because of whistleblowing, but they are protected and can claim what is known as 'detrimental treatment'.

Tribunals

Workers dismissed for whistleblowing can go to an employment tribunal. If the tribunal decides the employee has been unfairly dismissed, it may order that they are:

- reinstated (get their job back)
- paid compensation

A tribunal judge can reduce any compensation awarded by 25% if they find the person has acted dishonestly.

A whistleblower who is bullied at work will also be able to bring a claim to the employment tribunal against their employer or colleagues.

Confidentiality

The Council will respect confidentiality and all steps will be taken to ensure that confidentiality is maintained throughout the process. However, it must be appreciated that the investigation process may reveal the source of the information.

Any statement made by a whistleblower may be required as part of the evidence but could be submitted anonymously, if requested.

Anonymous Allegations

This policy encourages staff to put their name to their concerns. Anonymous allegations make it difficult to assess the veracity (truth) of the person making the allegation as well as the credibility of the facts and evidence on which the concern is based. It is worth remembering that some cases will rise and fall on the credibility of the person making the allegation. Concerns expressed anonymously are more difficult to action effectively, but they will all be considered. In such circumstances, the Council will take the following factors into account when establishing the scope and depth of the investigation:

- the seriousness of the issues raised
- the credibility of the concern
- the likelihood of confirming the allegation from attributable sources and information provided.

Untrue Allegations

If staff make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. In raising a concern, you should exercise due care to ensure the accuracy of the information. If you knowingly make a malicious or vexatious allegation or make an allegation for personal gain, then further action may be taken against you (which may include disciplinary action).

The Responsible Officer

The Legal Services Manager, as the Council's appointed Monitoring Officer, has overall responsibility for the maintenance and operation of this Policy. They will maintain a record of all concerns raised and their outcomes (but in a form which will not endanger confidentiality) and will report as necessary to the Council.

The Head of Internal Audit's annual report to the Audit and Governance Committee will contain details of any concerns raised under this policy. It will also provide updates on whistleblowing arrangements as necessary.

Reviewing the Policy and Procedure

The Legal Services Manager will review this policy annually in conjunction with the Head of Internal Audit.

Other relevant information

Other relevant EFDC documents that may be read in conjunction with this Policy and Procedure:

- Anti-Fraud and Corruption Strategy (including the Fraud Response Plan and Anti Money Laundering Policy)
- Safeguarding Policy and Procedures.
- Recruitment Policy and Procedures.
- Staff Handbook – Disciplinary, Grievance and Bullying and Harassment Policies and Procedures.
- Staff Code of Conduct.
- Safety Policy.
- Accident and Incident Report Guidance.
- Safe Working Practice Guide – A guide to professional boundaries for Staff.
- Equality and Diversity Policy.
- Customer complaints Policy.
- Data Protection Policy and Procedures.
- IT Policies and Procedures regarding e-safety and appropriate use of the internet.

Other organisation's policies and procedures:

- Southend, Essex & Thurrock (SET) - Child Protection Procedures.
- Southend, Essex & Thurrock (SET) - Safeguarding Adult Guidelines.
<https://www.essexsab.org.uk/guidance-policies-and-protocols>

Whistleblowing Procedure

Raising a concern

The way a worker can 'blow the whistle' on wrongdoing depends on whether they feel they can tell their employer. If staff feel they can't tell their employer, they should contact a prescribed person or body such as a trade union etc. If staff decide to blow the whistle to a prescribed person rather than the Council, they must make sure that they've chosen the correct person or body for the issue.

For example:

- HM Revenue and Customs - for taxation, business, finance, or fraud.
- The National Audit Office - fraud and corruption in local government.
- The National Crime Agency - about money laundering and major financial crimes.
- The Information Commissioner - data protection and freedom of information rights and duties.
- The Health and Safety Executive - health and safety at work.
- The Pensions Regulator - about occupational and private pensions.

Staff should make disclosures to people other than their employer if:

- they reasonably believe that they will be treated detrimentally for disclosing to the employer; or
- they reasonably believe that the evidence will be destroyed or hidden if the employer is 'tipped off'; or
- the employer has been told but has not taken appropriate action.

Raising concerns within the Council – staff should contact one of the following:

- their Line Manager
- their Service Director
- their Trade Union representative
- the Corporate Fraud Manager
- the Head of Internal Audit
- the People Team Service Manager

Staff may also raise a concern or discuss the issue with anyone on this list:

Job Title	Name	Contact
The Head of Internal Audit	Sarah Marsh	01992 564446 smarsh@eppingforestdc.gov.uk
Service Manager – Development Management	Graham Courtney	01992 564228 gcourtney@eppingforestdc.gov.uk
Continuous Improvement Specialist	Nichola Gambrill	01992 562150 ngambrill@eppingforestdc.gov.uk
Service Manager – Community Resilience	Caroline Wiggins	01992 564122 cwiggins@eppingforestdc.gov.uk
The Chief Executive	Georgina Blakemore	01992 564233 gblakemore@eppingforestdc.gov.uk
Strategic Director / Section 151 Officer	Andrew Small	01992 564278 asmall@eppingforestdc.gov.uk
Service Director (Planning)	Nigel Richardson	01992 564110 nrichardson@eppingforestdc.gov.uk
Chief Operating Officer	Jennifer Gould	01992 564073 jgould@eppingforestdc.gov.uk

Service Director (Corporate Services)	Paula Maginnis	01992 564536 pmaginnis@eppingforestdc.gov.uk
Service Director (Customer Services)	Rob Pavey	01992 564211 rpavey@eppingforestdc.gov.uk
Service Manager – Housing Needs & Management	Christopher Walsh	01992 562822 cwalsh@eppingforestdc.gov.uk
Monitoring Officer and Head of Legal Services	Nathalie Boateng	01992 564323 nboateng@eppingforestdc.gov.uk
The External Auditor (who may liaise with the Head of Internal Audit depending on the type of concern)	Craig Wisdom, Partner at Deloitte	01727 885634 cwisdom@deloitte.co.uk
Corporate Fraud Team Manager	Martin Crowe	01992 564170 mcrowe@eppingforestdc.gov.uk
Service Manager – People, Culture and Wellbeing	Jo Budden	01992 562312 jbudden@eppingforestdc.gov.uk

Elected Members should raise concerns with:

The Chief Executive, Head of Internal Audit, Corporate Fraud Manager, Section 151 Officer, or the Monitoring Officer.

How to raise a concern

The earlier a concern is expressed, and the more details provided, the easier it will be to effectively investigate and take action. At this stage, staff are not expected to prove the allegation but will need to demonstrate that there are sufficient grounds for the concern, to enable a meaningful investigation to take place.

Staff can raise a concern in the following ways:

In Writing

- Staff can send a letter or email to one of the people or organisations mentioned in the table above.

Staff should give as much information as they can about their concern giving background information (where relevant), the reason why they're concerned and any important details such as names, dates, and places etc. If any evidence is held (such as documents, photographs etc.) this should be provided also.

By Telephone

- Staff can leave a message on the 24-hour Anti – Fraud / Whistleblowing Hotline 01992 564444; or
- Speak to the Head of Internal Audit on 07973 733332, a member of the Corporate Fraud Team on 01992 564170 or any other person listed in the table above.

This service is strictly confidential, and staff do not have to give their name if they do not wish to. The person receiving the concern will make notes of any conversations so that, if required, a proper investigation can be undertaken.

Through an Advocate

Staff may prefer, to protect themselves or maintain anonymity, invite their trade union or other representative to raise the matter on their behalf. The representative may be required to obtain additional information so that a proper investigation can be undertaken.

How the Council will respond

Action to be taken

This will depend on the nature of the concern. The process for fraud, corruption and other criminal investigations is covered in the Fraud Response Plan section of the Anti-Fraud and Corruption Strategy. Whistleblowing matters raised may:

- be investigated internally by Internal Audit.
- be investigated internally by the Corporate Fraud Investigation team
- be investigated internally by an investigating officer appointed by the Monitoring Officer
- be referred to the Police.
- be referred to the external auditor or Ombudsman.
- be referred to the Local Authority Designated Officer (regarding child protection cases).
- form the subject of an independent enquiry.

or any combination of the above.

If the concern is a safeguarding matter, then it will be referred to the Safeguarding Lead Officer or one of the designated deputies who will follow the procedures in the Council's Safeguarding Policy and Procedures.

To protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it will take. Some concerns may be resolved by agreed action without the need for further investigation. Any investigations will follow the course of natural justice and will adhere to Articles 6 and 8 of the Human Rights Act 1998 (right to a fair hearing and right to private family life), the Regulation of Investigatory Powers Act 2000 and other appropriate legislation such as The Police and Criminal Evidence Act 1984 and The Criminal Procedure and Investigations Act 1996 (this list is not exhaustive).

Acknowledging receipt

Within ten working days of a concern being raised, the person to whom the concern has been forwarded will write to the Whistleblower to:

- acknowledge that the concern has been received
- indicate how the matter will be dealt with
- give an initial estimate of how long it will take to provide a final response
- inform on any initial enquiries made (if any)
- inform whether any further investigation is to take place, and if not, why not.

Timescales

Due to the varied nature of these sorts of matters, which may involve internal investigators and / or the police, it is not possible to lay down precise timescales for such investigations in this Policy. Such matters are expected to be investigated quickly but without compromising a proper investigation.

The Council will respond to all concerns as quickly as possible, but the Council will have to test the concerns as appropriate. It must be noted however that testing a concern is not the same as either accepting or rejecting it. The overriding principle for the Council will be the public interest. To be fair, initial enquiries will have to be made to decide whether an investigation is appropriate and, if so, what form it should take.

Investigating Procedure

Depending on the nature of the allegation received, it is not feasible to incorporate every stage or action in an investigation. However, the following should serve as a set of minimum standards. The Monitoring Officer or their nominated officer may arrange for the appointment of an investigating officer who will:

- Ensure that full details and clarifications of the concern are obtained.
- Consider the involvement of any external agencies at this stage (e.g., the Police).
- Ensure that the allegations are fully investigated with the assistance, where appropriate, of other individuals / bodies.
- Consider in conjunction with the People Team and/or relevant Service Director the potential for suspension from duty of employees for one of the reasons as detailed in the Council's disciplinary policy
- Hold interviews with all relevant people as soon as possible.
- Prepare a written report containing the findings of the investigation promptly at the conclusion of the investigation.
- Keep the complainant informed of the progress of the investigations and, if appropriate, of the final outcome.
- If one or more member(s) of staff is implicated, then they should be informed as soon as is practicably possible.
- The investigator should liaise with the relevant manager(s), where appropriate.
- The investigator must keep an open mind.
- The investigator's report will be passed to the Monitoring Officer who will decide what further action to take; and
- The Monitoring Officer will inform any individuals under investigation and the relevant manager(s), where appropriate, as to whether or not the concern has been substantiated.

Future contact and meetings

The amount of contact between staff raising the concern and the officer(s) considering the issues will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information will be sought from staff in a discreet manner. When any meeting is arranged, staff have the right, if they wish, to be accompanied by a trade union or other representative. The meeting can be off site, if requested.

Support offered during the enquiry

The Council will take steps to minimise any difficulties staff may experience because of raising a concern and will provide the appropriate level of support. For instance, if staff are required to give evidence in disciplinary or criminal proceedings, the Council will advise them about the procedure and provide reassurance where required.

With internal proceedings, staff will have the option of asking someone else to represent them.

To maintain confidence in the process, staff will be kept advised of the outcome of any investigation (subject to legal constraints).

Staff can withdraw from the process at any stage but they, or their representative, must inform the person with whom the initial concern was raised and the investigating officer. Staff will be requested to provide a reason for their withdrawal.

Alleged perpetrator

The person against whom the concern has been raised will be informed following the initial investigations if it is considered that there is an issue to be investigated further. This person will be supported in an appropriate manner and will be informed of the progress of the investigation. It

should be noted there is a potential for the individual to be suspended from duty for one of the reasons detailed in the Council's disciplinary procedure.

How the matter can be taken further

The Council hopes staff will be satisfied with the response to their concern. However, if staff are not satisfied, they should inform their Service Director, Strategic Director, or Chief Executive in the first instance.

If staff feel it is right or necessary to take the whistleblowing matter outside the Council, the following are possible contact points:

- the External Auditor
- relevant professional bodies or regulatory organisations
- their solicitor or other legal representative
- the Police
- their Trade Union
- their local Council Member

Other useful contacts:

Protect – whistleblowing charity (formally Public Concern at Work)

Provides free confidential advice on how to raise a concern about malpractice at work.

Tel: [020 3117 2520](tel:02031172520) www.protect-advice.org.uk They also have an online form

GOV.UK

More information on whistleblowing can be found on the GOV.UK website at

www.gov.uk/whistleblowing.

Epping Forest District Council

Anti-Fraud and Corruption Strategy

(Including Anti-Money Laundering Policy)

Version		Status	
Implementation Date	<u>February 2024</u>	Next Review Date	<u>February 2025</u>
Revised by	Martin Crowe (Corporate Fraud Team Manager)	Policy Lead Officer	Sarah Marsh (Head of Internal Audit)

CONTENTS

	Page(s)
Section One Purpose of Strategy	3
Section Two Key Objectives	3-4
Section Three Definitions	4
Section Four Strategic Response	4-5
Section Five Key Fraud and Corruption Risks	6
Section Six The Council's Approach to combatting Fraud & Corruption	7-8
Section Seven Responsibility for implementing this strategy	9-10
Section Eight Supporting Policies, Procedures and Processes	10
Section Nine Policy Reporting, Review and Monitoring Performance	11
 <u>Appendices</u>	
Appendix One Fraud Response Plan	12-15
Appendix Two Anti-Bribery Policy	16-18
Appendix Three Anti Money Laundering Policy	19-25
Appendix Four Report to MLRO Form	26-27

Anti-Fraud and Corruption Strategy

Section 1 – Purpose of the Strategy

Epping Forest District Council (EFDC) is committed to high legal, ethical, and moral standards, and the proper accountability of public funds.

The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.

The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures, and practices.

The Council also expects that individuals and organisations with which it comes into contact will act towards the Council with integrity.

The purpose of this Anti-Fraud and Corruption Strategy is to support the Council's 2018 -23 Corporate Plan by protecting the public purse as every pound lost through fraud cannot be spent on Council services. This strategy:

- Sets out the aims and long-term vision of the Council's Anti-Fraud and Corruption framework
- Outlines the Council's approach to Anti-Fraud and Corruption
- Outlines the expected outcomes along with how the Council intends to achieve and monitor these

Section 2 – Key Objectives

The key objectives of the Council's Anti-Fraud and Corruption framework are to:

- protect the Council's resources and assets, ensuring they are used as intended.
- maintain a culture where fraud or corruption is not tolerated; and
- ensure staff and Members demonstrate the highest standards of honesty and integrity at all times.

This Strategy also supports the national Fighting Fraud and Corruption Locally Strategy 2020 which advocates turning strategy into action by councils considering their counter fraud response and performance against each of the six 'C' themes:

- **Culture** – creating a culture where countering fraud and abuse is an accepted part of the Authority's normal business model and where fraud and corruption are unacceptable in line with the Council's Values & Behaviours
- **Capability** - Assessing the full range of fraud risks and ensuring that the range of anti-fraud measures deployed is appropriate and proportionate to those risks.
- **Capacity** – deploying the correct level of resources to deal with the level of fraud risk including the maintaining of a Corporate Fraud Investigation Team staffed by fully accredited

investigators and ensuring that these resources are monitored by those charged with the Council's governance.

- **Competence** – having the right skills and standards throughout the Council's services which are commensurate with the full range of counter fraud and corruption activity
- **Communications** – raising awareness internally and externally, deterring fraudsters, sharing information, and celebrating successes
- **Collaboration** – working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation, and information.

Section 3 – Definitions

In law, fraud is deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. The purpose of fraud may be monetary gain or other benefits, such as obtaining a home or a job with the Council by way of false statement

Corruption is a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities including bribery which can be defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

Both can be encompassed by the term “economic crime”, which refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others.

Section 4 – Strategic Response

The principles of the Council's Anti-Fraud and Corruption Strategy are focussed on the following four pillars of activity (as taken from the aforementioned 2020 Fighting Fraud and Corruption Locally Strategy). These are:

- Govern
- Acknowledge
- Prevent
- Pursue
- These principles are supported by one overarching pillar which is Protect.

Govern	Acknowledge	Prevent	Pursue
Having a holistic approach to tackling fraud is part of good governance	Acknowledge and understanding fraud and corruption risks	Preventing and detecting more fraud and corruption	Being stronger in punishing fraud and corruption/recovering losses
Having robust arrangements and executive support to ensure anti-fraud,	Assessing and understanding fraud and corruption risks	Making better use of information and technology	Prioritising fraud recovery and the use of civil sanctions

<p>bribery and corruption measures are embedded throughout the organisation.</p>	<p>Committing the right support and resources to tackling fraud and corruption</p> <p>Maintaining and demonstrating a robust anti-fraud and corruption response</p> <p>Communicating the risks to those charged with governance</p>	<p>Enhancing fraud and corruption controls and processes</p> <p>Developing a more effective anti-fraud and corruption culture</p> <p>Communicating its activities and processes</p>	<p>Developing capability and capacity to punish corruption and fraudsters</p> <p>Collaborating with fellow practitioners across geographical and sectoral boundaries</p> <p>Learning lessons and closing the gaps</p>
--	---	---	---

Govern	Acknowledge	Prevent	Pursue
Some specific examples for Epping Forest District Council			
<ul style="list-style-type: none"> Corporate Fraud Team that reports into the Corporate Governance Group and the Audit and Governance Committee Counter Fraud activities and monitoring included in the Audit Committee's Terms of Reference 	<ul style="list-style-type: none"> Risk management process Fraud /corruption proofing policy and processes Fraud and corruption awareness and training 	<ul style="list-style-type: none"> Whistleblowing policy Strong internal control culture Staff and supplier vetting Participation in the National Fraud Initiative and the Pan-Essex Council tax matching campaign Staff and Member Code of Conduct and Declarations of Interest Information security and IT policies 	<ul style="list-style-type: none"> Fraud response plan Appropriate levels of powers, application of sanctions and prosecutions Collaboration and where practicable, joint investigations / prosecutions with other Authority fraud teams

Protect
<p>Recognising the harm that fraud and corruption can cause both in the Authority and the community. Protecting itself and its' residents from fraud.</p>
<ul style="list-style-type: none"> Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. For Epping Forest District Council, this will also cover protecting public funds, protecting the Council from fraud and cybercrime and also protecting itself from future frauds.

Section 5 – Key Fraud and Corruption Risks

It is important that the Council recognises and manages the risks relating to fraud and corruption to prevent them from occurring. Furthermore, it is imperative that these risks are routinely considered as part of the Council's overall approach to risk management. To understand the nature of these risks, the following have been identified as key issues that are relevant to EFDC:

- Social Housing Tenancy Fraud – this includes risks such as fraudulent housing applications, mutual exchanges, illegal subletting etc.
- The Right to Buy scheme – fraudulent applications and suspected money laundering
- Money Laundering – Exposure to suspect transactions
- Council Tax – fraudulently claimed discounts (including Local Council Tax Support), refund scams
- Non-Domestic Rates – fraudulent applications for exemptions, unlisted properties
- Grants (including Disabled Facilities Grants) – false eligibility and applications, diverted funds, works not carried out.
- Insurance Fraud – suspected false claims particularly those relating to personal injury
- Planning Fraud – risk of manipulation, collusion, potential conflicts of interest, bribery etc.
- No recourse to public funds – fraudulent eligibility for Council services such as Social Housing
- Payroll Fraud – false and “ghost” employees, overtime and mileage claims, expenses.
- Internal Frauds – such as fund diversion, accepting bribes, stealing monies and / or Council property, social housing misallocations for personal gain, working elsewhere whilst off sick, abuse of position such as misuse of assets / resources.
- HR related fraud – such as false information on job applications, bogus qualifications / references, failing to declare previous convictions etc.
- New Responsibilities – Areas of work that have transferred to local authority responsibility such as business grants etc.
- Procurement Fraud – tendering issues, split contracts, double invoicing
- Cyber Crime / Fraud – frauds such as false applications for services, fund diversion.
- Commission of Services: including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion etc.

It is important to note that the above represents the key fraud risk areas and examples of each. It is not intended to be an exhaustive list.

As with the culture, the concept of fraud prevention applies to the organisation from top to bottom.

The United Kingdom Economic Crime Plan (2) 2023-2026 in conjunction with the United Kingdom Fraud Strategy 2023 sets out a long-term framework for tackling corruption. For local government, including Epping Forest District Council, this sets out the following goals which have been considered as part of this strategy:

- **Greater procurement transparency, enabling better identification and mitigation of corruption risks.**
- **Strengthened awareness and capability within contracting authorities leading to a stronger awareness of corruption risks and more capability to detect and deter illegality. Under the new Economic Crime Plan, focus will be on the following themes:**
 - **Reduce money laundering and recover more criminal assets**
 - **Combat kleptocracy and drive down sanctions evasion – kleptocracy is a society or system ruled by people who use their power to steal their country's resources:**
 - **Cut fraud**

Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others.

Section 6 – The Council’s Approach to combatting Fraud & Corruption.

The prevention and detection of fraud and corruption and the protection of the public purse is everyone’s responsibility, and this should permeate throughout the authority at every level. The key components in achieving this are:

Being Proactive

- Actively strengthening the anti-fraud culture to increase resilience to fraud
- Preventing fraud through the implementation of appropriate and robust internal controls including robust procurement and cyber security measures
- Increasing fraud and corruption awareness of Council officers, Members, Contractors and residents
- Deterring fraud attempts by publicising the actions the Council takes against corruption and fraudsters

Reactive Responses

- Detecting fraud and corruption through data and intelligence analysis
- Implementing effective whistleblowing arrangements
- Robustly investigating fraud and corruption referrals
- Applying sanctions, both civil and criminal
- Seeking redress, including the recovery of assets and money utilising all methods available.

The Role of the Corporate Fraud Team

The Corporate Fraud Team role is in both the prevention and investigation of instances of suspected fraud against the Council. Fraud awareness training is given to officers within the Council to assist in ensuring that any cases referred to the team contain good quality information to assist with the investigation. All investigations are carried out in accordance with the respective legislation.

In cases where the offence is deliberate and serious enough to warrant prosecution, consideration will be given to the Council’s own policies as well as The Code for Crown Prosecutors. If deemed appropriate legal proceedings will be undertaken in conjunction with Legal Services and / or other bodies such as the Police. Utilising the provisions of Section 222 of The Local Government Act 1972, the Corporate Fraud Team in conjunction with Legal Services are appropriately authorised to undertake criminal prosecutions.

The table below lists the suggested approach and expected outcomes against each of the four pillars of the Council’s Anti-Fraud and Corruption Strategy, which will be supported by a rolling action plan and annual Corporate Fraud Team Strategy:

Principle	Approach	Expected Outcome
Govern by having a holistic approach to tackling fraud	Oversight and performance monitored through the regular Corporate Fraud Team updates, Corporate Governance Group and the Audit and Governance Committee meetings	Delivery of the Council's Anti-Fraud and Corruption Plan that tackles both internal and external fraud
Acknowledging and understanding fraud and corruption risks	<p>Using the risk management process to assess current and future fraud and corruption risks</p> <p>Continued cultural change and increase in fraud and corruption awareness both internally and outside of the Council</p> <p>Annual fraud report through central collection of fraud data</p> <p>Improved sharing of fraud and corruption threats, information, and intelligence both internally and externally</p>	<p>Increased reporting of cases</p> <p>Increased awareness of anti-fraud and corruption process and procedures throughout the Council</p> <p>Making service areas become more responsible for their own fraud risks</p>
Preventing and detecting more fraud and corruption	<p>Fraud and corruption proofing of policy and processes</p> <p>Better use of data and technology to prevent and detect fraud and corruption</p> <p>Assessment of the Council's internal controls framework to ensure it remains robust</p> <p>Supporting anti-fraud and corruption policies and procedures including whistleblowing and money laundering</p>	<p>Increased levels of anti-fraud and corruption awareness</p> <p>When fraud or corruption has occurred because of a breakdown in the Council's systems or procedures, the Section 151 Officer will ensure that the appropriate improvements in the control systems are implemented to prevent a recurrence.</p> <p>Any significant control issues are reported in the Annual Governance Statement along with actions taken to address the issue.</p>
Be stronger in punishing fraud and corruption and recovering losses	<p>Maintain and further develop capacity and capability to investigate and prosecute fraud and corruption</p> <p>Consistent and effective response for dealing with fraud and corruption cases</p>	<p>Successful use of sanctions and/or prosecution</p> <p>Reduce the losses because of fraud or corruption and to commit to the consideration of all available methods of loss recovery.</p>

Section 7 – Responsibility for implementing this strategy

Responsibility	Role
Chief Executive	Ultimately responsible for preventing and detecting theft, fraud and corruption and promoting an anti-fraud and corruption culture.
Members	As elected representatives, all Members of the Council have a duty to the public to maintain the highest standards of conduct and ethics, and to ensure the Council is open and transparent in all the decisions it makes. Members are required to adhere to the Council's constitution, which incorporates a Member Code of Conduct.
Standards Committee	Monitoring the operation of the Code of Conduct and to take remedial action when required.
Audit and Governance Committee	To satisfy itself there are adequate arrangements in place to manage risk (including that relating to fraud and corruption) effectively. To monitor Council policies on Anti-Fraud and Corruption and to receive periodic reports on fraud and corruption.
Corporate Governance Group	Develop, review and maintain the Anti-Fraud and Corruption Framework.
Senior Management Team	Ensuring all Staff follow this Strategy and any related policies and procedures, supported by the Council's Internal Audit, Corporate Fraud and Human Resources functions.
Section 151 Officer	Has a statutory responsibility under the Local Government Act 1972 for the proper administration of the Council's financial affairs. Where irregularities, fraud or corruption are suspected the S151 Officer should be informed. On being informed of an alleged irregularity, fraud or corruption the S151 Officer will determine the arrangements for investigating the matter in line with the Council's Fraud Response Plan.
Monitoring Officer	Statutory responsibility to ensure that the council operates within the law. Overall responsibility for the Members Code of Conduct and the maintenance and operation of the Confidential Reporting Procedure for Employees (Whistleblowing Under the Local Government Act 1972 has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do.
Managers (all levels)	Responsible for preventing and detecting fraud and corruption and ensuring they operate effective mechanisms in their area of control to: <ul style="list-style-type: none"> • Prevent theft, fraud and corruption thereby safeguarding the Council's assets and interests • Promote employee awareness and take ownership of the fraud risks specific to their area(s) • Assess the risk of fraud and corruption and take appropriate action • Take prompt action in line with the Fraud Response

Responsibility	Role
	Plan where they suspect or are alerted to possible theft, fraud, or corruption
All staff	All staff have a responsibility to prevent, detect and report on fraud and corruption or suspected cases.
Partners and Contractors	Required to comply with the Council's policies and procedures when undertaking work for and jointly with the Council
External Audit	Under the International Standard on Auditing 240, when conducting an audit External Audit are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.
Internal Audit	<p>Providing assurance on the effectiveness of systems and procedures to prevent and detect fraud and corruption (by undertaking audits).</p> <p>Supporting managers in minimising fraud and corruption related risk and are alert in all their work to risks and exposures that could allow fraud and corruption to take place.</p>

Section 8 - Supporting Policies, Procedures and Processes

In addition to this document, the Council has a range of policies, procedures, and processes in place to formalise arrangements for the prevention, detection and investigation of fraud and corruption. These include:

- Fraud Response Plan (Appendix 1 of this document)
- Anti-Bribery Policy (Appendix 2 of this document)
- Anti-Money Laundering Policy (Appendix 3 of this document)
- Whistleblowing Policy and Procedure (located on the Council's Intranet)
- Employee and Member Codes of Conduct (located on the Council's Intranet, Public facing website and published as part of the Constitution)
- Financial Regulations (located on the Council's Intranet and published as part of the Constitution)
- Procurement Rules located on the Council's Intranet and published as part of the Constitution)
- CIPFA Fighting Fraud and Corruption Locally Strategy 2020:
<https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/FFCL-Strategy-2020>
- **United Kingdom Economic Crime Plan (2) 2023**
https://assets.publishing.service.gov.uk/media/642561b02fa8480013ec0f97/6.8300_HO_Economic_Crime_Plan_2_v6_Web.pdf
- **United Kingdom Fraud Strategy 2023**
https://assets.publishing.service.gov.uk/media/64539087faf4aa0012e132cb/Fraud_Strategy_2023.pdf

Section 9 - Policy Reporting, Review and Monitoring Performance

This Strategy can only be varied with the collective agreement of the Chief Executive, the Section 151 Officer, and the Monitoring Officer.

It will be the responsibility of the Senior Leadership Team, via the Corporate Governance Group, to ensure there are adequate resources to support the action plan.

The Audit and Governance Committee will receive regular fraud updates to assist in their oversight of the Council's Anti-Fraud and Corruption Strategy and arrangements.

Appendix 1

Epping Forest District Council Fraud Response Plan

Introduction

The Fraud Response Plan defines the way in which the Council applies its various policies and procedures to suspected instances of theft, fraud corruption and bribery. It fits in with and is designed to be read in conjunction with the Council's Anti-Fraud and Corruption Policy, Anti-Bribery Policy, Anti Money Laundering Policy, and the Whistleblowing / Confidential Reporting Policy. The aim of this plan is to provide clear guidance for dealing with these issues, access to rapid relevant advice and a guide for managers on how to react and deal with suspicions of fraud, theft, corruption, and bribery.

Additionally, it seeks to give a brief outline on how investigations will be progressed (although no detail will be given regarding investigation techniques etc.).

The Fraud Response Plan is designed to ensure timely and effective action in the event of suspected fraud by:

- Seeking to minimise the extent of the fraud by taking prompt action
- Preventing further losses where fraud had occurred.
- Maximising the recovery (or the chances of recovering) any financial losses
- Ensuring the accuracy and integrity of evidence for successful criminal prosecution and / or disciplinary action
- The early identification of any system weaknesses and the lessons to be learnt for preventing them in the future
- Maximising positive publicity where frauds are discovered and dealt with.
- Deterring others from any illegal / inappropriate conduct they may be committing or contemplating.

The Manager's Role in dealing with suspected fraud

First Response

Where managers suspect a fraud or involvement in a fraud is taking place, the first course of action must be to contact the Section 151 Officer, Head of Internal Audit or the Corporate Fraud Manager who will ensure that the Section 151 Officer and the Chief Executive are informed.

Although, the Council no longer investigates Housing Benefit fraud, where a suspicion occurs of a staff member's involvement in a Housing Benefit (including Local Council Tax Support) fraud, the above steps should still be followed.

All other suspicions of benefit fraud (including Local Council Tax Support) must be reported to the Compliance Manager within the Revenue and Benefits Division. Suspicions can also be reported directly to The Department for Work and Pensions (DWP) via their website (www.gov.uk/report-benefit-fraud) or by calling the National Benefit Fraud Hotline on 0800 854440 or by textphone on 0800 328 0512. It may be prudent to seek the advice of either The Corporate Fraud Manager or The

Compliance Manager before contacting the DWP as Local Council Tax Support cannot be investigated by the DWP.

In usual circumstances, the suspicion will be passed to the Corporate Fraud Team to assess and undertake an investigation if appropriate. The Corporate Fraud Manager / Head of Internal Audit will retain overall responsibility for the conduct of the investigation; however, it is probable that the matter will be allocated to a member of the Corporate Fraud Team to undertake any investigation. As part of the Internal Audit service, the Corporate Fraud Team will be independent of any service area under investigation and all the officers comprising the Corporate Fraud Team are fully trained and accredited investigators each holding the qualification of Accredited Counter Fraud Officer / Specialist whilst the Corporate Fraud Manager also holds the qualification of Accredited Counter Fraud Manager.

There may be circumstances where it is appropriate for managers to undertake some preliminary enquiries to ascertain the validity of an allegation or irregularity (for example, to establish whether on the face of it, there is a case to be investigated), however, before embarking on such action, advice should always be sought from a member of the Corporate Fraud Team as such action may alert the fraudster and could result in the concealing or destroying of vital evidence or compromise the investigation and the collection of further evidence.

The investigating officer will liaise and work with The People Team at the earliest available opportunity on disciplinary matters such as suspending the staff member to enable further investigation and protect vital evidence.

Initial Enquiries

As stated above, the manager may make discreet initial enquiries to:

- Determine any facts that gave rise to the suspicion
- Examine any factors to determine whether there has been a genuine mistake made or whether an irregularity has occurred

Any actions and findings should be clearly recorded and documented ensuring that access is restricted (for example, not held on an “open” area of the computer network or in the case of paper notes, making sure they are securely locked away).

It is important that the suspected perpetrator is not interviewed at this stage, nor any allegations / suspicions put to them. If in doubt at any point, the manager must seek the guidance of the Corporate Fraud Team or the Head of Internal Audit.

Formal Investigation

If a formal investigation is required, it will be conducted by a qualified Corporate Fraud Investigator unless determined otherwise by the Section 151 Officer or Chief Executive. The nature of the investigation, lines of enquiry followed, and evidence obtained will vary depending on the irregularity being investigated and will, for the most part be fluid and reactive. Generally, however, the investigating officer will be seeking to gather evidence by way of interviews, the taking of written witness statements and the obtaining of evidence be it physical, documentary etc.

The investigating officer will consult and take advice from The People Team particularly on matters regarding employment law, policies, and procedural matters. It is imperative however, that a clear distinction must be made in these circumstances between those advising the investigating officer and those advising the staff member.

Legal Services will be consulted as appropriate to advise or seek external advice in order to support any investigation.

Any investigation will be conducted with full compliance with The Criminal Procedures and Investigations Act 1996 which governs the conduct of a criminal investigation (such as obtaining and recording evidence etc.) as well as any other legislation that may apply such as The Police and Criminal Evidence Act 1984 (PACE), The Regulation of Investigatory Powers Act 2000 (RIPA), The Human Rights Act 1998, The General Data Protection Regulation / Data Protection Act 2018 etc. (this list is meant as an example and is not exhaustive).

In general terms however, the following principles will apply to the investigation:

- Any investigation will be conducted promptly (subject to evidence gathering activities) with periodic updates given as appropriate to the Head of Internal Audit / the relevant Service Director or the Section 151 Officer
- All actions and evidence will be recorded either by written or electronic means and stored securely with access given purely on a “need to know” basis.
- Enquiries and evidence gathering activities will be undertaken as discreetly as possible with sensitivities observed where appropriate.
- Confidentiality will be maintained throughout with information only shared where circumstances and the law allows.

Where it is considered appropriate, the investigation may involve the input of other agencies such as local authorities as well as other law enforcement agencies such as the Police and HM Revenue & Customs. Liaison and / or joint working will be conducted in accordance with established guidelines and protocols.

The investigating officer must not and will not accept any offer of repayment of monies or resignation at any stage during the investigation, however, any such offers will be noted and recorded on the investigation file and reported to the Head of Internal Audit and responsible Service Director.

The Council has a right to suspend any employee involved pending the outcome of an investigation. Any such suspension, is, in the opinion of the Council, a neutral act and does not imply any guilt on behalf of the suspended employee. The suspension of an employee can, in some circumstances aid the speed in which an investigation can be conducted and serve to preserve vital evidence.

When suspects are not suspended, supervision of the employee will usually need to be increased and any manager should seek the advice of The People Team and ICT on how this can best be accomplished.

Actions following the completion of an investigation

Upon the completion of an investigation, the investigating officer will report their findings in the first instance to the Corporate Fraud Manager, Head of Internal Audit and S151 Officer, who will in turn make the findings known to The People Team, relevant Service Director, or the Chief Executive as appropriate.

In the case of any monetary losses, a report will be given to the Council’s Insurance Officer.

Should any control weaknesses be identified, the Service Director and relevant manager will be informed, and remedies be actioned immediately. The Head of Internal Audit / Internal Audit Service will be able to provide advice and support regarding effective control mechanisms.

Should there be disciplinary issues identified as part of the investigation, a full report will be made to The People Team who will work with the relevant Service Director and manager to decide what happens next. Should any course of action result in a disciplinary hearing, the investigating officer will (if required) make themselves available to give evidence at the hearing.

Although some organisations delay the bringing of any disciplinary action pending the outcome of any criminal prosecution, the Council will seek to deal with any disciplinary matters using the appropriate processes.

Should it be the case that criminal action presents itself as an option, this decision will be fully explored and subject to the Council's Fraud Prosecution Policy.

Should fraud be proven, the Council will make every effort to recover any monetary losses. The method of doing so may vary depending on the type of loss and relevant legislation, however all options will be explored including civil court proceedings and in the case of criminal prosecution, proceedings brought under The Proceeds of Crime Act 2002.

Anti-Bribery Policy

Objective of this policy

This policy provides a coherent and consistent framework to enable Epping Forest District Council (EFDC) Members and employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable Members and employees to identify and effectively report a potential breach.

We require that Members and all staff, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and safeguard the organisation's resources for which they are responsible
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.

Scope of this policy

This policy applies to all the Council's activities. For partners, joint ventures, agents, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all business units and corporate functions.

This policy covers all staff, including all levels and grades, those permanently employed, temporary agency staff, contractors, agents, elected Members, co-opted members of the public, volunteers and consultants.

The Council's commitment to action

The Council commits to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making all Members and employees aware of their responsibilities to always adhere strictly to this policy
- Raising awareness and where appropriate offer training so Members and employees can recognise and avoid the use of bribery by themselves and others
- Encouraging its Members and employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to Members and employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

Facilitation payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials to secure or expedite actions.

Gifts and hospitality

This policy does not change the requirements of our gifts and hospitality policy. This makes it clear that:

Sample tokens of modest value (for example, pens, diaries, or calendars) whether given personally, or received in the post, may be retained unless they could be regarded as an inducement or reward.

You should refuse the offer or invitation (or return the gift) unless your Service Director has advised you that it may be accepted or retained. This agreement needs to be documented.

Public contracts and failure to prevent bribery

One of the main changes introduced by the Public Contracts Regulations 2015 is that a company will no longer face permanent debarment (referred to as an 'exclusion' in the 2015 Regulations) from bidding for public contracts following a corporate conviction for certain economic crimes. Instead, a company will face a period of debarment and will be able to recover eligibility to bid for public contracts if it has undergone a 'self-cleaning' process.

Member and Staff responsibilities

All Members and staff are required to avoid activity that breaches this policy. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control.

Members and staff must:

- ensure that they read, understand, and comply with this policy
- raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred or may occur in the future.

Staff

As well as the possibility of civil action and criminal prosecution, staff who breach this policy may face disciplinary action, which could result in summary dismissal for gross misconduct. Dismissal can still be an outcome with or without civil action or criminal prosecution.

Members

The Member Code of Conduct requires that where a Member acts as a representative of the Council he or she must not use or attempt to use their position as a Member improperly to confer on or secure for them self or any other person, an advantage or disadvantage.

Allegations against a Member for breach will be routed through the Standards complaints process administered by the Monitoring Officer.

Raising a concern

This Council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want Members and every member of staff to know how they can raise concerns.

We all have a responsibility to help detect, prevent, and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

Preferably the disclosure will be made and resolved internally (e.g., to a Service Manager/Service Director or the Head of Internal Audit). Secondly, where internal disclosure proves inappropriate, concerns can be raised with the External Auditor or relevant professional bodies or regulatory organisations.

Concerns can be reported anonymously. In the event that an incident of bribery is reported, we will act as soon as possible to evaluate the situation. We have a clearly defined Anti-Fraud and Corruption Strategy which sets out procedures for investigating fraud, misconduct, and non-compliance issues and these will be followed in any investigation of this kind.

Members and staff who refuse to accept a bribe, or those who raise concerns can understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

The Council is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery, or because of reporting a concern in good faith.

Appendix 3

Anti-Money Laundering Policy

Introduction

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.

A key difference is that relevant persons are obliged to adopt a more risk-based approach towards anti-money laundering, in particular in how they conduct due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017.

Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements. Epping Forest District Council is committed to the highest possible standards of conduct and has, therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

Scope of the Policy

This policy applies to all employees and contractors, whether permanent or temporary, and Members of the Council.

Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside work should contact the Police.

Definition of Money Laundering

The most common motive for crime is financial gain or to obtain valuable property. Whenever criminals do anything with that financial gain or criminal property, they 'launder' it. Money laundering offences are serious; they carry sentences of up to 14 years imprisonment, but criminals and their associates still commit them every day.

Money laundering is the process by which criminals try to hide the origin of the proceeds of their crimes, making it look as if those proceeds were acquired legitimately. In doing so, criminal property obtained unlawfully is turned into property or money that can be accessed via legitimate methods without arousing suspicion. In other words, 'laundering' is the process of turning 'dirty' money into 'clean' money.

Money laundering has three distinct phases. They are:

- Placement: the movement of criminally obtained money into the wider economy.
- Layering: undertaking transactions (perhaps bogus) to conceal the origin of the money; and
- Integration: making it look as if money has come from a legitimate source.

Two distinct offences affect employees, contractors, and Members of the Council

- Failure to disclose one of the offences listed above, where there are reasonable grounds for knowledge or suspicion.
- Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.

Although the term 'money laundering' is generally used to describe the activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

Successful money laundering means criminals can enjoy the fruits of their criminality and fund further criminal activity. Stopping money laundering disrupts organised crime by removing the lifeblood of the 'business' and prevents low level criminals from moving up into major level crime.

Requirements of the Money Laundering Legislation

The main requirements of the legislation are:

- To appoint a money laundering reporting officer.
- Maintain client identification procedures known as know your customer (KYC) and know your business (KYB).
- Implement a procedure to enable the reporting of suspicions of money laundering.
- Maintain record keeping procedures.

The Money Laundering Reporting Officer (MLRO)

The Council must appoint an MLRO to act as the focal point within the organisation for money laundering matters. The MLRO is responsible for:

- receiving disclosures from other staff; and
- deciding whether disclosures should be passed on to National Crime Agency (NCA).

The MLRO must keep copies of all disclosures received by them, notes of action taken and copies of all correspondence with NCA and other agencies.

Identifying and disclosing suspicious transactions

Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all are familiar with their legal responsibilities; serious criminal sanctions may be imposed for breaches of the legislation.

A key requirement is for every-one to promptly report any suspected money laundering activity to the Money Laundering Reporting officer (MLRO)

Possible Signs of Money Laundering

It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something "odd" is happening may be sufficient for a reasonable suspicion of money laundering to arise. The following are the types of risk factors which may, either alone or cumulatively with other factors suggest the possibility of money laundering activity:

- A new customer with no previous history with the Council
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation
- Concerns about the honesty, integrity, or identity of a customer
- Illogical third-party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts
- Involvement of an unconnected third party without logical reason or explanation
- Payment of a substantial sum in cash
- Overpayments by a customer
- Absence of an obvious legitimate source of the funds
- Movement of funds to and from overseas
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations
- Cancellation or reversal of an earlier transaction
- Cash transactions made that are significantly outside of normal expectations

Epping Forest District Council will consider the threats to Council being used by money launderers and put systems in place to guard against them. Policies and procedures should be laid out clearly so that all relevant staff understand and have access to them.

The officer nominated to receive disclosures about money laundering activity within the Council is the Section 151 Officer Andrew Small. He can be contacted as follows:

Andrew Small - Section 151 Officer / Strategic Director
 Civic Offices
 Epping
 Essex
 CM16 4BZ

Email: asmall@eppingforestdc.gov.uk

In the absence of the MLRO, Christopher Hartgrove the deputy MLRO (also the deputy Section 151 Officer) should be contacted in their absence on Extension 2532 or by email at: chartgrove@eppingforestdc.gov.uk

All suspicions should be reported directly to the MLRO or his deputy using the relevant documentation, which can be found at Appendix Four of this document.

Client Identification Procedures

The Council has developed formal client identification procedures which must be followed when Council land or property is being sold. These procedures require individuals and if appropriate, companies to provide proof of identity and current address (KYC).

All verification documents are capable of being forged and can be bought over the internet. For this reason, industry guidance usually recommends face-to-face meetings with new clients. Excuses for non-attendance and excuses for missing documents should be explored and treated with some scepticism.

The Council must identify its customers and verify that identity based on documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust. Finally, the Council must obtain information on the purpose and intended nature of the business relationship. The MLR 2017 introduces the need for the Council to consider both customer and geographical risk factors in deciding what due diligence is required.

If satisfactory evidence is not obtained at the outset of a matter, then the transaction must not be progressed, and a disclosure report must be submitted to the Money Laundering Reporting Officer.

The Council is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Council's knowledge of the customer and keep the information about the customer up to date.

Enhanced Customer Due Diligence and Ongoing Monitoring

In certain circumstances, it will be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:

- The customer has not been physically present for identification purposes; or
- In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data, or information.

Similarly, where the Council is in an ongoing business relationship with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must:

- scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council's knowledge of the customer and their business and risk profile
- keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up to date.

All personal data must be collected, kept, or destroyed in compliance with the General Data Protection Regulation and The Data Protection Act 2018.

For the Council to be as effective at combatting this type of crime as possible, the following measures should be implemented wherever possible:

- No payment to the Council should automatically be accepted in cash (including notes, coins, or travellers' cheques in any currency) if it exceeds £10,000. This can be a single transaction, or a group of related transactions. However, it is important to be vigilant when receiving any cash payment over £1,000. This does not, however, mean that cash transactions below this value will be valid and legal and should not arise any suspicion. Professional scepticism should always remain.
- Staff who collect cash payments are asked to provide the details of any cash transaction over £10,000 to the MLRO so that precautionary checks can be performed. It is best practice to insist on payment by cheque or electronically from a UK clearing bank.
- The Council, in the normal operation of its services, accept payments from individuals and organisations. If an employee has no reason to suspect or know that money laundering activity is taking/has taken place and if the money offered is less than £10,000 in cash as payment or part payment for goods/services offered by the Authority, then there is no need to seek guidance from the MLRO. If a member of staff has reasonable grounds to suspect

money laundering activities or proceeds of crime, or is simply suspicious, the matter should still be reported to the MLRO. If the money offered is £10,000 or more in cash, then payment must not be accepted until guidance has been received from the MLRO even if this means the person must be asked to wait.

- Any officer involved in a transaction of this kind should ensure that the person provides satisfactory evidence of their identity personally, through passport/photo driving licence plus one other document providing evidence of current address in the form of a bank statement, credit card statement, mortgage or insurance details or a utility bill covering the previous 3-month period. Where the other party is a company, this can be done through company formation documents or business rate bill.

Reporting Procedure for Suspicions of Money Laundering

Where you know or suspect that money laundering activity is taking/has taken place or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within “hours” of the information coming to your attention, not weeks or months later.

Your disclosure should be made to the MLRO using the disclosure report; the report must include as much detail as possible including

- Full details of the people involved
- Full details of the nature of their/your involvement.
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent.
- Where they took place.
- How they were undertaken.
- The (likely) amount of money/assets involved.
- Why, exactly, you are suspicious.

Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

Once you have reported the matter to the MLRO you must follow any directions he may give you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise, you may commit a criminal offence of “tipping off”.

Do not, therefore, make any reference on a client file to a report having been made to the MLRO –

should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

Consideration of the disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of it. They should also advise you of the timescale within which he expects to respond to you.

The MLRO will consider the report and any other available internal information they think relevant e.g.:

- reviewing other transaction patterns and volumes.
- the length of any business relationship involved.
- the number of any one-off transactions and linked one-off transactions.
- any identification evidence held.

And undertake such other reasonable inquiries they think appropriate to ensure that all available information is taken into account in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether he needs to seek consent from the NCA for a particular transaction to proceed.

Where the MLRO does so conclude, then they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless they have a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then they must note the report accordingly; they can then immediately give their consent for any ongoing or imminent transactions to proceed.

In cases where legal professional privilege may apply, the MLRO must seek independent legal advice or consult with an Accredited Financial Investigator to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

All disclosure reports referred to the MLRO and reports made by him to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

The MLRO commits a criminal offence if they know or suspect, or has reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering, and they do not disclose this as soon as practicable to the NCA.

Training

Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training.

Additionally, all employees and Members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the Council and themselves.

Notwithstanding the paragraphs above, it is the duty of officers and Members to report all suspicious transactions whether they have received their training or not.

Additional Information can be obtained from:

- <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance>

Appendix 4

Money Laundering Reporting Form

CONFIDENTIAL
Report to the Money Laundering Reporting Officer (MLRO)
Report of Suspected Money Laundering Activity

To: Money Laundering Reporting Officer (Epping Forest District Council)

From:

Name of Staff Member Reporting Suspicion	
Job Title	
Service Area	
Telephone Number (inc. any extension)	
Email address	

Details of Suspected Activity

Name and address of ALL persons involved If a company / public body, please include details of the nature of their business	
Nature, value, timing of activity involved Please include full details (what, when, where and how)	Continue on a separate sheet if necessary)
Please explain the nature of your suspicions regarding such activity in as much detail as possible.	Continue on a separate sheet if necessary
Has any form of investigation been undertaken? If, Yes, please explain what.	Continue on a separate sheet if necessary
Have you discussed your suspicions with any other person? If so, whom?	
Have you consulted any Regulatory / Supervisory Body (e.g., The Law Society)	

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described above. To do so, may constitute the offence of “tipping off” which can carry, upon conviction a maximum penalty of 5 years imprisonment.

Signed..... Date.....

For Completion by MLRO (EFDC)

Date SAR Received	
Date SAR acknowledged	
Unique Case Reference Number	
Are there reasonable grounds to suspect money laundering activity?	
If Yes, confirm date of report made to NCA	
Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be a prohibited act? If yes, please give full details.	
Date consent received from the NCA	
Date consent given to employee for the transaction to proceed.	

If there are reasonable grounds to suspect money laundering but you have not or do not intend to report the matter to the NCA, please set out the reasons for non-disclosure	
Date consent given by you to the employee for the transaction to proceed	

Signed..... Date.....

THIS REPORT TO BE RETAINED FOR A MINIMUM OF FIVE YEARS

Epping Forest District Council
Local Code of Governance
~~November 2022~~ **February 2024**

Introduction

1. Epping Forest District Council has agreed a Code of Corporate Governance which reflects the key components set out within the framework produced in April 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) entitled “Delivering Good Governance in Local Government” (the framework).
2. Corporate governance is the system by which local authorities direct and control their functions and relate to their communities. It is essential that the Council meets the highest standards and that their governance arrangements are demonstrably sound.
3. The Framework is intended to help the Council to review and demonstrate that its approach to governance ensures that resources are directed in accordance with agreed policy and priorities and there is effective decision making and clear accountability to the public.
4. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 also require the Council to conduct an annual review of the effectiveness of its system of internal control which is published with its Statement of Accounts. This code provides the framework for such annual reviews.

Requirements of the framework

5. The Council is required to test their Governance structures against the principles contained in the framework by:
 - Reviewing existing governance arrangements
 - Having an up-to-date Code of Governance including its arrangements for ensuring ongoing effectiveness; and
 - Reporting annually on compliance with the code and how they have monitored the effectiveness of their arrangements
6. This Code sets out in tabular form the Council’s approach to governance and the arrangements it has in place against which annual reporting will take place. The Code tables also set out how the Councils arrangements comply with the core and sub-principles set out within the framework.

The Core Principles of good governance

7. The framework defines seven Core Principles. The Council will:
 - (1) behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.
 - (2) ensure openness in its culture and engage comprehensively with stakeholders, citizens, and service users.
 - (3) have a clear vision and defined desired outcome in terms of sustainable, social, and environmental benefit.

A

- (4) have in place interventions necessary to optimise the achievement of its intended outcomes.
 - (5) develop its capacity and capability of its leadership and staff
 - (6) manage its risk and performance through robust internal control and strong public finance management.
 - (7) implement good practice in transparency, reporting, and audit to deliver effective accountability.
8. Appendix 1 to this Code demonstrates the Council's response to these Core Principles

Annual Reporting

9. In accordance with the Framework, the Council will report annually on the extent to which they comply with this Code. This is currently within the Terms of Reference of the Audit and Governance Committee. This may change from time to time, but reporting will be on an annual basis.

Key Policies in Corporate Governance

10. The key policies and procedures that have been considered in the formulation of this Code are listed below:

The Council Constitution

~~Corporate Plan 2018-2023~~ **Corporate Plan 2023-2027**

Local Plan 2011-2033

Financial Regulations and Associated Guidance

Treasury Management Policy

Procurement Rules

Scheme of Delegation

Human Resource policies

Members/Officers Code of Conduct

Confidential Reporting Policy (Whistle Blowing)

Anti-Fraud and Corruption Strategy

Risk Management Strategy

~~Consultation Strategy~~

Health and Safety Policy

Data Protection Policy

Freedom of Information Policy

Equalities Impact Assessments

~~Leisure and Cultural Strategy~~ **Health and Wellbeing Strategy 2022-2026**

Customer Complaints Policy

Data sharing agreements

Annual Governance Statement

1(a) Behaving with Integrity

The Council does this by:

- Having in place an agreed Code of Conduct for members and staff which includes provisions that require a further perception test on members when acting in the public interest.
- Having in place well-structured and transparent decision-making processes and delegation arrangements
- Adoption of the Nolan Principles of Standards in Public Life and annual standards training given to all members, together with interest declarations at meetings
- Corporate Governance Group meeting on a monthly basis to consider governance and integrity issues
- Regularly reviewing its policies to ensure that they remain effective
- Regular meetings of Leadership **Executive** Team (**ET**) and Cabinet Councillors (Cab) to ensure coherent political direction.
- Established staff procedures through HR; regular one to one's for all staff, methods of appeal and disclosure forms for staff interests

1(b) Demonstrating Strong Commitments to Ethical Values

The Council does this by:

- Appointing experienced Section 151 / Monitoring Officers with appropriate qualifications and seniority within the Council to promote ethical values
- Council appointing a Standards Committee with Independent Persons
- Established processes for quickly investigating complaint / ethical standards issues.
- Providing advice on ethical standards to Parish and Town Councils.
- A supported, effective, and regularly reviewed whistleblowing policy.
- Promoting ethical values through standard contract documentation.

1(c) Respecting the Rule of Law

The Council does this by:

- A modern, up to date, Constitution that is subject to regular review.
- Ensuring all decision-making reports containing relevant legal constraints.
- Ensuring decisions are only taken after advice from appropriate officers.
- Section 151 / Monitoring Officers are part of report clearing process.

- Reporting breaches of legal / regulatory provisions through Corporate Governance Group and Audit and Governance Committee.

2(a) Openness

The Council does this by:

- Responding to FOI (Freedom of Information) and data access requests in accordance with legal provision.
- Using open data standards in on-line data sites including spend and contract information
- Publishing an FOI publication scheme
- Publishing on-line and properly documenting all decisions taken by the executive.
- Maintaining a list of decisions due to be taken by the Cabinet including transparency / notice of those decisions to be taken in private session.
- Webcasting of all Executive, Audit, Planning and Overview & Scrutiny Committee meetings
- Maintaining an effective website
- Making publicly available agenda of and clear minuting of all meetings in accordance with statutory regulations.
- Ensuring that any emergency decisions made by the Chief Executive (Head of the Paid Service) follow constitutional arrangements

2(b) Engaging comprehensively with institutional stakeholders

The Council does this by:

- Developing formal partnerships / making arrangements where an effective business case can be demonstrated.
- Attending and participating in meetings with other local authorities under 'duty to cooperate'
- Engaging with local organisations by officer attendance / participation
- Appointing Members to other community organisations that request it.
- By monitoring and maintaining an effective record of the partnerships we participate in
- By providing effective 'critical friend' challenge through the Council's scrutiny processes.

2(c) Engaging with individual citizens and service users effectively

The Council does this by:

- Having a consultation policy and plans
- Ensuring meaningful consultation takes place during key service changes.
- Ensuring statutory consultation processes are followed and consistently applied
- Using a combination of communication methods to engage with citizens
- Having clear compliment and complaint procedures
- Ensuring the Council and its Members take account of consultation in the context of its decision making and the financial impact on taxpayers.

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The Council does this by:

- A corporate plan that has a clear vision of the economic, social and environment of the district, with supporting business/service plans
- An ~~draft~~ **adopted** local plan that supports the Council's vision
- Full engagement with the Epping Forest Community Safety Partnership
- A Leisure and Cultural **Health and Wellbeing** Strategy approved by partners
- That decision making takes account of these effects on its residents and paying due regard to the public sector equality duty
- By ensuring the Council provides fair access to the services it provides
- A developed vision for the ongoing post-pandemic recovery of the district

4. Determining the interventions necessary to optimise the achievement of intended outcomes

The Council does this by:

- Decision making processes that receive objective and rigorous analysis including involvement of the Monitoring Officer and the Section 151 Officer
- Processes that take account of service users when making decisions
- Retaining control over preparation of strategic and operational plans
- Monitoring regimes for task and finish management
- A demonstrable corporate approach to project management
- A Corporate Plan with key objectives that are measurable

- Key Performance Indicators that are measurable / SMART and take account of Council's objectives
- Regular reviews of the Councils Medium Term Financial Plan against Council priorities
- A robust budget preparation process that reflects the Council's objectives and the medium-term financial plan.

5. Developing the Councils capacity and capability of its leadership and staff

The Council does this by:

- That the Council operations, performance, and use of its assets are reviewed regularly to ensure their effectiveness
- That appropriate benchmarking is used in assessing whether outcomes can be achieved
- Participate in partnerships where there is a sound business case that it will add value
- Having an effective workforce plan to enhance resource allocation
- Having clear systems of decision making and effective delegation schemes
- The Leader/ Chief Executive / Directors have clearly defined leadership roles
- Statutory Officers having the qualifications, skills, resources and support necessary to perform effectively in their roles
- Job descriptions with candidate specifications, and using interviews and tests during the recruitment process to assess the ability of candidates to carry out the duties set out in the job description
- Members and staff have appropriate induction processes, access to personal development appropriate to their roles; staff have regular one to ones and access to arrangements to maintain their health and wellbeing.

6 Managing Risk and Performance

The Council does this by:

- Ensuring risk management is an integral part of the Councils activities and decision making
- Having robust and integrated risk management arrangements with regular and dynamic consultation of risk by Leadership Team
- Clear responsibilities for managing individual risks and Risk Registers that allocate responsibility against each risk
- Ensuring services / projects are effectively monitored at planning, specification, execution, and post implementation stages by having a Project Management Office that is responsible for tracking projects.

- an effective Overview and Scrutiny function to provide constructive challenge on policy and performance
- Councillors receiving regular reports on Service / Council delivery plans
- Having counter fraud and anticorruption arrangements in place and an established Corporate Fraud Team and whistleblowing policy
- An effective Internal Audit function to provide assurance on governance / risk management and control
- An Audit and Governance Committee that is independent of the Cabinet providing additional assurance with the power to ensure its recommendations are listened to and acted upon
- Having effective arrangements in place for the safe management of data particularly data sharing with other bodies and a designated data protection officer.
- Effective financial management systems that include management of financial risks.

7 Transparency, reporting and auditing

The Council does this by:

- Having a defined process to ensure that reports for the public / stakeholders are fair, balanced, and easy to access and understandable for the audience
- Reporting regularly on performance and on use of resources
- Requiring managers to produce annual assurance statements
- Ensuring that Management and Members have clear lines of responsibility for the performance results
- Preparing an annual governance statement on the robustness of this framework
- Having processes to ensure external / internal audit recommendations are acted upon / responded to by managers and the Council
- Having effective internal audit and annual audit programs that are accessible for member scrutiny and tracked subsequently.
- Ensuring arrangements are in place for confidential reporting (“whistleblowing”) which are published to staff

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Date of meeting: 15 February 2024

Portfolio: Leader of the Council

Subject: Audit and Governance Committee Effectiveness Update

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services Officer: Laura Kirman

Recommendations/Decisions Required:

- (1) work on the Audit and Governance Committee's action plan be noted.

Executive Summary:

The 2022/23 annual report of the Audit and Governance Committee included a review of its effectiveness, which concluded that the Council could demonstrate compliance with recommended best practice for an effective audit committee. The outcomes of the review of effectiveness resulted in an action plan being developed. This report shows that progress is being made against the action plan.

Reasons for Proposed Decision:

The effective operation of the Audit and Governance Committee forms a key element of the Council's assurance framework. Following a review of its effectiveness the Audit and Governance Committee produced an action plan in July 2023 to ensure compliance with CIPFA (Chartered Institute of Public Finance and Accountancy) guidance. This report shows progress being made against the action plan.

Other Options for Action:

None.

Report:

Background

At its 27 July 2023 meeting the Audit and Governance Committee agreed its annual report for 2022/23. The report also contained a review of its effectiveness, and the Committee noted the associated action plan as detailed in table 1.

Table 1 – Action Plan included in the 2022/23 Annual Report

Area	Description	Action owner and proposed timetable
------	-------------	-------------------------------------

Skills and knowledge analysis	A skills and knowledge analysis of the Committee should be undertaken. As well as shaping the training plan, evidence of the assessment and delivery of training will support the profile of the committee – for example, by including it in the annual report.	The Chief Internal Auditor to facilitate the review now the membership of the Audit and Governance Committee has been confirmed after the May 2023 elections.
Training and awareness	The Audit and Governance Committee identified the following area where further training was required: <ul style="list-style-type: none"> • risk management and assurance frameworks. 	The Chief Internal Auditor, in conjunction with the Audit and Governance Chair, to devise a training and awareness programme for the Committee, open to all councillors where appropriate, as part of the skills and knowledge analysis described above.
Remit	Appendix C identified a number of areas where the Audit and Governance Committee's role may require clarification: <ul style="list-style-type: none"> • Council's compliance with CIPFA's Financial Management Code • Outcomes from the 2023 External Quality Assessment of Internal Audit • If additional assurances regarding performance management and value for money are required • How the Committee can support the Council's ethical framework 	The Chief Internal Auditor, using a checklist approach, determine how the Audit Committee gain their assurances against the CIPFA 2022 Audit Committee guidance to identify any gaps or weaknesses. To be reported to the 29 September 2023 meeting.
Audit	Provide opportunities for the Audit and Governance Committee to meet in private with the Internal and External Auditors	Democratic Services to arrange for the Audit and Governance Committee to meet in private with the Chief Internal Auditor and the External Audit partner ahead of Committee meetings during 2023/24.

The rest of this report sets out progress to date against the four areas detailed in the above table.

Skills and Knowledge Analysis/Training and Awareness

Internal Audit will facilitate a skills and knowledge analysis of the Audit and Governance Committee after the May 2024 elections and produce an anonymised summary of the results. In the meantime preparations are being made to recruit to the two vacant posts of independent members of the Committee. Once recruited they will be included in the skills and knowledge analysis.

The results from the skills and knowledge analysis (once completed) will help inform a training programme for the Committee, which will be open to all councillors. Typically, training events take place just ahead of each Audit and Governance Committee meeting and are facilitated by the Head of Internal Audit.

The training programme for 2023/24 is detailed below:

- November 2023 – Assurance frameworks
- January 2024 – Risk Management
- March 2024 - How the Internal Audit Plan for 2024/25 was developed, combined with a private meeting between the Committee and the Head of Internal Audit

Audit and Governance Committee’s Remit

The table below sets out the explicit areas where the Committee’s remit and assurance provision needed greater clarification.

Table 2 - Remit

Area	How the Committee gains (or will gain) assurance
Council’s compliance with CIPFA’s Financial Management Code	<p>This action forms part of the Annual Governance Statement (AGS) action plan, progress against which is periodically reported to the Committee.</p> <p>The Head of Internal Audit is working with the Interim Chief Financial Officer on an appropriate assessment tool to ensure the Council can demonstrate compliance with the Code. If there are deficiencies, an action plan will be developed to address the issues. If an action plan is required, it will be presented to the Committee for adoption.</p>
Outcomes from the 2023 External Quality Assessment of Internal Audit	<p>This was reported to the Committee on 30 November 2023 as part of the Internal Audit progress report. This confirmed the Internal Audit service fully conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA (Chartered Institute of Public Finance and Accountancy) Local Government Application Note.</p>
If additional assurances regarding performance management and value for money are required	<p>The primary focus of the Committee is on the Council’s arrangements for ensuring value for money rather than reviewing the actual performance achieved. The Committee should avoid any overlap with the scrutiny function. The Committee receives its assurance from the following sources, therefore, additional assurances are not required:</p> <ul style="list-style-type: none"> • The Internal Audit Plan includes value for money

	<p>aspects within the planned audits.</p> <ul style="list-style-type: none"> • The AGS indicates how effectively the value for money aspect of governance is operating in practice. • Output from the risk management arrangements may highlight risks to value for money. • One area where the Committee should receive assurance on the adequacy and effectiveness of value for money arrangements is from the Council's external auditors. However, there has been no value for money conclusion from the Council's External Auditors since 2020/21 due to the national backlog
How the Committee can support the Council's ethical framework	<p>There are a number of assurances in place, therefore, additional assurances are not required:</p> <ul style="list-style-type: none"> • Assurance over ethics will come from Internal Audit or from other sources of assurance, particularly for the annual review underpinning the AGS. • Awareness of the Council's key arrangements to uphold ethical standards for both councillors and staff (e.g. code of conduct). • Awareness of the Monitoring Officer's and the Standards Committee role with regards to councillors • Periodic review of the Council's whistleblowing procedure • The Head of Internal Audit's annual report summarises all whistleblowing cases and during the year these are noted in the progress reports
Provide opportunities for the Audit and Governance Committee to meet in private with the Internal and External Auditors	<p>It is proposed that the Committee meets privately with the Head of Internal Audit ahead of the March 2024 Committee meeting. A private meeting with External Audit will depend on their availability.</p>

Resource Implications:

There are none.

Legal and Governance Implications:

To comply with CIPFA guidelines and as part of the process for gathering evidence for the production of the Annual Governance Statement, the Council is required to review the effectiveness of its Audit Committee. This review of actions agreed in July ensures that the Council fulfils the requirements of the Accounts and Audit (England) Regulations 2015.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group

Risk Management

The Audit and Governance Committee has a pivotal role in how the Council delivers good governance. The purpose of the Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance process and reviewing the effectiveness of these arrangements.

Background Papers:

Minutes of the Audit and Governance Committee.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. There are no equality implications arising from the recommendation of this report as it is an update on the Committee's effectiveness review.

Appendix A: ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE 2022/23

INTRODUCTION

The purpose of the Audit Committee is to:

- provide independent assurance to the Council in respect of the effectiveness of the Council's governance arrangements, risk management framework and the associated control environment; and
- independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.

Whilst there is no statutory obligation for a local authority to establish an audit committee, they are widely recognised internationally across the public and private sectors as a key component of effective governance. Similarly, it is considered good practice for the Committee to report annually to the Council on its work.

The key benefits of an effective audit committee are:

- increasing awareness regarding the effectiveness and continued development of the Council's governance arrangements.
- providing additional assurance on the robustness of the Council's governance arrangements through a process of independent and objective review.
- reducing the risks of illegal or improper acts.
- increasing public confidence in the objectivity and fairness of financial and other reporting.
- contributing to performance improvements in assurance levels and awareness of the need for strong internal control including the implementation of audit recommendations.
- reinforcing the importance and independence of internal and external audit and similar review processes.

1. ASSURANCE ACTIVITY 2022/23

To help the Committee draw conclusions about the effectiveness of the Council's internal control framework, governance, and risk management it gained assurances from the following sources:

Internal Audit

The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective internal audit which is discharged by the Section 151 Officer. Internal Audit is a key source of assurance for both Members and management on the effectiveness of the control framework. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance and has worked with the Chief Internal Auditor to ensure the agreed Audit Plan for 2022/23 was delivered.

The Committee considered and agreed reports regarding the Internal Audit Strategy, Internal Audit Charter, and Annual Plan 2022/23. It has also monitored progress

made by management in implementing audit recommendations and received regular progress reports on the work and performance of Internal Audit. These reports have helped in ensuring that reported weaknesses have either been addressed or the identified risks adequately mitigated by management and that there is an effective system of governance and internal control in place.

Assurance Framework / Annual Governance Statement

The Committee's terms of reference include advising on the effectiveness of the Council's assurance framework including the production of the Annual Governance Statement.

During the year, the Committee has received reports on the control framework and how the annual review and assurance process is undertaken. Members are provided with progress made on the issues raised in respect of the Annual Governance Statement and of the annual service assurance process. The Assurance Framework is compiled from various sources of assurance, for instance Directors, managers, and other key officers.

The Chief Internal Auditor provides an annual report and opinion regarding the Council's control framework. This opinion is considered by the Committee alongside other sources of assurance.

The Committee reviewed the Annual Governance Statement (AGS) for 2021/22 which identified governance issues requiring further ongoing improvement or oversight relating to:

- Economic issues due to national and global events leading to a volatile economic situation.
- Statement of Accounts – as nationally councils continue to have difficulties in getting their final accounts audited, including Epping Forest.
- Financial Management Code Review – need for an assessment to ensure the Council can demonstrate compliance against the CIPFA Code.
- Business Continuity – to ensure plans are in place, maintained and periodically tested.
- Financial Regulations review to ensure they remain up to date.

The assurance framework remained unchanged during 2022/23. The Council's Code of Corporate Governance was reviewed by the committee in November 2022 to ensure it remains compliant with the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. Only minor changes were proposed (and agreed) to ensure it was still up to date, in line with good practice and fit for purpose.

The Committee was able to satisfy themselves that there is a robust assurance framework in place to safeguard the Council's resources through reliance on the annual review of the Council's system of internal control and the Chief Internal Auditor's annual opinion.

Anti-Fraud and Corruption

Countering fraud and corruption is the responsibility of every Member and officer of the Council. The Committee's role in this area has been to monitor and support the actions taken by officers to counter fraud, particularly as the Council has its own in-house Corporate Fraud Team, who work in tandem with Internal Audit.

The Committee receives reports and presentations on such work undertaken in the Council and proactive fraud work, for example participation in the National Fraud Initiative (NFI).

The Council continues to send out a strong message that fraud will not be tolerated and that where fraud is proven the strongest possible actions of redress will be taken.

Based on the work to date, and the implementation of recommendations coming out of investigations undertaken by the Corporate Fraud Team and Internal Audit, the Committee concludes that there is a sound anti-fraud and corruption framework in place. The Council's anti-fraud and corruption strategy was approved by Council, following approval by the Audit and Governance Committee in November 2022.

Risk Management

The Committee receives and discusses reports relating to risk management. Work continues to enhance monitoring and reporting mechanisms to ensure there is adequate scrutiny and challenge of risk across the Council and aligning this with the service planning process.

Committee members are routinely presented with the corporate strategic risk register. A rolling review of service risks will commence in 2023/24 as the risk management framework, including the format of risk registers, was refreshed during 2022/23.

Treasury Management

In accordance with its Terms of Reference, the Committee reviewed the Council's Treasury Management Strategy and considered the risks associated with the Council's treasury activity and how these are managed. The Committee also considered progress reports on the treasury management function and performance against prudential indicators.

Statement of Accounts and External Auditors

Annually the Committee should review and formally approve the Council's Statement of Accounts for the previous financial year. This would normally take place at the June/July meetings. However, this has not been the case for Epping Forest (and many other local councils) as reported above in the Assurance Framework / Annual Governance Statement section.

However, the Committee has been kept abreast of the situation and had to opportunity to challenge the Council's External Auditors (Deloitte) when they attended the September 2022 meeting.

2. COMMITTEE WORKING ARRANGEMENTS

The Committee has a rolling and flexible programme of work for its main areas of activity which is proactively reviewed and amended throughout the year to reflect changes in policies, priorities, and risks. The Committee met five times in 2021/22. The Committee considered items which are presented annually, such as audit results, the draft statement of accounts, the annual governance statement, and audit plans; as well as a number of other items including treasury management as these fall under the committee's remit.

The Committee's work plan is supplemented with periodic bespoke training. For 2022/23, this was on the role of Audit and Governance Committee. In March 2023 the Committee undertook its own effectiveness review which is detailed later in this report.

The Committee helps demonstrate its independence by having two co-opted persons. A recruitment campaign during 2022/3 was unsuccessful to recruit to the one vacant co-opted post and will be undertaken again in 2023/24.

The Committee has the benefit of being well supported by Council officers. This includes the Section 151 Officer, the Monitoring Officer, and the Chief Internal Auditor as well as the Council's external auditors.

There have been no reported major breakdowns in internal control, governance and risk management that have led to a significant loss in one form or another, nor any major weakness in the governance systems that has exposed, or continues to expose, the Council to an unacceptable level of risk.

The purpose, strategy and work programme of the Committee mitigates against any major failure by the Council to obtain independent assurance in relation to the governance processes underpinning:

- An effective risk management framework and internal control environment including audit.
- The effectiveness of financial and non-financial performance (to the extent that it affects exposure to risk and poor internal control).
- The compilation and consideration of the Annual Governance Statement.

Outcomes / Achievements

Through its work, the Committee's main outcome is in the additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and internal controls.

The Committee has added value through its activity and in particular:

- it has continued with the importance placed upon governance issues, particularly risk management, anti-fraud and the assurances sought that key risks are being mitigated; and
- it has continued to raise the profile of internal control issues across the Council and to seek to ensure that audit recommendations are implemented.

Conclusions

The Committee's remit is achieved firstly through it being appropriately constituted, and secondly by the Committee being effective in ensuring internal accountability and the delivery of audit and a robust assurance framework. The Committee has received and challenged reports including those from internal and external audit.

The agreed work programme enables the Committee to provide independent assurance to the Council as to the adequacy of the risk management framework and the associated control environment.

The Committee has continued to have a real and positive contribution to the governance arrangements of the Council. The Committee's key achievement is in the additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and the control environment.

In order to build upon its achievements to date and to raise awareness of the work of the Committee during the coming year the Committee will focus on the following:

- Continue to review governance arrangements to ensure that the Council adopts best practice.

- Continue to support the work of audit and ensure that appropriate responses are provided to their recommendations.
- Continue to help the Council manage the risk of fraud and corruption.
- Provide effective challenge, particularly to officers, raising awareness of the importance of sound internal control arrangements and giving the appropriate assurances to the Council.
- Consider the effectiveness of the Council's risk management arrangements.
- Provide existing and new members to the Committee with relevant training, briefings etc. to help in discharging their responsibilities.

Report to the Audit & Governance Committee



**Epping Forest
District Council**

Date of meeting: 15th February 2024

Portfolio: Finance & Economic Development

Subject: Treasury Management Quarter 3 Update 2023/24

Responsible Officer: Andrew Small (01992 564278)

Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required:

- (1) To note the Treasury Management Quarter 3 Update 2023/24 (**Appendix A**) and pass comment for full Council.

Executive Summary:

The Council's Treasury Management Strategy (including Investment Strategy) for 2023/24 was considered at a meeting of the Audit and Governance Committee on 13th February 2023 and was subsequently agreed by full Council on 28th February 2023.

In accordance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code 2021 Edition) and generally accepted good practice, the Treasury Management Quarter 3 Update for 2023/24 (presented in **Appendix A**) sets out the Council's actual Treasury Management activity for the first nine months (Quarter 3) of 2023/24 (i.e., April to December 2023).

Appendix A begins by setting the external context for Quarter 3 of 2023/24 by exploring the Economic Background, Financial Markets and Credit Ratings, including a further rise in UK interest rates, reflecting the Bank of England's response to stubborn inflation in the economy.

The Borrowing and Investment position for Epping Forest District Council as at 31st December 2023 shows the following:

- *Borrowing* – external borrowing increased by £11.9 million (from £281.6 million to £293.5 million) during the period April to December 2023; and
- *Investments* – there was a significant increase in investments of £79.3 million (from £14.1 million to £93.4 million) during the same period.

The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also includes within the definition of investments all such assets held partially or wholly for financial return.

The report therefore also considers the Service and Commercial Investments held by the Council. This includes:

- Qualis and Home Assistance service loans (combined value of £54.259 million as at 31st December 2023)
- Commercial Property (Balance Sheet value of £148.483 million as at 31st March 2023); and a
- Qualis Investment Loan (value of £30.0 million as at 31st December 2023).

Appendix A concludes by considering compliance with CIPFA's Treasury Management Code and the Treasury Management Strategy for 2023/24, including Prudential and Other adopted indicators. Compliance with reportable indicators was achieved in all areas in Quarter 3, with available cash at the end of December 2023 well above normal levels following a capital receipt that was received as a consequence of a land disposal at North Weald Airfield.

Reasons for Proposed Decision:

To enable the robust scrutiny the Council's Treasury Management performance in 2023/24 in compliance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code 2021 Edition) 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 in the Public Services: Code of Practice (2021 Edition) published by CIPFA December 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.

Arlingclose Technical Update (revised Prudential and Treasury Management Codes) issued 22nd December 2021.

Treasury Management Strategy (including Investment Strategy) 2023/24 (Audit and Governance Committee, 13th February 2023).

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 Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

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

Treasury Management Quarter 3 Update 2023/24

Introduction

The Council has previously 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.

This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1st April 2023, of quarterly reporting of the Treasury Management Prudential Indicators. The Non-Treasury Prudential Indicators are incorporated within the Council's routine quarterly (revenue and capital monitoring) report.

The Council's Treasury Management Strategy (including Investment Strategy) was considered at a meeting of the Audit and Governance Committee on 13th February 2023 and was subsequently agreed by full Council on 28th February 2023. 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.

External Context: April to December 2023

Economic Background: UK inflation rates have finally started to decline, mirroring the sharp but earlier drop seen in the Eurozone and US. Despite the fall, the Consumer Price Index (CPI) remained substantially in excess in the Bank of England's (BoE) 2.0% target, at 3.9% for November 2023. Market expectations for further rises in the Bank Rate fell from October through to the end of December, indicating that the 5.25% level reached in August 2023 was the peak Bank Rate.

Economic growth in the UK remained weak over the period, edging into recessionary territory. From July to September 2023, the economy contracted by 0.1%, following no change in the previous quarter. Monthly GDP data showed a 0.3% contraction in October 2023, following a 0.2% rise in September 2023. While other indicators have suggested a pickup in activity in subsequent months, October to December 2023 is likely to continue the weak trend.

The BoE's Monetary Policy Committee held the Bank Rate at 5.25% throughout the period. The lagged effect of monetary policy together with staggered fixed-term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, it is the view of Arlingclose that is likely to reverse at some point and spending will struggle.

Financial Markets: Market sentiment and Bond yields remained volatile, but the latter rapidly trended downwards towards the end of 2023 upon signs of sharply declining inflation and economic growth.

Gilt yields fell towards the end of the period. The 10-year UK Benchmark Gilt yield rose from 4.57% to peak at 4.67% in October 2023 before dropping to 3.54% by the end of December 2023. The Sterling Overnight Rate (SONIA) averaged 5.19% over the period.

Credit Review: Arlingclose maintained the advised maximum duration limit for all banks on its recommended Counterparty List to 35 days over the period.

Following the issue of a Section 114 notice, in November 2023, Arlingclose advised against undertaking new lending to Nottingham City Council. After reducing its recommended duration on Warrington Borough Council to a maximum of 100 days in September 2023, the local authority was subsequently suspended from the Arlingclose recommended list following a credit rating downgrade by Moody's.

Heightened market volatility is expected to remain a feature, at least in the near term and the institutions and durations on the Council's Counterparty List recommended by Arlingclose remains under constant review.

Local Context

On 31st March 2023, the Council had net borrowing of £267.5 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

	31/03/23 Actual £m	31/03/24 Forecast £m
General Fund CFR	159.088	200.942
HRA CFR	154.475	161.919
Total CFR	313.563	362.861
Less: Other Debt liabilities	0	0
Borrowing CFR	313.563	362.861
Less: External borrowing	(282.681)	(270.821)
Internal borrowing:	30.882	92.040
Less: Balance Sheet resources	(43.678)	(143.940)
Net Investments	(12.796)	(51.900)

The Treasury Management position as at 31st December 2023 and the change during the first nine months of the financial year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31/03/23 Balance £m	Movement £m	31/12/23 Balance £m	31/12/23 Rate %
Long-term Borrowing	248.6	6.1	254.7	3.3%
Short-term Borrowing	33.0	5.8	38.8	5.5%
Total Borrowing	281.6	11.9	293.5	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0*	5	5	5.1%
Cash and Cash Equivalents	14.1	74.3	88.4	5.1%
Total Investments	14.1	79.3	93.4	
Net Borrowing	267.5	(67.4)	200.1	

*DMADF deposits reclassified from Short-Term to Cash & Cash Equivalents

The Council has experienced relatively unusual cash flows towards the end of the April to December 2023 period. Borrowing increased steadily as planned, but there was a sharp increase in the balance held on Investments, which was not anticipated in the Treasury Management Strategy for 2023/24 (adopted in February 2023).

- **Borrowing** – the further rollout of Development Loans to Qualis necessitated further long-term PWLB borrowing in the early part of the financial year, although there was a (deliberate) temporary shift towards short-term borrowing from Local Authorities pending the anticipated arrival of the North Weald capital receipt (see below) as the period progressed; and
- **Investments** – there was a sharp upswing in Investment balances in December 2023, following the sale of land at North Weald Airfield, which triggered a capital receipt of £88.215 million. Based on Arlingclose advice, the proceeds were temporarily placed into the Government's Debt Management Account Deposit Facility (DMDAF) and Money Market Funds (MMFs) in accordance with the Council's adopted Investment Strategy.

Borrowing Update

Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. 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.

The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB.

Borrowing Strategy

At 31st December 2023, the Council held £293.5 million in loans (an increase of £11.9 million compared to the position as at 31st March 2023), as part of its strategy for funding the Capital Programme. Outstanding loans on 31st December 2023 are summarised in Table 3 below.

Table 3: Borrowing Position

	31/03/23 Balance £m	Net Movement £m	31/12/23 Balance £m	31/12/23 Weighted Average Rate %	31/12/23 Weighted Average Maturity (Years/Days)
Public Works Loan Board	261.6	(1.9)	259.7	3.34%	13.2 Years
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	20.0	13.8	33.8	5.50%	26 Days
Total Borrowing	281.6	11.9	293.5		

The 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. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

As indicated above, further long-term PWLB borrowing has been undertaken in the early part of the financial year (especially to finance on-lending to Qualis), although there has been a subsequent temporary shift towards short-term borrowing from Local Authorities pending the anticipated arrival of the North Weald capital receipt. A proportion of the cash available from the capital receipt is being used to redeem short-term loans as they mature in Quarter 4.

Other Debt Activity

The Council did not raise any other capital finance in the first nine months of 2023/24.

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 the first nine months of 2023/24, as is normal, the Council's investment balances varied due to timing differences between income and expenditure. The Council held £93.4 million in Treasury Investments as at 31st December 2023 as shown in Table 4 below.

Table 4: Treasury Investment Position

	31/03/23 Balance £m	Net Movement £m	31/12/23 Balance £m	30/12/23 Income Return %	31/12/23 Weighted Average Maturity Days
Banks & Building Societies (unsecured)	1.1	1.3	2.4	3.25%	Instant Access
Government (incl. local authorities)	3.0	63.5	66.5	5.23%	23 days
Money Market Funds (MMF)	10.0	14.5	24.5	5.23%	Instant Access
Total Investments	14.1	79.3	93.4		

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.

The table above illustrates the impact of the £88.215 million North Weald Airfield capital receipt received in December 2023 on the money held in Government Investments (including local authorities) and MMF deposits.

The rates on "Debt Management Account Deposit Facility" (DMADF) deposits reduced to 5.20% by the end of December 2023, as well as Money Market rates (typically in the range 5.19% to 5.24%).

Non-Treasury Investments

The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also includes within the definition of investments all such assets held partially or wholly for financial return.

The Council holds a range of both Service and Commercial investments. As at 31st December 2023, active investments included the following:

- *Service Investments*
 - Loans to Subsidiaries (Qualis)
 - Home Assistance Loans
- *Commercial Investments*
 - Commercial Property
 - Loans to Subsidiaries (Qualis).

Service Investments

The total value of Service Investments as at 31st December 2023 was £54.259 million and is summarised in Table 5 below.

Table 5: Service Investments

Description	31/03/23 Balance Owing*	Movement (Q1 to Q3 23/24)	31/12/23 Balance Owing*	Total Approved Limit
	£000's	£000's	£000's	£000's
<i>Subsidiaries (Qualis):</i>				
Working Capital Loan	6,000	0	6,000	6,000
Asset Purchase Loan	14,138	(369)	13,769	16,782
Development Loans	18,333	15,795	34,128	68,218
Regeneration Loans	0	0	0	35,000
Home Assistance Loans (General Fund)	387	(25)	362	150**
Total Value	38,858	15,401	54,259	126,150

* Loss Allowances excluded (calculated annually for Balance Sheet purposes only)

** Capital Programme allocation 2023/24 to 2027/28 (£30,000 annually over five-years).

An additional £16.250 million in Developments Loans have been granted to Qualis in the first nine months of the financial year, which is enabling the continued development of Cottis Lane Multi-Story Car Park and the former Conder site (for Housing). The balance on the Working Capital Loan has remained stable, reflecting the nature of the “revolving credit facility.”

Commercial Investments

The Council also holds significant Commercial Property Investments on its Balance Sheet comprising a diverse portfolio of Shops, Industrial Units, and a range of other property assets. In addition, the Council holds a Commercial Loan with its wholly owned subsidiary, Qualis.

The value and return from the Commercial Property portfolio in Quarter 3 is summarised in Table 6 below.

Table 6: Commercial Property Investments

Category	31/03/23 Balance Sheet Value	Net Income 2023/24 (9 months April – Dec 2023) *** Actual	Net Income 2022/23 (9 months April – Dec 2022) *** (75% Actual)
	£Ms	£Ms	£Ms
	Shops*	93.479	4.554
Industrial Units	38.114	1.033	1.270
Other**	16.890	0.819	1.010
Total Value/Net Income	148.483	6.406	6.580

** Includes Public Houses and a Petrol Station **Includes North Weald Airfield and Sports Facilities*

The Council received total net income of £6.406 million from Commercial Property Investments in the first nine months of 2023/24 (compared to £6.580 million for the corresponding period in 2022/23).

Whilst robust returns have been achieved from Shops in particular so far in 2023/24, there has been a reduction in rental income from Industrial Units, driven by four properties that have been demolished for redevelopment and a further four vacant units.

Rent reviews, combined with inducements such as rent-free periods (temporarily restraining rent receipts in the first six months of the year), means that rental levels on Shops are expected to continue to grow during the latter half of the financial year.

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. The Commercial Property portfolio proved very resilient during the pandemic, but an increase in write-offs cannot be ruled out in the future given the current economic climate.

The Commercial Loan with Qualis had an outstanding balance of £30.0 million as at 31st December 2023 and is presented in Table 7 below.

Table 7: Commercial Loans

Description	Balance Owing 31/03/23	Movement	Balance Owing 31/12/23	Approved Limit
	£000's	£000's	£000's	£000's
Qualis Investment Loan	30,000	0*	30,000	30,000

** 10-Year Maturity Loan (principal repayable upon maturity in September 2030)*

Members should note that, in accordance with the Council's MRP Policy and the prevailing accounting rules at the point at which the Commercial Loan to Qualis was granted (in September 2020), MRP is not provided on this loan. However, the Council has purposely protected its position in the form of a "floating charge" on the underlying commercial assets that were purchased (by Qualis) with the proceeds from the loan.

Compliance

The Strategic Director and Section 151 Officer reports that Treasury Management activities undertaken during the first three months of the year fully complied with the CIPFA Code of Practice.

Compliance with the approved Treasury Management Strategy has been achieved in almost all areas, although available cash has dropped slightly below target levels recently as further borrowing has been minimised in the light of higher interest rates.

Table 8: Investment Limits

Sector	Time limit	Counterparty limit	Sector limit	31/12/23	Complied? (Yes/No)
The UK Government	50 years	Unlimited	N/A	£61.5 million	Yes
Local authorities & other Government entities	25 years	£10 million	Unlimited	£5.0	Yes
Banks (unsecured)*	13 months	£4.0 million	£20.0 million	£2.4 million	Yes
Building Societies* (unsecured)	13 months	£2.0 million	£2.0 million	£0	Yes
Registered Providers* (unsecured)	5 years	£3.0 million	£3.0 million	£0	Yes
Money Market Funds*	N/A	£10.0 million	Maximum of 3 Funds (£10 million each)	£24.5 million (3 MMFs)	Yes

*** Minimum Credit Rating**

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken account of.

Table 9: Debt and the Authorised Limit and Operational Boundary

Description	Q3 2023/24 Maximum	31/12/23 Actual	Operational Boundary 2023/24	Authorised Limit 2023/24	Complied? (Yes/No)
	£000's	£000's	£000's	£000's	£000's
Borrowing	297,598	293,444	443,184	453,184	Yes
PFI & Finance Leases	0	0	0	0	Yes
Total Debt	297,598	293,444	443,184	453,184	Yes

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following Treasury Management Prudential Indicators.

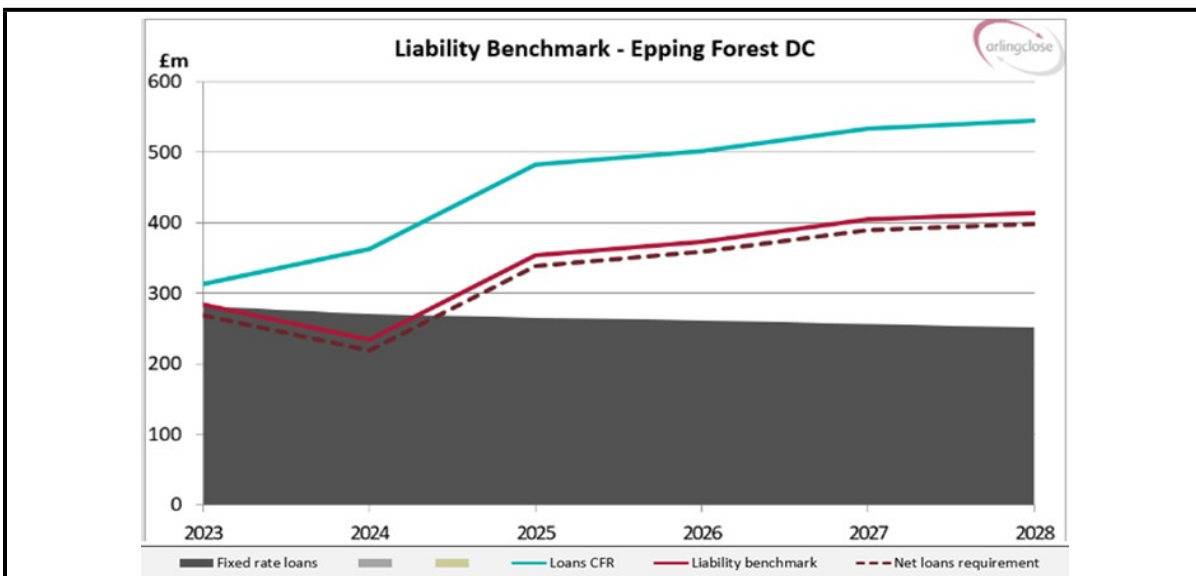
Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a Liability Benchmark that has been calculated to show the lowest risk level of borrowing. The Liability Benchmark is an important tool to help establish whether the Council is likely to be a long-term Borrower or long-term Investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external Borrowing the Council must hold to fund its current capital and revenue plans while keeping Treasury Investments at the minimum level of £15.0 million required to manage day-to-day cash flow.

Description	31/03/23	31/03/24	31/03/25	31/03/26
	Actual £M's	Forecast £M's	Forecast £M's	Forecast £M's
Loans CFR	313.6	362.9	482.1	502.0
Less: Balance Sheet resources	(43.7)	(143.4)	(143.4)	(143.4)
Net loans requirement	269.9	219.5	338.7	358.6
Plus: Liquidity Allowance	15.0	15.0	15.0	15.0
Liability Benchmark	284.9	234.5	353.7	373.6
Existing Borrowing	281.6	270.8	266.2	261.5

Following on from the medium-term forecast above, the long-term (30-year) Liability Benchmark below assumes:

- Minimum Revenue Provision (MRP) on new capital expenditure based on an average asset life of 29 years (covering a range of 7 to 50 years); and
- Income, expenditure, and reserves all increasing by inflation of 2.5% per annum.



Maturity Structure of Borrowing

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

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit	31/12/23 Actual	Complied?
Under 12 months	50%	0%	13%	Yes
12 months and within 24 months	50%	0%	3%	Yes
24 months and within 5 years	50%	0%	4%	Yes
5 years and within 10 years	50%	0%	18%	Yes
10 years and within 15 years	50%	0%	14%	Yes
15 years and within 20 years	50%	0%	44%	Yes
20 years and within 25 years	50%	0%	2%	Yes
25 years and above	50%	0%	2%	Yes

It should be noted that – based on Arlingclose advice – the proposed limits presented above are deliberately wide in range. This is because the indicator is only designed to cover the risk of replacement loans being unavailable, rather than interest rate risk.

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.

Long-Term Treasury Management Investments

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:

	2023/24 (April – Dec)
Actual principal invested beyond year end.	£0
Limit on principal invested beyond year end.	£15.0 million
Complied?	Yes

Additional 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.

	31/12/23 Actual	2023/24 Target	Complied?
Portfolio average credit rating	AA	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.

	31/12/23 Actual	2023/24 Target	Complied?
Total cash available within 3 months	£54.2 million	£15.0 million	Yes

Available cash has increased significantly as a consequence of the North Weald Airfield capital receipt which was received by the Council in December 2023. The operational cash flow needs of the Council have continued to be met without recourse to the use of an overdraft facility throughout the period April to December 2023.

Interest Rate Exposure

The Treasury Management Strategy for 2023/24, considered by the Committee and adopted by the Council in February, included an Interest Rate Exposure Indicator, aimed at controlling the Council's exposure to interest rate risk (setting upper limits on the one-year revenue impact of a 1% rise or fall in interests). The indicator is not a requirement of the Treasury Management Code, although it is a reporting requirement within the Council's Statement of Accounts and is good practice recommended by Arlingclose.

	31/12/23 Actual	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	(133,149)	£96,000	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	133,149	(96,000)	Yes