Public Document Pack

Winchester City Council

Meeting	Audit and Governance Committee
Date and Time	Thursday, 2nd March, 2023 at 6.30 pm.
Venue	Walton Suite, Winchester Guildhall (& a live stream video broadcast available via youtube.com/WinchesterCC)

Note: This meeting is being held in person at the location specified above. Members of the public should note that a live video feed of the meeting will be available from the council's YouTube channel (youtube.com/WinchesterCC) during the meeting.

A limited number of seats will be made available at the above named location however attendance must be notified to the council at least 3 working days before the meeting. Please note that priority will be given to those wishing to attend and address the meeting over those wishing to attend and observe.

AGENDA

PROCEDURAL ITEMS

1. **Apologies**
    To record the names of apologies given.

2. **Disclosure of Interests**
    To receive any disclosure of interests from Members and Officers in matters to be discussed.
    Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, personal and/or prejudicial interests in accordance with legislation and the Council's Code of Conduct.

3. **Chairperson's announcements**

BUSINESS ITEMS

4. **Minutes of the previous meeting held on 30 January 2023 (Pages 5 - 8)**
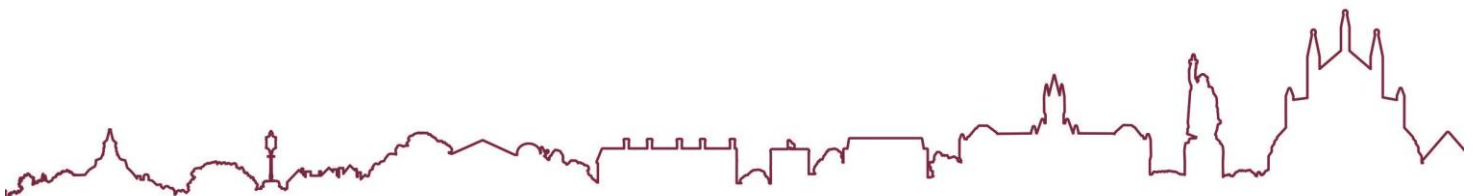
5.   **Public Participation**

– To receive and note questions asked and statements made from members of the public on matters which fall within the remit of the Committee..

NB members of the public are required to register with Democratic Services three clear working days before the meeting (see below for further details).

Members of the public and visiting councillors may speak at this Committee, provided they have registered to speak three working days in advance. Please contact Democratic Services **by 4.30pm on Friday 24 February 2023** via democracy@winchester.gov.uk or (01962) 848 264 to register to speak and for further details.

Laura Taylor
Chief Executive

All of the Council's publicly available agendas, reports and minutes are available to view and download from the Council's Website and are also open to inspection at the offices of the council. As part of our drive to minimise our use of paper we do not provide paper copies of the full agenda pack at meetings. We do however, provide a number of copies of the agenda front sheet at the meeting which contains the QR Code opposite. Scanning this code enables members of the public to easily access all of the meeting papers on their own electronic device. Please hold your device's camera or QR code App over the QR Code so that it's clearly visible within your screen and you will be redirected to the agenda pack.

22 February 2023

Agenda Contact: Nancy Graham, Senior Democratic Services Officer
Tel: 01962 848 235 email: ngraham@winchester.gov.uk

With the exception of exempt items, Agenda, reports and previous minutes are available on the Council's Website www.winchester.gov.uk

MEMBERSHIP

Chairperson:
Cutler (Liberal Democrats)

Vice-Chairperson:
Craske (Liberal Democrats)

Conservatives	**Liberal Democrats**
Bolton	Achwal
Godfrey	Batho
Miller	Laming

Deputy Members

Lumby   Radcliffe

Quorum = 3 members

TERMS OF REFERENCE

Audit and Governance Committee – Included within the Council's Constitution (Part 2, Article 9)

PUBLIC PARTICIPATION

A public question and comment session is available at 6.30pm for a 15 minute period. There are few limitations on the questions you can ask. These relate to current applications, personal cases and confidential matters. Please contact Democratic Services on 01962 848 264 in advance of the meeting for further details. If there are no members of the public present at 6.30pm who wish to ask questions or make statements, then the meeting will commence.

NB members of the public are required to register with Democratic Services three clear working days before the meeting (see below for further details).

FILMING AND BROADCAST NOTIFICATION

This meeting will be recorded and broadcast live on the Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Access to Information Procedure Rules within the Council's Constitution for further information, which is available to view on the [Council's website](). Please note that the video recording is subtitled but you may have to enable your device to see them (advice on how to do this is on the meeting page).

DISABLED ACCESS:

Disabled access is normally available, but please phone Democratic Services on 01962 848 264 or email democracy@winchester.gov.uk to ensure that the necessary arrangements are in place.

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AUDIT AND GOVERNANCE COMMITTEE

Monday, 30 January 2023

Attendance:

Councillors
Cutler (Chairperson)

Achwal	Godfrey
Batho	Laming
Bolton	Miller
Craske	

Members in attendance who spoke at the meeting

Councillor Power (Cabinet Member for Finance and Value)

Other members in attendance:

Councillors Clear, Ferguson and Westwood

Audio and video recording of this meeting

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1. **APOLOGIES**

   There were no apologies received.

2. **DISCLOSURE OF INTERESTS**

   Councillor Craske declared a personal (but not prejudicial) interest with regards to his employment with KPMG, who provided audit services to the Council.

3. **APPOINTMENT OF VICE-CHAIRPERSON FOR REMAINDER OF 2022/23**

   RESOLVED:

   That Councillor Craske be appointed as vice-chairperson of the committee for the remainder of the 2022/23 municipal year.

4. **CHAIRPERSON'S ANNOUNCEMENTS**

   Councillor Cutler announced that he had attended a regional meeting of Audit Committee chairpersons which had included useful discussion of various topics, including risk, inflation and the external audit delays being experienced by other local authorities.

5. **AUDIT & GOVERNANCE WORK PROGRAMME 2022/23**

Councillor Cutler announced that following a Standards Sub-Committee meeting on 27 January 2023, it might be necessary for an additional item to be submitted to the March Committee meeting on a summary report of outcome of a standards investigation and action plan.

RESOLVED:

That subject to noting the above possible additional item, the work programme 2022/23 be noted.

6. **MINUTES OF THE PREVIOUS MEETING**

The Committee was advised of a correction to the minutes of the previous meeting to note that Councillor Bronk declared a personal (but not prejudicial) interest in respect of report AG086. This correction was agreed.

RESOLVED:

That, subject to the correction outlined above, the minutes of the previous meeting held on 10 November 2022 be approved and adopted.

7. **PUBLIC PARTICIPATION**

There were no questions asked or statements made.

8. **AUDIT RESULTS REPORT FOR THE YEAR ENDING 31 MARCH 2022**
(AG090)

Kevin Suter and James Stuttaford introduced the report as set out and advised that, the outstanding agreement on the valuation for one asset had now been received by the audit team and was now being reviewed by EY. It was therefore anticipated that on receipt of the final approved accounts and Letter of Representation it should be possible to finalise the audit.

Mr Suter and Mr Stuttaford responded to questions from members on the following:
   a) Levels of materiality;
   b) Assessment of risk;
   c) Reasons for the delays in completing the audit and steps being taken to address.

Councillor Cutler expressed frustration regarding the delays in external audit results, which the committee noted were being experienced nationally across the sector. The impact on officers within the Finance team was also highlighted.

RESOLVED:

That the Letter of Representation be approved as contained as Appendix 2 to the report.

9.   **ANNUAL FINANCIAL REPORT 21/22**
(AG091)

Councillor Power (Cabinet Member for Finance and Value) introduced the report and highlighted the narrative statement provided.

The Corporate Head of Finance and Section 151 officer, together with members of her team, responded to members' questions on the following:
   a) The level of expenses related to investment properties (Note 18);
   b) Progress on major projects;
   c) Income projections.

It was confirmed that following agreement with the external auditors regarding the valuation of one council asset; the draft accounts would be amended accordingly and that there would be no unadjusted material errors in the accounts. It was therefore expected that the auditors would issue an unqualified audit opinion. Pending completion of this work, it was proposed that authority be delegated to the Chairperson of the Audit Committee to approve the finalised audited Annual Financial Report for the year ended 2021/22, once adjusted, on behalf of the Committee.

RESOLVED:

1.   That the Audit and Governance Committee delegates to the Chair of the Audit & Governance Committee the approval of the audited Statement of Accounts 2021/22, updated for any amendments resulting from the completion of the auditor's outstanding work.

2.   That, on completion of the auditor's work, the Chair of the Audit & Governance Committee signs the Statement of Responsibilities on page 24 of Appendix 1 to certify the accounts and authorise their issue.

The meeting commenced at 7.30 pm and concluded at 8.10 pm

Chairperson

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REPORT TITLE: INTERNAL AUDIT PLAN 2023-24 - 2025-26

02 MARCH 2023

Contact Officer: Antony Harvey   Tel No: 07784 265289

Email antony.harvey@hants.gov.uk

WARD(S): ALL

PURPOSE

The purpose of this report is to provide the Audit and Governance Committee with the Internal Audit Plan for 2023-24 and an indicative plan for 2024-25 and 2025-26.

The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

The Plan takes cognisance of the Council's Corporate Risk Register and Council Plan and will remain fluid to the changing needs of the Council.

RECOMMENDATIONS:

1.   The Audit and Governance Committee approve the Internal Audit Plan for 2023-24, attached as Appendix A.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOME

1.1   Internal audit plays a vital role in supporting the Council accomplish plan outcomes by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.2   The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

1.3   The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council Plan Outcomes.

2   FINANCIAL IMPLICATIONS

2.1   The Internal Audit Plan for 2023-24 comprises a total of 310 resource days and the anticipated cost for the financial year, excluding any inflationary adjustment for nationally agreed pay awards (if applicable), is £100,750.

3   LEGAL AND PROCUREMENT IMPLICATIONS

3.1   None directly from this report.

4   WORKFORCE IMPLICATIONS

4.1   None directly from this report.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None directly from this report.

6   CONSULTATION AND COMMUNICATION

6.1   The Executive Leadership Board and Corporate Head of Resources have been consulted on the Internal Audit Report Plan for 2023-24.

7   ENVIRONMENTAL CONSIDERATIONS

7.1   None directly from this report.

8   PUBLIC SECTOR EQUALITY DUTY

8.1   Not required.

9   DATA PROTECTION IMPACT ASSESSMENT

9.1   Not required.

10   RISK MANAGEMENT

10.1   The Southern Internal Audit Partnership follow a risk based audit approach in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion is undertaken using this approach.

Risk	Mitigation	Opportunities
Financial / VfM	Internal Audit supports the Council to ensure proper financial management through its audit activities and assurance service.	Enhancement of the Council's reputation through the strengthening of the effectiveness of risk management, control and governance processes.

11   SUPPORTING INFORMATION:

11.1   The aim of internal audit's work programme is to provide independence and objective assurance to management, in relation to the business activities, systems or processes under review that:

- The framework of internal control, risk management and governance is appropriate and operating effectively; and
- Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

11.2   The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

11.3   The Internal Audit Plan has been developed in consultation with officers, taking cognisance of the Council's risk register and the Council Plan 2020-2025.

11.4   The Audit Plan will remain fluid and subject to on-going review in consultation with the relevant officers at the Council, to ensure that it continues to reflect the needs of the organisation. Any amendments to the Plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for governance at the Council.

11.5 The Council's 'Internal Audit Charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion. Significant matters that jeopardise the delivery of the Plan, or require changes to the Plan will be identified, addressed and reported to the Audit and Governance Committee.

12   OTHER OPTIONS CONSIDERED AND REJECTED

12.1   None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG074 – Internal Audit Plan 2022-23 – 2024-25

AG080 – Annual Internal Audit Report and Opinion 2021-22

Other Background Documents:-

AG100 – Internal Audit Charter 2023-24

APPENDICES:

Appendix A –Internal Audit Plan 2023-24 – 2025-26

Southern Internal Audit Partnership

Assurance through excellence and innovation

WINCHESTER CITY COUNCIL
INTERNAL AUDIT PLAN 2023-24 TO 2025-26
(APPENDIX 1)

Prepared by: **Antony Harvey, Deputy Head of Partnership**

January 2023

Contents

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1. Introduction

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations' operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and

- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements. Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Strategic Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan

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will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

2. Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Antony Harvey, Deputy Head of the Southern Internal Audit Partnership, supported by Mark Norton, Audit Manager.

3. Conformance With Internal Audit Standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years.   In September 2020 the Institute of Internal Auditors (IIA) completed an external quality assessment of the Southern Internal Audit Partnership. The report concluded:

The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

5. Council Vision and Risk

The 'Council Plan' adopted in January 2020, and refreshed each year, outlines the Council's key ambitions over five years (2020-2025) with the overarching priority to tackle the climate emergency and create a greener district; underpinned by four further priorities - Living well; Homes for all; Vibrant local economy; and Your services, Your voice.

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

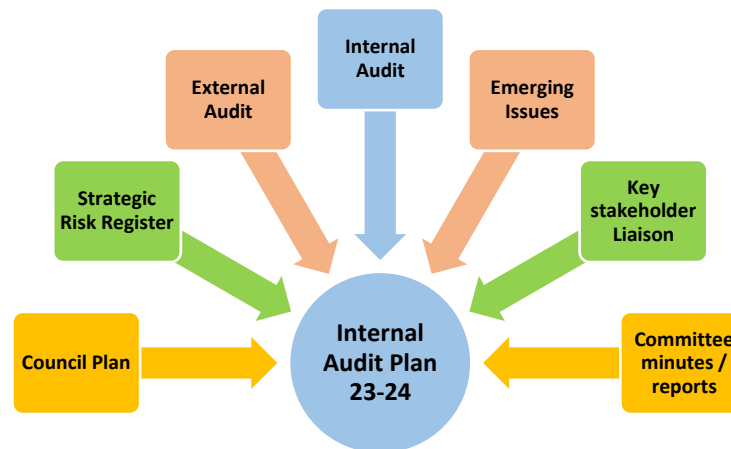| Code	Risk Description
CR001	Given competing demands and multiple complex priorities, the risk is that the Council does not maintain capacity to deliver services
CR003	Decisions made by the council are challenged due to a lack of a strong evidence base, customer insight and engagement with change
CR004	Failure to have plans and processes in place to recover and maintain services after a major incident (including pandemic) that has a significant impact on the ability of the Council to provide its services
CR006	Effective partnership working
CR007	Lack of sufficient funding and/or escalating costs over the medium term reduce financial viability and inability to achieve a balanced budget
CR008	Availability of suitable sites to meet the strategic need for building new homes
CR009	Failure in cyber security leaving the council exposed to phishing and other attacks leading to compromised IT systems and data loss
CR010	Responding to Climate Change Emergency and reducing the council and district carbon emissions
CR011	Lack of preparedness and incapability to respond to events caused by climate change.

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6. Developing the Internal Audit Plan

We have used various sources of information and discussed priorities for internal audit with:

- Executive Leadership Board and Corporate Head of Finance
- Services Management Team
- Audit and Governance Committee.

Based on these conversations with key stakeholders, a review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the forthcoming year (2023-24) together with an indicative plan for 2024-25 and 2025-26.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation. We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.

7. Internal audit plan 2023-24 to 2025-26

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Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
Strategic Planning and Performance Management	Assurance over delivery of the Council Plan; underpinning strategies & plans; and performance monitoring & reporting frameworks.	CR001/3	-	✓	-
Programme and Project Management	Review of the programme and project management framework and/or compliance in relation to live / ongoing projects.	CR001/3	-	✓	-
Financial Stability	Assurance over risks relating to the financial stability of the Council. Coverage over the audit cycle to include: • Medium Term Financial Strategy • Budget planning/setting • Budget monitoring.	CR007	-	✓	✓
Capital Programme and Monitoring	Assurances over the framework for agreeing the capital programme and monitoring of delivery of individual projects.	CR007	✓	-	-
Energy Management / Climate Emergency / Green Agenda / Air Quality	Assurance over the Council's response to the Climate Emergency/Green Agenda including strategies, policies, procedures and outcomes.	CR010/11	✓	✓	✓
Asset Management (Corporate Estate)	Assurance over effectiveness and delivery of the Asset Management Plan including repairs and maintenance to non-housing assets (planned & reactive). 2023-24 focus on safety checks including Legionella, Lift Safety, Gas and Electrical checks etc.	CR004/7/10/11	✓	✓	✓

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Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
Working in Partnership / Alternative Delivery Models	Assurance over governance, rights of access, third party assurance, contingency arrangements, exit strategies, hosting arrangements (accountabilities), benefits realisation, performance. 2023-24 focus on the Council's Housing Company.	CR001/3/6	✓	-	✓
Economic Development and Regeneration	Review of strategic approach to achieve economic development and regeneration including performance measures and outcomes. 2023-24 focus on delivery of the Green Economic Development Strategy.	CR001/3/6/7 /10/11	✓	-	✓
Health & Safety	Assurance that there is an appropriate H&S strategy in place, with effective governance, accountability and issue resolution.	CR004	-	✓	-
Business Continuity & Emergency Planning	Assurance over plans to recover services after a major incident / planning for extreme events. 2023-24 focus on Business Continuity with Agile Working Arrangements.	CR004/011	✓	-	-
Risk Management	Assurance over the risk management framework including governance, transparency and maturity.	CR - All.	✓	-	-
Procurement	Assurance over compliance with contract procedure rules and legislative requirements (including P Cards).	CR006/7	-	-	✓
Contract Management	Review of contract management arrangements and compliance across a selection of 'key contracts'. 2023-24 focus on BIFFA/ID Verde contract renewals and associated performance measures.	CR006/7	✓	✓	✓

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Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
Information Governance	Coverage over a three-year cycle to include: - • Records management and retention (2023-24 follow-up) • FOI / SAR • Transparency • Compliance with GDPR.	CR003/9	✓	✓	✓
Corporate Governance Framework	Assurance over the corporate governance framework including Annual Governance Statement, ethical governance, codes of conduct, complaints, compliments etc.	CR003	-	✓	-
Decision Making and Accountability	Assurance over transparency of decision-making, accountability and compliance with organisational priorities.	CR003	✓	-	-
Fraud Framework	Assurance that there are effective procedures to detect / mitigate fraud and irregularity and to promote a zero-tolerance culture. Provision to facilitate NFI, advice.	-	✓	✓	✓
Human Resources	Coverage over a three-year cycle to include: - • Workforce strategy & planning • Training & development • Recruitment • Performance management • Wellbeing & absence management • Use of agency staff/volunteers. 2023-24 focus on both Absence Management and on the new Recruitment	CR - All.	✓	✓	✓

Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
	Processes.				
Housing rents		CR007	-	-	✓
Council Tax		CR007	-	-	✓
Accounts Payable		CR007	-	-	✓
Accounts Receivable / Debt Management		CR007	✓	-	-
Main Accounting and Reconciliations		CR007	-	-	✓
Treasury Management	Cyclical coverage of core systems to meet legislative requirements.	CR007	-	✓	-
NNDR		CR007	-	-	✓
Benefits		CR007	✓	-	-
Expenses		CR007	-	✓	-
Payroll		CR007	-	-	✓
Income collection and banking		CR007	✓	-	-
IT Governance	Coverage over the audit cycle to consider:	CR004/9	✓	TBC	TBC

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Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
	• IT Strategy and Planning • IT Asset Management • Change Management • Software Licencing • Incident and Problem Management • Service Desk 2023-24 focus on mobile device management.				
Data Management	Coverage over the audit cycle to consider: • Data Storage and data backup • Data Centre Facilities and Data Security • Capacity Planning and Monitoring • Data Classification & Ownership • Data Quality. 2023-24 focus on O365 with a potential scope of identity management and/or data migration.	CR004/9	✓	TBC	TBC
Information Security	Coverage over the audit cycle to consider: - • Cyber Security • Cloud • Remote Access • Public Facing Internet Security • IT Security Policy.	CR004/9	-	TBC	TBC

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Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
Systems Development and Implementation	Coverage over the audit cycle to consider: • Application Reviews • Programme & Project Management.	CR004/9	-	TBC	TBC
Business Continuity	Coverage over the audit cycle to consider: • IT Business Continuity Planning • Disaster Recovery Planning • System Resilience.	CR004/9	-	TBC	TBC
Networking and Communications	Coverage over the audit cycle to consider: • Firewalls & Malware protection • Network Security and Access Control • Network Infrastructure Management & Monitoring • Virtualisation (2023-24 Focus) • Operating System / Patch Management • Secure Emails • Telecommunications.	CR004/9	✓	TBC	TBC
Housing Management,	Assurance that there is effective control to deliver strategic objectives and	CR003/10	✓	✓	✓

Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
Enforcement and Homelessness	legislative requirements. Coverage over a three year cycle to include: - • Housing allocations • Homelessness obligations • Right to buy • HMOs/Enforcement				
Housing Asset Management	Assurance over process and delivery of repairs and maintenance, voids, Decent Homes Standard.	CR003/10	✓	✓	✓
Disabled Facilities Grants	Assurance over the administration and awarding of grants in line with local / legislative requirements.	CR003/10	-	✓	-
Building Control	Review of policy and processes in line with legislative requirements.	CR003/10	✓	-	-
Planning / Development Management	Assurance over areas such as planning process, Community Infrastructure Levy, S106 agreements / developer obligations.	CR003/8/10	-	✓	-
Land Registry / Charges	Assurance over processes to maintain and update the register and respond to search requests promptly, in line with legislative requirements.	CR001	-	✓	-
Open Spaces / Tree Management	Assurance over the maintenance and management of open spaces. 2023-24 focus on Tree Management.	CR001/10	✓	-	✓
Licensing	Assurance over safeguarding, income, application process and monitoring in line with legislative requirements.	CR003	-	-	✓
Environmental Health	Assurance over the Council's legal obligations for Environmental Health. 2023-24 focus on Food Safety Inspections – Recovery Plan.	CR001/3	✓	-	-

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Audit Review	Indicative Scope	Corporate Risk Register	23-24	24-25	25-26
Parking / Enforcement	Assurance over the arrangements for the collection of car parking income / and or enforcement activities.	CR006/7	-	✓	-
Markets	Assurance over the management of markets including income collection & banking.	CR007	-	✓	-
Certification work	Certification/final accounts audit work as required.	CR007	✓	✓	✓
Management	Planning, Reporting, Monitoring, Liaison and Advice.	-	✓	✓	✓
Total Days					**310**

AG100
AUDIT AND GOVERNANCE COMMITTEE

REPORT TITLE: INTERNAL AUDIT CHARTER 2023-24

02 MARCH 2023

Contact Officer: Antony Harvey   Tel No: 07784 265289

Email antony.harvey@hants.gov.uk

WARD(S): ALL

PURPOSE

The purpose of this report is to provide the Audit and Governance Committee with the Internal Audit Charter for 2023-24.

The Internal Audit Charter formally defines the internal audit activity's purpose, authority and responsibility in line with the Public Service Internal Audit Standards [the standards].

RECOMMENDATIONS:

1.   The Audit and Governance Committee approve the Internal Audit Charter 2023-24, attached as Appendix A.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOME

1.1   Internal audit plays a vital role in supporting the Council accomplish plan outcomes by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.2   The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

1.3   The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council Plan Outcomes.

2   FINANCIAL IMPLICATIONS

2.1   The Internal Audit Plan for 2023-24 comprises a total of 310 resource days and the anticipated cost for the financial year, excluding any inflationary adjustment for nationally agreed pay awards (if applicable), is £100,750.

3   LEGAL AND PROCUREMENT IMPLICATIONS

3.1   None directly from this report.

4   WORKFORCE IMPLICATIONS

4.1   None directly from this report.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None directly from this report.

6   CONSULTATION AND COMMUNICATION

6.1   The Executive Leadership Board and Corporate Head of Resources have been consulted on the Internal Audit Charter for 2023-24.

7   ENVIRONMENTAL CONSIDERATIONS

7.1   None directly from this report.

8   PUBLIC SECTOR EQUALITY DUTY

8.1   Not required.

9   DATA PROTECTION IMPACT ASSESSMENT

9.1   Not required.

10   RISK MANAGEMENT

10.1   The Southern Internal Audit Partnership follow a risk-based audit approach in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

Risk	Mitigation	Opportunities
Financial / VfM	Internal Audit supports the Council to ensure proper financial management through its audit activities and assurance service.	Enhancement of the Council's reputation through the strengthening of the effectiveness of risk management, control and governance processes.

11   SUPPORTING INFORMATION:

11.1   The Accounts and Audit (England) Regulations 2015 – S5 state:

'(1) A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

11.2   The Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note together comprise 'internal auditing standards and guidance' as referenced in the Regulations.

11.3   Within PSIAS there is a requirement for an 'Internal Audit Charter', a formal document that defines the purpose, authority and responsibility of the internal audit activity. The proposed charter for 2023-24 is attached as Appendix A.

11.4   The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the Chief Internal Auditor and presented to 'Senior Management' and 'the Board'. The Board is defined as:

'the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Governance Committee'.

12   OTHER OPTIONS CONSIDERED AND REJECTED

12.1   None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG075 Internal Audit Charter 2022-23

Other Background Documents:-

AG101 Internal Audit Plan 2023-24 - 2025-26

APPENDICES:

Appendix A – Internal Audit Charter 2023-24

Internal Audit Charter – 2023-24

Introduction

The Public Sector Internal Audit Standards (the Standards) provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.

The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes the mission; core principles; definition of internal audit; and Code of Ethics. The Southern Internal Audit Partnership will conduct all of its activity in line with the Standards and the IPPF.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility.

Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission:

- o Demonstrates integrity;
- o Demonstrates competence and due professional care;
- o Is objective and free from undue influence (independent);
- o Aligns with the strategies, objectives and risks of the organisation;
- o Is appropriately positioned and adequately resourced;
- o Demonstrates quality and continuous improvement;
- o Communicates effectively;
- o Provides risk-based assurance;
- o Is insightful, proactive, and future-focused; and
- o Promotes organisational improvement.

Authority

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which state that a relevant body must:

'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

The standards for 'proper practices' in relation to internal audit are laid down in the Public Sector Internal Audit Standards (updated 2017).

Purpose

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations' objectives.

This is achieved through internal audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

The role of internal audit is best summarised through its definition within the Standards, as an:

'independent, objective assurance and consulting activity designed to add value and improve an organisations' operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within Winchester City Council lies with the S151 Officer.

For the Council, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Deputy Head of the Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the *'Mission', 'Core Principles', 'Definition of Internal Auditing'*, the *'Code of Ethics'* and *'the Standards'*.

Definitions

For the purposes of this charter the following definitions shall apply:

The Board – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Governance Committee.

Senior Management – those responsible for the leadership and direction of the Council. At the Council this shall mean the Executive Leadership Board (ELB).

Position in the organisation

The Chief Internal Auditor reports functionally to the Board (the Audit and Governance Committee), and organisationally to the S151 Officer who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit and Governance Committee).

Internal audit resources

The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The S151 Officer will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit strategy and operational audit plan.

The annual operational plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

'Senior Management' and *'the Board'* will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The annual operational plan will be submitted to *'senior management'* and *'the Board'*, for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to *'senior management'* and *'the Board'*.

If the Chief Internal Auditor, *'the Board'* or *'Senior Management'* consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the S151 Officer accordingly.

Independence and objectivity

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- o retains no executive or operational responsibilities;
- o operates in a framework that allows unrestricted access to *'senior management'* and *'the Board'*;
- o reports functionally to *'the Board'*;
- o reports in their own name;
- o rotates responsibilities for audit assignments within the internal audit team;
- o completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements; and
- o ensures the planning process recognise and address potential conflicts of interest through internal audit staff not undertaking an audit for at least two years in an area where they have had previous operational roles.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to *'Senior Management'* and *'the Board'*. The nature of the disclosure will depend upon the impairment.

Due professional care

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the *'Mission', Core Principles', Definition of Internal Auditing'*, the '*Code of Ethics'* and the *'Standards'* and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported in accordance with the Council's Anti-fraud and Corruption Policy.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to effect personal gain.

Access to relevant personnel and records

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to the Council or its key delivery partner organisations.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

Scope of Internal Audit activities

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Council assume a Key Stakeholder role within the Southern Internal Audit Partnership (SIAP). The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

A range of internal audit services are provided (Annex 2) to form the annual opinion for each member / client of the SIAP. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisations success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Managers are required to report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor. The Chief Internal Auditor shall ensure that for those investigations internal audit undertake, investigators are fully trained and appropriately qualified.

Where there is evidence that Council staff are committing fraud, internal audit will liaise with Human Resources and the department concerned. The decision on whether to invoke criminal proceedings will be made in accordance with the Anti-Fraud and Corruption Policy.

The monitoring of the Council's Anti-Fraud Strategy will be the responsibility of the Chief Internal Auditor, as part of the monitoring of the annual internal audit plan, in conjunction with the Monitoring Officer.

Internal audit also facilitate the Council's participation in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other Local Authorities and external agencies to detect potential fraudulent activity.

Reporting

Chief Internal Auditor's Annual Report and Opinion

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate as a minimum:

- o The opinion;
- o A summary of the work that supports the opinion; and
- o A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Senior Management

As those responsible for the leadership and direction of the Council. It is imperative that ELB are engaged in:

- o approving the internal audit charter (minimum annually);
- o approving the risk based internal audit plan;
- o receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- o making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- o receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

The Board

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- o approving the internal audit charter;
- o approving the risk based internal audit plan;
- o approving the internal audit resource plan;
- o receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- o making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;

- o agreement of the scope and form of the external assessment as part of the quality management and improvement plan;
- o receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- o approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

Review of the internal audit charter

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to *'Senior Management'* and *'the Board'* for approval.

Southern Internal Audit Partnership – Client Portfolio

Strategic Partner:	Hampshire County Council
Key Stakeholder Partners:	West Sussex County Council
	Havant Borough Council
	East Hampshire District Council
	Winchester City Council
	New Forest District Council
	Mole Valley District Council
	Epsom & Ewell Borough Council
	Reigate & Banstead Borough Council
	Tandridge District Council
	Crawley Borough Council
	Arun District Council
	Guildford Borough Council
	Hart District Council
Blue light Key Stakeholder Partners:	Hampshire & IoW Fire & Rescue Authority
	West Sussex Fire Service
	Office of the Hampshire & IoW Police & Crime Commissioner / Hampshire & IoW Constabulary
	Office of the Sussex Police & Crime Commissioner / Sussex Police Force
	Office of the Surrey Police & Crime Commissioner / Surrey Police Force
External clients:	Waverley Borough Council
	Hampshire Pension Fund
	West Sussex Pension Fund
	New Forest National Park Authority
	Ringwood Town Council
	Lymington & Pennington Town Council
	Langstone Harbour Authority
	Chichester Harbour Authority
	Isle of Wight College

Assurance Services

o **Risk based audit**: in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

o **Developing systems audit**: in which:

   o the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and

   o programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.

o **Compliance audit**: in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.

o **Quality assurance review**: in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.

o **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Council's Anti Fraud and Anti Corruption Strategy.

o **Advisory / Consultancy services**: in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

AG099
AUDIT & GOVERNANCE COMMITTEE

REPORT TITLE: PLANNING FOR AND AUDIT OF 2022/23 ACCOUNTS

2 MARCH 2023

REPORT OF CABINET MEMBER: CLLR POWER – CABINET MEMBER FOR FINANCE AND VALUE

Contact Officer: Liz Keys   Tel No: 01962 848226 Email Lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

The purpose of this report is to update the committee on the actions taken to ensure that the Statement of Accounts for 2022/23 is fully compliant with statutory requirements and to make the committee aware of changes impacting on the statements.

RECOMMENDATIONS:

1.   That the committee notes this report in respect of the council's Statement of Accounts for 2022/23.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOME

1.1   Your Services, Your Voice

        The preparation of the annual accounts is fundamental to open and transparent accountability for public finances. Ensuring strong financial reporting and transparent stewardship of public funds underpins the council's ability to deliver all its outcomes but in particular the priority to ensure stable council finances.

2   FINANCIAL IMPLICATIONS

2.1   The scale fee for the audit of the 2022/23 accounts published by Public Sector Audit Appointments (PSAA) who are the appointing body on behalf of the council is £52,379. The comparative scale fee for the 2021/22 was £43,379. The auditor's proposed fee for the equivalent audit of the 2021/22 accounts is £75,214 (this includes an additional cost of £17,153 for rebasing the fee and a scale fee variation of £14,682); the additional fee is still subject to approval by PSAA.

3   LEGAL AND PROCUREMENT IMPLICATIONS

3.1   Local authorities in the UK are required to prepare their accounts in accordance with 'proper (accounting) practices' as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). The Code specifies the principles and practices of accounting, required to prepare financial statements that give a true and fair view of the financial position and transactions of a local authority.

3.2   The Audit and Accounts Regulations 2015 require an authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and include a statement reporting on the review alongside the Statement of Accounts.

3.3   The necessity to conform to these Regulations and the Code is recognised accurately in this report.

3.4   There are no direct legal implications.

4   WORKFORCE IMPLICATIONS

4.1   None.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None.

6   CONSULTATION AND COMMUNICATION

6.1 A public notice is published to inform interested parties of their rights to inspect the statement of accounts and records relating to them. The public notice also details how to access this information and how to ask questions of and make objections to the council's external auditor.   This is published the day following publication of the unaudited Annual Financial Report.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 None.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 A public notice is published to inform interested parties of their rights to inspect the statement of accounts and records relating to them. The public notice also details how to access this information and how to ask questions of and make objections to the council's external auditor.   This is published the day following publication of the unaudited Annual Financial Report.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Reputation The financial statements receive an adverse external audit opinion	The statements are prepared in accordance with the CIPFA code of practice. Accounts staff attend public sector accounting workshops delivered annually by EY and CIPFA, prior to the accounts closedown period and preparing the financial statements. There is regular and early engagement with external audit on any potential issues identified.	
Timescales Failure to meet the statutory deadline for publication of the Annual Financial Report	A project plan for the delivery of the accounts' closedown is used to ensure that the Annual Financial Report is	

	produced to the statutory and audit deadlines. A comprehensive set of working papers in accordance with audit requirements is prepared in advance of the external audit.	

11   SUPPORTING INFORMATION:

Background

11.1   The Statement of Accounts is prepared in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations. The purpose of this report is to inform the committee of significant Code and other changes applicable to the 2022/23 financial year that will impact on the council's financial statements.

The council's accounting policies

11.2   There are no proposed changes to the council's accounting policies in 2022/23.

Changes to the council's Financial Statements

11.3   There are no accounting changes within the 2022/23 Code that will have a significant impact on the council's 2022/23 Statement of Accounts.

11.4   In February 2022 CIPFA/LASAAC issued an emergency consultation in respect of the 2021/22 and 2022/23 Accounting codes which was in response to the low number (9%) of audited 2020/21 financial statements actually meeting the publication deadline. As an outcome of the consultation the mandatory date for implementing IFRS 16 (Leases) was deferred to the 2024/25 financial year.

11.5   Accounts preparation materiality

11.6   The identified users of the council's Statement of Accounts primarily refer to the balance sheet for high level information about the council's assets and liabilities but have a closer interest in the council's expenditure on and funding of services included within the comprehensive income and expenditure statement.

11.7   It is proposed to maintain the materiality levels set in the previous financial year; a £1 million materiality level for the balance sheet; and £0.125 million materiality level for the comprehensive income and expenditure statement.

Changes to the timetable

11.8 The Accounts and Audit Regulations (2015) were amended for 2020/21 and 2021/22 because of the pandemic, the deadline for the publishing the unaudited financial statements was extended to 31st July and the deadline for publishing the audited statements was moved to 30th September.

11.9 The 2022 Amendments to the Accounts and Audit Regulations move the audited statements publication deadline to 30th September for the next five financial years (up to and including 2027/28). We understand that the deadline for publishing the unaudited financial statements will revert to 31st May but this has yet to be confirmed and is the subject of Government consultation closing on 2nd March 2023.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None.

Other Background Documents:-

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

APPENDICES:

None.

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REPORT TITLE: RISK MANAGEMENT POLICY 23/24

2 MARCH 2023

REPORT OF CABINET MEMBER: CLLR POWER – CABINET MEMBER FOR FINANCE AND VALUE

Contact Officer: Liz Keys   Tel No: Tel No: 01962 848 226

Email lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

1.   It is recommended that Audit and Governance Committee review and comment on the attached cabinet report, ref CAB3381 which is to be considered by Cabinet at its meeting on 16 March 2022.

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REPORT TITLE: ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY 2023/24

16 MARCH 2023

REPORT OF CABINET MEMBER: Councillor Margot Power, Cabinet Member for Finance and Value

Contact Officer: Liz Keys, Corporate Head of Finance   Tel No: 01962 848226

Email lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report presents the annual review of the council's Risk Management Policy and Risk Appetite 2023/24. These define the council's arrangements for identifying and managing risks and its integration with corporate governance and performance management.

There have been updates and additions to the key risks that appear on the Corporate Risk Register over the course of 2022/23, resulting from the quarterly reviews by ELB and Audit and Governance Committee.

This report seeks consideration and approval of the reviewed Risk Management Policy and Risk Appetite Statement for 2023/24.

RECOMMENDATIONS:

1.   That Cabinet approve the Risk Management Policy for 2023/24, its Risk Appetite Statement for 2023/24 and the updated Corporate Risk Register.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOME

1.1   Effective use of risk management supports the council's management of threats and opportunities to achieve the priorities included in the Council Plan 2020-25.

1.2   Included in the Risk Management Policy is the Risk Appetite Statement for the council which supports members and officers in decision making by setting out where the council is comfortable taking different levels of risk by Council Plan Priority, and which levels are unacceptable.

2   FINANCIAL IMPLICATIONS

2.1   None directly as a result of this report. However, where there is a potential increase in risk likelihood or impact identified, additional spend may be required to manage those risks properly and adequately. Budget approval would be subject to the processes set out in the council's Financial Procedure Rules.

3   LEGAL AND PROCUREMENT

3.1   The council's Risk Management Policy is an important element of the overarching governance framework ensuring that the council has a robust process for evaluating risks as part of the decision-making process.

3.2   There are no direct legal or procurement issues arising from this report.

4   WORKFORCE IMPLICATIONS

4.1   Management of risk is an integral part of service delivery. Corporate Heads of Service are required to review operational risks with their management teams regularly and ensure specific project risk registers are established, monitored and maintained throughout the project lifecycle.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None.

6   CONSULTATION AND COMMUNICATION

6.1   Consultation on the content of the report has been undertaken with Cabinet and in particular the Cabinet Member for Finance and Value. Consultation has also taken place with the Executive Leadership Board (ELB).

6.2   The council's Audit and Governance Committee reviewed the draft Risk Management Policy 2023/24 at their meeting on 2 March 2023 and their comments were noted by the Cabinet Member for Finance and Value.

7   ENVIRONMENTAL CONSIDERATIONS

8   None directly as a result of this report. However where there is an expected increase in environmental risk likelihood or impact, additional measures to

manage those risks would be identified in the relevant business case before being approved.

9   PUBLIC SECTOR EQUALITY DUTY

9.1   Understanding inequality in our district and looking at ways to address is listed as a challenge we are facing. A programme of activity is underway to improve our insight into all our residents' experiences of their council.

9.2   An Equality Impact Assessment (EqIA) has been undertaken to assess the impacts of the Risk Management Policy see Appendix 2.

10   DATA PROTECTION IMPACT ASSESSMENT

10.1   None required.

11   RISK MANAGEMENT

Risk	Mitigation	Opportunities
Property	None	None
Community Support	None	None
Timescales	None	None
Project capacity	None	None
Financial / VfM	None	None
Legal – ensuring that the council has robust risk management in place protects the council from Legal challenges	Ensure that the risk management policy is up to date, reviewed regularly and adhered to.	Identify and mitigate against risk which may enhance the council's reputation
Innovation – not realised	The Risk Management Appetite allows for decisions taken to incorporate opportunities for innovation within clear parameters.	The Risk Management Appetite is specific to the different Council Plan priorities.
Reputation – ensuring that the council has in place robust arrangements to manage its risks	This report sets out the principles and arrangements for the council to manage its risks	A robust Risk Management Policy supports the council to identify, assess and manage its risks in a consistent and effective way
Other	None	None

12   SUPPORTING INFORMATION:

12.1   This report presents the updated Risk Management Policy for 2023/24 (Appendix 1) which sets out the council's approach to risk management, the Risk Appetite and details the arrangements for managing risk. The Policy

forms part of the governance and performance management arrangements at the council.

12.2 The Policy sets out the framework for identifying the significant risks (Corporate risks) that are relevant to the achievement of the council's strategic and operational objectives; evaluating their potential consequences; and implementing the most effective way of managing and monitoring them.

12.3 In-line with best practice, the council evaluates its risks using a four-point scale for the likelihood or probability of the risk occurring and the impact caused should the risk occur. These are rated between low and significant. A score for each risk is then calculated using the four-by-four matrix with the lowest score being one and the highest sixteen.

12.4 Included as an appendix to the Policy is the council's Corporate Risk Register which includes the risks that are of greatest significance to the council in the context of the aims and objectives that are set out in the Council Plan 2020-25. These risks are owned and regularly reviewed by ELB.

12.5 Cabinet report CAB3380 which is also being presented to this meeting, contains details of the Q3 ELB review and the amends made to the Corporate Risk Register.

12.6 The corporate risks are currently considered to be:

- Capacity to deliver services

- Ensuring decisions are made on customer insight and engagement

- The need to ensure effective business continuity plans

- The need to maintain effective strategic partnerships

- The need to ensure financial resilience

- A focus on strategic planning for housing

- Protection against digital attacks through effective cyber security

- Responding to the Climate Emergency

- Responding to events caused by climate change

- Responded to the challenges of nutrient neutrality, specifically phosphates

12.7 The risk related to nutrient neutrality (phosphates) was escalated to the Corporate Risk Register from the Operational Risk Register in December 2022 as a result of the Q3 ELB review. This is due to the current risk associated with this to be considered as highly likely with a significant impact. The Corporate Head of Planning and Regulatory Services and the Strategic Director are actively managing the risk to ensure controls are put in place to reduce the risk to acceptable levels.

12.8 The Risk Management Policy reflects best practice and there have been no major updates, amends or additions.

12.9 The main changes to the Risk Management Policy as a result of this annual review are:

Change Description	Reason
Additional requirement for ELB to review high-risk and escalated operational risks as part of their quarterly review (Section 4). Note: this already happens in practice but was not formalised in the previous version of the policy	To ensure strategic oversight of high risk and escalating operational risks.
Issue management added as part of ELB's role Section 5 (Corporate Planning and Operational Management)	Clarification on who is responsible for risks that materialise and become issues.
Programme and Capital (PAC) Board added to Section 5 (Corporate Planning and Operational Management)	Clarification on roles and responsibilities.
The council's Risk Appetite definitions and levels (Section 8) have been revised as follows: The Risk Appetite for the Council Plan priority '*Tackling the climate emergency and creating a greener district'* has been revised from 'moderate' to 'open.' The Risk Appetite for the Council Plan priority *'Your services, your voice'* has been revised from 'cautious to 'moderate.'	To align with the refreshed Council Plan. To reflect the urgency of the climate crisis we will consider options with elevated levels of risk if they deliver required outcomes faster. We want to be more ambitious than low risk, safe delivery options that are likely to have restricted potential for reward/return. The risk appetite has been revised to reflect the commitment to continuing to provide high quality, good value, resilient services that are continuously improving.
Addition of 'Aligning Risk Scores with Risk Appetite' (Section 9)	To give guidance to report writers and decision takers in terms of applying the Risk Appetite.
The three lines of defence model in Section updated to the most current version (Section 13)	Identified as previous version being out of date (no material impact).

12.10 Regular updates are reported to Audit and Governance Committee on the Corporate Risk Register and management actions in place to manage and/or mitigate the risks.

12.11 The Policy also includes the council's risk appetite statement, which sets out the level of risk the council is prepared to take whilst also making the most of opportunities and innovation when they arise. This has been reviewed and the previous risk appetite, defined overall as 'moderate,' is still considered to be appropriate. The council continues to tend towards exposure to only modest levels of risk in order to achieve acceptable outcomes. As per the above summary of changes to the Policy for 2023/24, the risk appetite levels for two of the Council Plan priorities have been revised. Further detail on the risk appetite is included in section 8 of the Risk Management Policy.

12.12 This policy has been reviewed to ensure it and the council's revised project management methodology are in alignment.

12.13 As part of the revised project management methodology, the approved Risk Register template must be completed for every project to ensure all necessary information is captured. All risks must be recorded, and mitigation actions identified. A responsible person (the risk owner) must be assigned to each risk. The risk register must then be monitored and maintained throughout the lifecycle of the project.

13   OTHER OPTIONS CONSIDERED AND REJECTED

13.1 None.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

None.

Other Background Documents: -

None.

APPENDICES:

Appendix 1 – Risk Management Policy 2023/24

Appendix 2 – Equality Impact Assessment (EqIA)

Risk Management Policy

2023/24

Version Control – Risk Management Policy 2023/24			
Version	1.0	**Approved by**	Cabinet
Date last amended	20/02/2023	**Approval date**	16/03/2023
Lead officer	Liz Keys S151 Officer	**Review date**	01/03/2024

Version History			
Date	**Version Number**	**Summary of Changes**	**Author**
26/01/2023	1.0	Annual review and refresh in-line with best practice	Amy Tranah – Service Lead, Corporate Support

Please contact the author of this document if you require it in an alternative format, such as large print or a coloured background.

1. Introduction

As part of Winchester City Council's (the council) arrangements to ensure good governance, the purpose of effective risk management is to provide assurance and demonstrate that the council is 'risk aware.' This entails being able to identify risks, evaluate their potential consequences and determine the most effective methods of controlling or responding to them.

The council believes that risk needs to be managed rather than avoided and that consideration of risk should not stifle innovation and creativity.

This policy outlines the approach the council takes with regard to its responsibility to manage risks and opportunities using a structured, focused and proportional methodology. Risk management is integral to all policy and project planning and operational management throughout the council and integrates with our corporate governance and performance management.

This approach to risk management actively supports the achievement of the agreed actions, projects and programmes included as set out in the Council Plan 2020-25.

Risk can be thought of as possibility that an action or event will affect the council's ability to achieve its objectives or outcomes.

Good risk management is about identifying what might go wrong, assessing our level of tolerance towards that and then putting in place measures to prevent the worst from happening, or to manage the situation if something does go wrong. It is also about assessing what must be done to support achievement of the council's objectives and acting in a way that makes this more likely to happen.

2. Our corporate approach to risk management

Risk management is about providing assurance by being 'risk aware.' Risk is ever present in everything that we do and some risk taking is inevitable if the council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the council is better placed to avoid threats and take advantage of opportunities.

The aim of our Risk Management Policy is to be fit for purpose, reflect our size and the nature of our various operations, and use our skills and capabilities to the full. Risk management is most effective as an enabling tool, so we need a consistent, communicated and formalised process across the council. The council is a corporate member of ALARM, a not-for-profit professional membership association that has supported risk and insurance professionals in Public Service Organisations in the UK for 30 years and this policy has been developed in-line with best practice.

Robust project management processes and principles will enable identification of potential risks early in the process and set out how these can be managed. Staff training in project management and risk management principles is essential to embed good practices.

By embedding a culture of risk management into the council, members and officers are able to make effective decisions about services and the use of financial resources to ensure that the council's objectives are met.

An effective corporate approach to risk management will:

- Make it more likely that the council's priorities will be achieved
- Safeguard the organisation and provide assurance to members and officers
- Become part of every manager's competency framework, job description and performance appraisal
- Provide support to the overall governance of the organisation
- Improve decision making
- Identify issues early on
- Provide a greater risk awareness and reduce surprises or unexpected events
- Develop a framework for structured thinking
- Ensure best use of finances as risks are identified and managed and exposure to risk is minimised
- Facilitate achievement of long-term objectives
- Ensure a consistent understanding of and approach to risks

3.   Our risk management framework

Risk management is the process of identifying significant risks relevant to the achievement of the council's strategic and operational objectives, evaluating their potential consequences and implementing the most effective way of managing and monitoring them.

The framework and process arrangements supporting risk management at the council involve:

- A Risk Assessment Tool (section 4)
- Details of how risk management supports corporate planning and operational management (section 5)
- Risk appetite statement (section 8)
- Monitoring and review arrangements (section 11)
- A timetable linked to corporate governance programme (section 12)

4.   Risk Assessment Tool

The Principles

The council generally manages risk effectively within the course of its normal operations through its management structure and governance arrangements.

Risk Assessment Tool
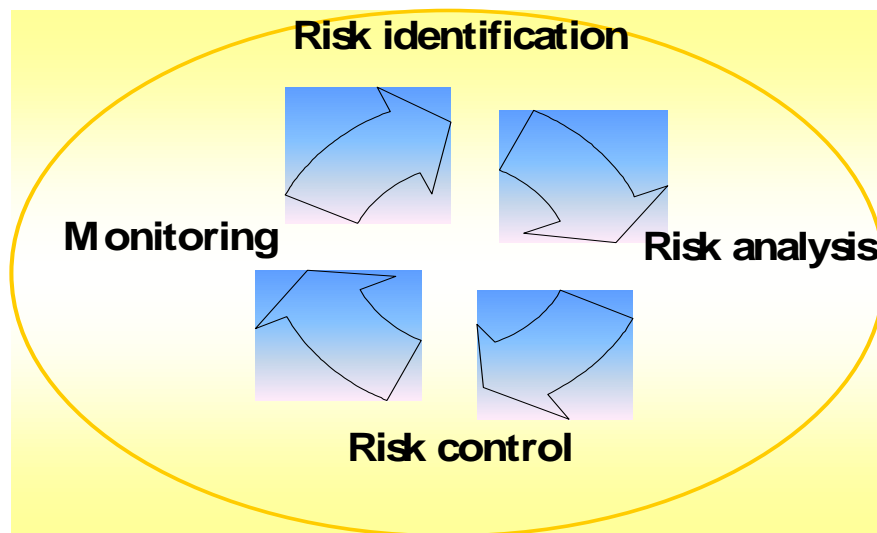
When identifying risks, it can be helpful to use the following sources of risk as prompts to ensure that all areas of risk are considered:

Sources of Risk	Risk Examples
Property, Infrastructure and Assets:	Functioning of transport, communications and utilities infrastructure. The impact of storms, floods and pollution. Security and safety of property, plant equipment and infrastructure
Political, Legal and Regulatory:	Effects of change of government policy, UK legislation (where applicable), national or local political or control, meeting the administration's Council Plan outcomes. Issues of timing. Following the organisation's stated/agreed policy. Legality of operations
Professional judgement & activities	Risks inherent in professional work such as assessing clients' welfare or planning or response to the Equalities Act.
Reputation	Affecting the public standing or perception of the council, partnerships, or individuals (affecting the council). Management of issues that may be contentious with the public or the media.

Sources of Risk	Risk Examples
Technological	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands. Business continuity – ability to continue operations / service delivery if unable to access systems, property or with limited staff (e.g. pandemic).
Commercial: Competition & markets	Affecting the competitiveness (cost and quality) of the service and/or ability to deliver value for money and general market effectiveness.
Contracts & partnerships	Dependency on or failure of contractors to deliver services or products to the agreed cost and specification. Procurement contract and relationship management. Overall partnership arrangements, e.g. for pooled budgets or community safety. PFI, and regeneration.
People: Customer & Stakeholder – related	Satisfaction of citizens, users, central and regional government and other stakeholders. Managing expectations – consulting & communication on difficult issues.
People management & human resources	Managing changes to services that may affect staff and/or ways of working. Resourcing the implementation of the option. Employment issues (TUPE etc.), Maintaining effective health & safety of staff and users.
Financial:	Risk of loss of capital or investment; or of committing the organisation to budgeted increased future costs. Risk of fraud or non-compliance with tax regulations.
Sustainability: Environmental	Environmental consequences arising from option (e.g. in terms of energy efficiency, pollution, recycling emissions etc.)
Social Factors	Effects of changes in demographic, residential and social trends on ability to deliver objectives.
Financial (Economic)	Costs, long term financial sustainability/ reliance on finite or vulnerable funding streams. Financial control, fraud and corruption.

Note: Failure to manage risks in any of the above categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, citizen and operational consequences.

It is important to maintain a sense of proportionality with day-to-day risk and the following principles will be applied:

- Managers have a good understanding of their services and service developments and are able to adequately identify the risks involved.

- Managers understand the limits that the organisation places on the action that can be taken by any individual officer. There is a general awareness of what management action is appropriate and where further consultation and approvals are required with colleagues and more senior managers. The organisation therefore recognises its risk appetite in relation to the decisions it takes.

- There is a good level of understanding of what risk it is acceptable to take during the normal course of work and the organisation recognises its risk appetite in relation to its ongoing activities.

- Unnecessary bureaucracy should be avoided, in particular by preparing documentation solely to demonstrate (rather than support or enhance) effective management. The cost (in terms of the time involved) relative to the benefit gained by defining every possible risk in detail and assigning impact and likelihood scores to each risk associated with every planned or current activity is deemed too great to be generally worthwhile. However where there are known concentrations of risk, such as in new service developments or relating to our programme of tier 1 projects, managers understand that they must document, monitor and manage these risks using the council's scoring framework. Similarly, the senior leadership team (or whoever is appropriate) should seek to identify, assess and manage those risks that seem likely to cause problems or bring benefits at a corporate level.

- The internal audit team at the Southern Internal Audit Partnership (SIAP) work with the responsible Strategic Director and Executive Leadership Board (ELB) to consider the council's assurance needs and makes its own assessment of the internal audit work required to provide this assurance.

- Managers are encouraged and supported to consider the potential threats and opportunities involved in any new service developments and improvements, and to monitor ongoing performance. Documentation of risks, related controls and mitigating action plans should be considered where this is helpful and appropriate and, where this is the case, risk registers should be prepared. This is likely to be appropriate for specific service development projects when project risk registers must be monitored closely by the lead project manager and sponsor.

- It is the responsibility of all staff to assess risks associated with their work and projects and to escalate any potential existing or emerging risks which they feel cannot be managed within sensible parameters to ELB.

- The Programme Management and Capital Strategy (PAC) Board regularly review the risks of all major projects (Tier 1 and 2) and capital programme schemes.

Identification of risks

ELB regularly reviews the Corporate Risk Register and decides if any risks need to be escalated, if there are any emerging risks to be added or any risks that should be removed. Risk owners for corporate risks are generally a member of ELB. The Risk Register records a Risk Description, Risk Owner and details of potential causes, consequences and controls. The inherent risk should be assessed and recorded (the level of risk before treatment measures have been taken into consideration) and also the residual risk (the remaining level of risk after risk mitigation and control measures have been taken into consideration.) ELB also review the current controls and decide if any further are needed or whether the residual risk is accepted.

The Corporate Risk Register is included as an appendix to the Risk Management Policy and formally agreed each year by cabinet. Audit and Governance Committee reviews the risks and policy to make comments to cabinet on the efficacy of the arrangements for managing risk at the council.

Service or operational risks are reviewed by the relevant Corporate Head of Service (CHoS) on an ongoing basis and significant risks added to the relevant statement of assurance during the spring of each year.

Increases to the ratings of Operational Risks are reported to ELB and they review the current controls and whether further mitigation measures are required.

ELB also review the high-risk Operational Risks to identify if any are linked to current Strategic Risks so that impact can be assessed and considered in the whole.

The council's project management methodology is based on best practice frameworks including PRINCE2 and the Association of Project Management (APM). Incorporated within this methodology is a robust process for the management of project risks. Project risk registers must be created for each new project and maintained throughout the project life cycle.

Overarching project risks (for example, failure to deliver on a specific project) may be included in the corporate risk register if they are of sufficient importance at this level and/or the risks are being poorly managed for whatever reason. Tier 1 and Tier 2 project risks are reviewed regularly by the PAC Board.

The Annual Governance Statement is also a key part of risk management and plays an important role in the identification and escalation of risks. The statement is

produced following a review of the council's governance arrangements and explains how the council delivers good governance. Underpinning the statement are the individual statements of assurance which are completed by each Service Lead and include details of significant risks for their service area. Risks which have additional corporate significance are escalated into the Annual Governance Statement which reads across into the Corporate Risk Register.

It is important for Service Leads to refer to this Policy when completing their statement of assurance and providing details of risks affecting the pursuit of the objectives of the team (although this is not the only time risks will be considered).

5.   How risk management feeds into corporate planning and operational management

By embedding risk management into existing policy and service planning processes, members and officers are able to make informed decisions about the appropriateness of adopting a policy or service delivery option.

The information resulting from the risk management approach acts as one of the key pieces of information incorporated into the development of corporate, business and service plans. Risk management is an essential element in establishing policy, developing plans and enhancing operational management.

In order to formalise and structure risk management at the council, it is recognised that there are obvious and clear links between risk management and strategic objectives; financial planning; policy making & review and performance management. The linkages are as follows:

a) The Council Plan reflects the desired outcomes for the district, informed by consultation with the public and stakeholders and sets out the priority outcomes for the council and identifies the important issues that will be addressed over the life of the Plan through the work of the council and its partners. During the lifetime of the Plan there will be direct and indirect threats to the achievement of the outcomes, and these are risks that must be effectively managed.

b) As part of the annual planning process each team considers the key actions to be taken and targets for performance and Corporate Heads of Service prepare strategic service plans for their areas. An assessment of the risks forms part of this planning which is an identification and prioritisation of the most significant risks faced in delivering the key priorities for the year, with actions identified to mitigate and manage these. These actions are then managed as part of the normal business of the team.

c) All staff have an annual appraisal which monitors progress being made and sets objectives for the coming year required to deliver service plan actions and achieve.

As part of this, risk management is cascaded down to risk owners as an objective which aims to gain their support and awareness to ensure effective management of risk within the council. Risk Owners are required to review and update their risks quarterly. This process is managed via the council's Risk Management software with Risk Owners being prompted to update risks in accordance with the policy. This ensures corporate visibility of new, escalated and deescalated risks for reporting as appropriate.

d) Measurement of performance against the Council Plan outcomes, performance indicators and key tasks is achieved in a number of ways:

- In addition to day-to-day management, teams carry out a regular review of progress in their area, which includes assessment of progress against Council Plan actions, performance trends and risks. Where appropriate, exceptions are reported to the ELB for consideration and agreement of corrective action, if required.
- ELB also keep an overview of financial plans, with service performance and emerging risks with corporate risks being reviewed quarterly. If a risk materialises and becomes a live 'issue' the response to this and owner of the issue is agreed by ELB.
- The Scrutiny Committee, via the Performance Panel receives quarterly reports that provides an update on the progress achieved against the actions included in the Council Plan and any significant issues are raised with cabinet.
- PAC Board consider risks for major projects and capital programme schemes

6. How do we evaluate risks?

The council evaluates its identified risks on a four-point scale on the likelihood or probability of the risk occurring and the impact caused should the risk occur being rated between low and significant.

The council has chosen to divide the rating into RAG bands as shown on the risk map below:

	IMPACT			
	Low (1)	**Moderate (2)**	**Major (3)**	**Significant (4)**
LIKELIHOOD Highly Likely (4)	🟧	🟧	🟥	🟥
Likely (3)	🟩	🟧	🟥	🟥
Unlikely (2)	🟩	🟩	🟧	🟧
Highly Unlikely (1)	🟩	🟩	🟩	🟧

Impact Rating

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact.

Impact is defined as the impact to the organisation should the risk materialise,

Each potential risk area should be considered, and the highest impact scored should be the score (1-4) that is used to define the overall impact score.

	Low (1)	**Moderate (2)**	**Major (3)**	**Significant (4)**
Financial	Less than £20K	£20k or over and less than £250K	£250K or over and less than- £2MK	£2M plus
Service Provision	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term Statutory duties not delivered
Health & Safety	Sticking Plaster / first aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/Large scale major illness
Morale	No effect	Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff

Reputation	No media attention / minor letters	Adverse Local media	Adverse National publicity	Remembered for years
Govt relations	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

Likelihood Rating

Likelihood is the chance of a risk materialising.

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

Likelihood	Probability
Highly Unlikely (1)	1% to 25% chance in 5 years
Unlikely (2)	26% to 50% chance in 5 years
Likely (3)	51% to 75% chance in 5 years
Highly Likely (4)	76% to 100% chance in 5 years

7   How we respond to risks

Once a risk has been identified, the council need to decide and agree what it is going to do about it. The recognised approaches to controlling risks are described as the five key elements or 5 T's; Tolerate, Treat, Transfer, Terminate and Take the opportunity. These are described in more detail below. It is generally accepted that where a risk can be reduced through some form of treatment or mitigation in a cost-effective fashion then it is good to do so.

As a general principal once a risk has been identified, consideration needs to be given to the five T's and that the chosen approach is seen as being cost-effective so that the control of the risk is not disproportionate to the expected benefits.

The five T's are:

Treatment   By far the greatest number of risks will be addressed in this way by using appropriate control counter measures to constrain the risk or reduce the impact or likelihood to acceptable levels. Examples include strategy, process, people or systems improvement.

Transfer   For some risks the best response may be to transfer them and might be done by transferring the risk to another party to bear or share the risk, e.g. through insurance, contracting or entering into a partnership. Reputation risk can never be transferred.

Tolerate   Where it is not possible to transfer or treat the risk, consideration needs to be given to how the consequences are managed should they occur. This may require having contingency plans in place, for example, Business Continuity Plan which creates capacity to tolerate risk to a certain degree.

Terminate   Some risks will only be treatable, or containable to acceptable levels by terminating the activity that created them. It should be noted that the option of termination of activities may be severely limited in government when compared to the private sector; a number of activities are conducted in the government sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved. This option can be particularly important in project management if it becomes clear that the projected cost / benefit relationship is in jeopardy.

Take the Opportunity   This option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats; an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain even greater advantages? The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resources which can be re-deployed.

8. Risk Appetite

ALARM defines risk appetite as *"The amount of risk to the organisation, or subset of it, it is willing to accept."* (Source: ALARM Risk Management Toolkit 2021).

A clearly understood and articulated risk appetite statement assists with the risk awareness for the council and supports decision making in pursuit of its priority outcomes and objectives.

The council's Risk Appetite Statement is an integral part of its Risk Management Policy and ensures that the opportunities the council is willing to take to achieve its strategic outcomes and objectives are measured, consistent and compatible with the capacity to accept and manage risk and do not expose the council to unknown, unmanaged or unacceptable risks.

This statement will be reviewed and approved by cabinet annually. The approved statement will be included as an appendix to the Risk Management Policy. The council may decide to move the appetite up or down based on a number of

influencing factors including financial and capacity, and the council may have a higher 'aspirational' risk appetite once sufficient assurance is gained and processes put in place to manage the higher levels of risk.

Risk management is about being 'risk aware.' Risk is ever present in everything that we do and some risk taking is inevitable if the council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the council is better placed to avoid unforeseen problems and take advantage of opportunities that arise.

We recognise risk management as a vital activity that underpins and forms part of our vision, values and strategic objectives, (including operating effectively and efficiently), as well as providing confidence to our community.

The council's Risk Appetite 2023/24

The council will take fair, measured and targeted levels of risk to achieve the priority objectives included in the Council Plan. There will be opportunities for the council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and efficiency benefits.

When analysing the risk associated with decisions, the council considers the parameters around five key areas of risk, illustrated in the following diagram.

The Risk Appetite Statement supports members and officers in decision making by setting out where Cabinet is comfortable accepting different levels of risk, and which levels of risk are potentially unacceptable. The council's risk appetite should be considered in conjunction with the risk section of all committee reports when decisions are made.

The council's current overall risk appetite is defined as MODERATE (see table below for definitions). This means the council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, despite also having greater level of risks. However, the council's preference is for safe delivery options which have a lower degree of risk, especially for those services required by statute.

Risk Appetite Definitions	
Avoid	No appetite. Not prepared to take risk.
Averse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
Moderate	Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.
Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
Hungry	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.

Risk appetite is not a single, fixed concept and there will be a range of appetites for different risks which may vary over time. The council's risk appetite by corporate priority and guiding principles are set out below:

Council Plan Priority	Risk Appetite	
Tackling the climate emergency	Open	Reflecting the urgency of the climate crisis we will consider options with elevated levels of risk if they deliver required outcomes faster.
Homes for all	Open	We will choose innovative solutions which may bring elevated levels of risk in order to provide homes that are: • Affordable • sustainable • with low energy usage and low bills built in the right areas for our changing communities.
Living well	Moderate	We will continue to facilitate and deliver solutions, often working with partners, that produce positive outcomes for all our residents. We will usually take moderate to low-risk options.
Vibrant local economy	Moderate	We will tend towards exposure to modest levels of risk in order to deliver positive outcomes for our local economy in these challenging times.
Your services, your voice	Moderate	We will, in order to ensure resilience, enhance our services and make the best use of our resources and explore alternative delivery models. We will tend towards moderate risk exposure to deliver good levels of service.

9. Aligning Risk Scores with Risk Appetite

Effective risk management should support informed decision-making. A key consideration in balancing risks and opportunities to support informed decision-making and preparing tailored responses is the conscious and dynamic application of the organisation's risk appetite.

To give guidance to decision takers in terms of applying the council's risk appetite, the below table maps the risk appetite definitions from Section 8 of this policy to the risk map in Section 6:

		I M P A C T			
		Low (1)	Moderate (2)	Major (3)	Significant (4)
L I K E L I H O O D	Highly Likely (4)	*Cautious*	*Open*	*Hungry*	*Hungry*
	Likely (3)	*Cautious*	*Open*	*Hungry*	*Hungry*
	Unlikely (2)	*Averse*	*Moderate*	*Open*	*Open*
	Highly Unlikely (1)	*Averse*	*Cautious*	*Moderate*	*Open*

10. Risk Registers

Individuals view risk in different ways, based on past experiences, personal beliefs and outlook, which impact risk perception. Having a structure and process improves consistency and alignment, ensuring a clear consensus on the prioritised risks facing an organisation, recorded in a risk register.

Risk registers are reference documents that summarise the different risks that might occur and record the potential impact to the council. Just because a risk is included on the risk register does not mean that the council thinks it will happen, but it does mean that the council thinks it is worth seeking to manage. The risk score is, therefore, based on a 'reasonable worst-case scenario.' The methodology for the scoring of risks is included in section 6 above.

The council maintains several risk registers, and these are:

- Corporate Risk Register – this register records the most significant risks for the council or those risks which may prevent the council from achieving its

strategic objectives as set out in the Council Plan. Corporate Risks are managed by ELB.

- Operational Risk Register – includes risks that might affect the delivery of individual services but would not in isolation threaten the council's overall objectives. Operational risks are managed by the Corporate Heads of Service.
- Project and Programme Risk Registers – provides a register of the risks that if they occur have a positive or negative effect on the achievement of the project's and programme objectives. Project or Programme Managers manage project and Programme risks.

11. How we monitor and report risk

Risk management must be embedded into decision making, business planning and performance management arrangements so that it is central to the way the council works. It contributes to the concept of 'No Surprises,' 'Getting it right first time' and 'Having a Plan' which will useful should the unexpected happen.

The framework of monitoring and reporting has been developed using the council's performance management software; Pentana, which is able to record the risks onto the system with the relevant risk owner having access so that monitoring and updating can take place.

This requires:

- ELB monitors and reviews progress against corporate risks as part of its quarterly monitoring meeting, making a judgement on any risks referred for escalation and identifying any risks that can be moved to operational risk registers. Results of these reviews will form part of the regular monitoring report submitted to the Audit and Governance Committee and reported to Cabinet if decisions on any procedure or policy changes are needed.
- The Audit and Governance Committee receives regular monitoring reports that provide assurance that the risks identified on the Corporate Risk Register are being adequately managed. The Audit and Governance Committee may decide to receive in-depth reports for the most significant risks on the register or risks that are causing concern.

If at any time a risk other than those on the Corporate Risk Register (for example an operational risk) is scored 'red' full details should be presented to the next ELB meeting for further consideration and approval of appropriate mitigation action and controls if required. This may include escalation to the Corporate Risk Register.

All council committee reports include a section titled "Risk Management." The purpose of this section is for the author to demonstrate and provide evidence that the risks associated with the content of the report have been properly identified, assessed and evaluated. The table in this section is split into categories of potential

risk sources. Consideration should also be given to the council's Risk Appetite to support decision making. This sets out the amount and type of risk that the council is prepared to seek, accept or tolerate.

12. Timetable

Risk management is an integral part of corporate governance, and in particular is closely linked with performance management. Therefore the cyclical timetable for risk management follows that of the performance management framework:

When	Who?	What?
Winter / Spring	Executive Leadership Board	• Quarterly review of Corporate Risk Register • Budget and Service Plan risks considered • Reviews and comments on the draft Risk Management Policy and Risk Appetite Statement and for the coming year
	Audit and Governance Committee	• Review the Corporate Risk Register and monitoring report • Reviews and comments on the draft Risk Management Policy and Risk Management Appetite for the coming year
	Cabinet	• Approval of updated Risk Policy for the forthcoming year • Approval of Risk Appetite for forthcoming year • Approval of Corporate Risk Register
Summer	Executive Leadership Board	• Quarterly review of Corporate Risk Register
	Audit and Governance Committee	• Review the Corporate Risk Register and monitoring report • In-depth update for significant corporate risks as requested
Autumn	Executive Leadership Board	• Quarterly review of Corporate Risk Register
	Audit and Governance Committee	• Review the Corporate Risk Register and monitoring report • In-depth update for significant corporate risks as requested

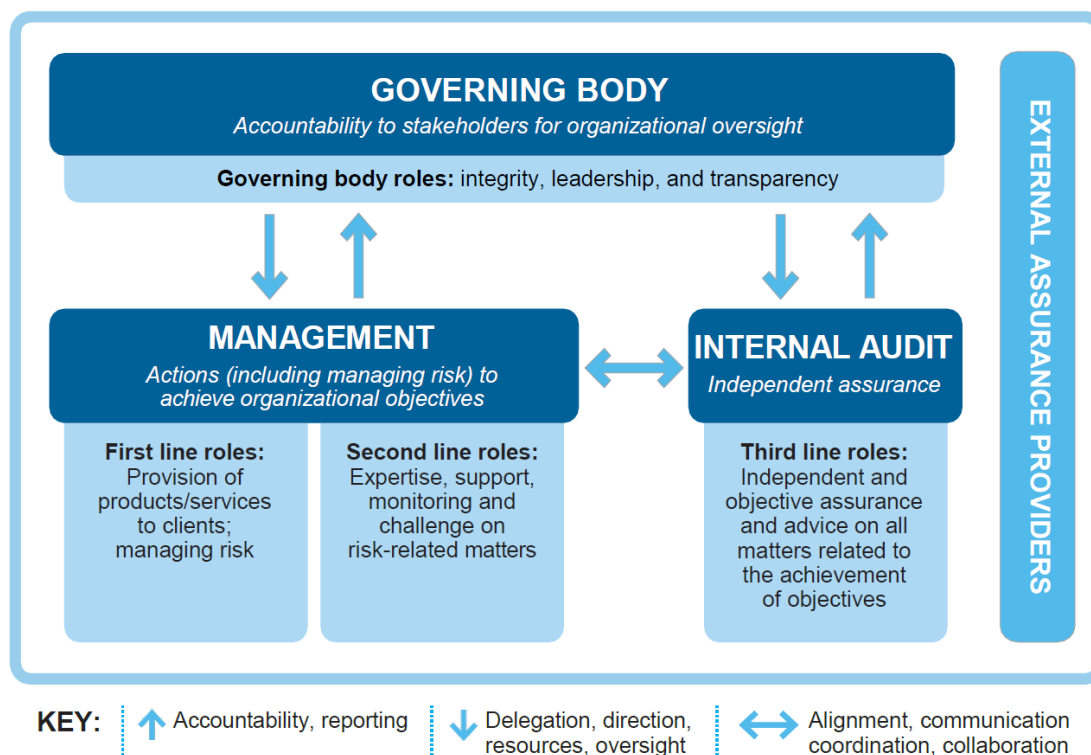## 13. Risk Management roles and responsibilities

Assurance can come from many sources within an organisation. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive

This concept is widely known among the insurance, audit and banking sectors as a risk governance framework. The concept can be used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective risk management, governance and assurance.

The following table is an example of the three lines of defence concept.

Example: Three line of defence model from the Institute of Internal Auditors (IIA)

The IIA's Three Lines Model

GOVERNING BODY
Accountability to stakeholders for organizational oversight

Governing body roles: integrity, leadership, and transparency

MANAGEMENT
Actions (including managing risk) to achieve organizational objectives

First line roles:
Provision of products/services to clients; managing risk

Second line roles:
Expertise, support, monitoring and challenge on risk-related matters

INTERNAL AUDIT
Independent assurance

Third line roles:
Independent and objective assurance and advice on all matters related to the achievement of objectives

EXTERNAL ASSURANCE PROVIDERS

KEY:
↑ Accountability, reporting
↓ Delegation, direction, resources, oversight
↔ Alignment, communication coordination, collaboration

First line of defence:

As the first line of defence, Service Leads or service managers own and manage risks within their service area. They are also responsible for implementing appropriate corrective action to address, process and control weaknesses.

Service Leads are also responsible for maintaining effective internal controls and managing risk on a day-to-day basis. They identify, assess, control and manage risks ensuring that their services are delivered in accordance with the council's aims and objectives.

Second line of defence:

The second line of defence relates to the strategic direction managed by ELB and the council's oversight functions (e.g. Finance, Legal Services, Procurement and HR) which are responsible for defining policies, setting direction, ensuring compliance and providing assurance.

Included within the Anti-Fraud and Corruption Policy is the council's Whistleblowing Policy which encourages staff to report concerns which may expose the council to risk.

Third line of defence:

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organisations operations. It helps the council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The aim of internal audit's work programme is to provide assurance to management, in relation to the business activities, systems or processes under review that the framework of internal control, risk management and governance is appropriate and operating effectively; and risks to the achievement of the council's objectives are identified, assessed and managed to a defined acceptable level.

Such risks are identified through senior management liaison and internal audits own assessment of risk. External audit, inspectors and regulators also provide assurance on the management of risk and delivery of objectives.

S151 Officer:

In addition to the three main lines of defence, there is the role of the S151 Officer. CIPFA outlines one element of the role as, "demonstrates integrity by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks"

Other Specific Responsibilities

Who	What
Members	Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic objectives and risks that the council faces and will be made aware of how these risks are being managed.
Cabinet	• To ensure that effective arrangements are in place throughout the council, and these are kept up to date, • Approving the council's Risk Management Policy and Risk Appetite, • Monitoring the council's risk management and internal control arrangements via an exception reporting process, • Ensuring that Cabinet decisions made are cognisant of the council's Risk Appetite.
Audit and Governance Committee	The Audit and Governance Committee's role is to provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance, and to monitor the effective development and operation of risk management and corporate governance in the council.
Executive Leadership Board (ELB)	ELB is pivotal in promoting effective risk management and ensuring that it is embedded in the culture of the council. The key responsibilities for the Chief Executive, S151 officer and ELB are: • Promoting the implementation of the council's risk management arrangements on a corporate basis • Supporting and promoting the benefits of effective risk management throughout the council • Supporting the identification and assessment of risk on an ongoing basis • Annually review the Corporate Risks to be presented to Cabinet • Manging the Corporate Risks
Programme and Capital (PAC) Board	• Regularly review the progress of the council's major projects and capital programme schemes. Includes review of risk registers, oversight of programme management and budget management
Corporate Heads of	Senior managers have responsibility for minimising and

Who	What
Service, Service Leads and Senior Managers	managing risk within their teams. They will demonstrate their commitment to risk management through: • Being actively involved in the identification and assessment of risks • Developing relevant action plans for the key risks and establishing relevant performance indicators to measure their performance through the performance management framework • Incorporating the risk management process into business/service planning processes • Monitoring the Teams' risks regularly and on no less than a quarterly basis • Encouraging staff to be open and honest in identifying risks or potential opportunities • Ensuring that the risk management process is part of all major projects and change management initiatives • Ensuring that the risk management process is part of all major procurements and contract management activity • Monitoring and reviewing action plans regularly to effectively treat risks
Risk and Insurance Support	• Facilitate and support the procurement of the council's insurance programme and the management of claims. • Support managers in understanding where risk can be transferred by the use of insurance mechanisms
Service Lead – Corporate Support	• Provide risk management leadership and support across the council, • Provide assistance with and prepare management reports. • Support the Executive Leadership Board and senior managers on risk related issues.
All staff	All staff have the responsibility for council risks and must understand their role in the council's risk management arrangements including the Anti-Fraud and Corruption Policy which includes the Whistleblowing Policy. Training and support is provided at the staff induction and periodically. All staff are expected to know how to recognise, assess and evaluate risk, when to accept risk and to recognise that risks can create opportunities for the council.
Southern Internal	The role of the Southern Internal Audit Partnership who

Who	What
Audit Partnership	act as the council's Internal Auditors is that of an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It will be responsible for undertaking an assessment of the council's risk management and internal control mechanisms as part of the review of corporate governance arrangements.

Everyone involved in risk management has a responsibility to identify learning from risks and their management.

<u>Corporate Risk Register</u>

Significant risks have been reviewed by ELB and the following table provides details of the risks that are included on the Corporate Risk Register for 2023/24.
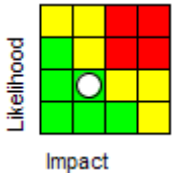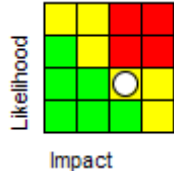
Corporate Risk Register 2023/24

Winchester City Council
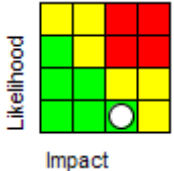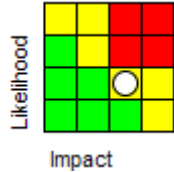
As of 16 March 2023

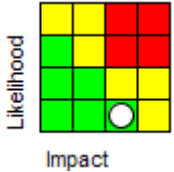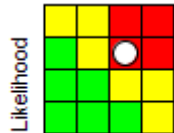Residual Risk Summary:

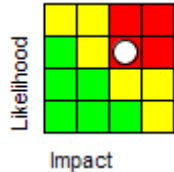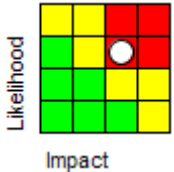| Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
CR001	Given competing demands and multiple complex priorities, the risk is that the council does not maintain capacity to deliver services	Chief Executive	• Ambitious council plan with multiple strands of activity • Staff resources are lean, and teams are working at capacity to deliver services at current levels of demand • Outbreak of a pandemic that increases the pressure to continue to provide critical services as well as respond to	• If decision making is slow, delays occur, and potentially available resources are redeployed or become unavailable if they are externally sourced. • Implementation of business continuity plan to target work in critical areas in cases of staff shortage. • If staff lack political awareness, middle		• Council Plan is distilled into key priorities by service. If capacity becomes an issue, prioritisation of activity is in place • Critical activities are reviewed with Cabinet alongside a refreshed Council Plan approved in January'23 • Proactive approach to communications internal and external	

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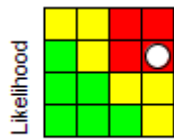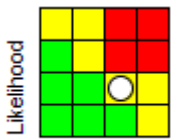| Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
			the needs of residents and businesses affected by the pandemic • Competition from the private sector for key staff roles e.g. planning, project management • Tension between day-to-day and strategic priorities • Key skills not in the right place	managers will be slow to redeploy resource to current priorities • If staff are diverted then can't deliver on other lower-level priorities or day-to-day work • Reputation is damaged as the council is not seen to be able to deliver projects • Local members are not always kept informed of activity in their area • Unable to deliver key council services		• 50/50 hybrid working policy agreed • Annual Service Planning • Regular meetings with relevant cabinet members • Positive use of fixed term contracts to aid flexible resourcing • Targeted use of external resource • Reallocation of human and financial resources across and within the organisation as required • CMM review resources on a regular basis	
CR003	Decisions made by the council are challenged due to a lack of a strong evidence base, customer insight and engagement with change or procedural errors	Strategic Director and Monitoring Officer (MO) SE	• Lack of skill and/or time to identify evidence to support decision making • Lack of consultation with ward members and/ or parish council's over local issues • Procedural error in statutory process	• Lack of a robust and evidence-based approach to customer engagement can lead to: - Reputational damage - Views that the council is too Winchester-centric		• Consultation with ward and parish councillors (on matters within their ward or parish) • Risks with regard to significant projects are recognised and addressed separately via robust Project Management and	

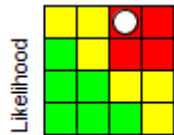| Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
			• Inconsistent and traditional approach to customer engagement across the council • Lack of awareness of the questions to ask • Lack of awareness of the 'right time' to engage • Lack of public awareness of the opportunity to engage • Council is not aware of the full range of interested stakeholders • Council may only hear the loudest voices and not the silent majority or those that do not readily engage	- That decisions made are Inequitable - There is a perception that people's views are ignored • Ward members and/or parish council's not being informed • Legal/ judicial review or challenge against a decision made		regular reports to the Programme and Capital Strategy Board • Legal and Monitoring Officer consultation on decisions made • Residents' survey completed 2022 • A we asked … you said … we did feedback approach • Proactive open and transparent communications	
CR004	Failure to have plans and processes in place to recover and maintain services after a major incident (including pandemic) that has a significant impact on the ability of the Council to provide its services	Strategic Director and Monitoring Officer (MO) SE	• Not maintaining an effective corporate wide Business Continuity Plan • Not regularly testing the plan and following up learning • Key staff	• Unacceptable delay and uncertainty in returning to normal working after an emergency • Adverse publicity and criticism • Reputation damage • Adverse social and		• Business Continuity Plans reviewed and tested in 2022 and a report due to ELB early 2023. • Annual testing of IT Disaster Recovery Plan • Critical services	
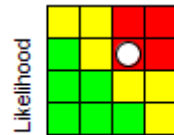
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Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
			unavailable • Communication systems ineffective • Lack of awareness of Business Continuity Plan • Failure to assess business critical functions and have plans in place	economic impact		identified with individual business continuity plans • Back up temporary office accommodation at Hyde Lodge • All staff able to seamlessly work from home, where job allows • 2020 internal audit resulting in substantial opinion and no identified weaknesses	
CR006	Breakdown of effective partnership working	Strategic Director DA	• Partnerships can falter due to lack of shared vision within partnerships • Money spent on Partnership working doesn't add value • Strategic partnerships may falter due to conflicting demands within individual partners • Incorrect application of the procurement regulations due to a	• Significant project delivery such as major projects and new homes building programme could fail due to failure of strategic partnerships • Local delivery could fail if local strategic partners are not aligned • Reputational damage to all partners • Lack of value for money (VfM)		• Annual review by each CHoS of all partnerships undertaken to identify key strategic partners • Annual performance reporting for significant partnerships by CHoS'	

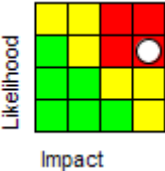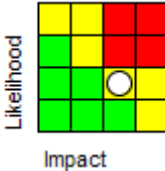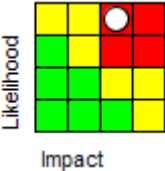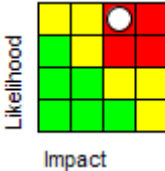| Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
			misunderstanding as to how and when they apply to partnership working • Partnerships may be unsuccessfully commissioned due to lack of skills and poor scoping • Significant local, regional or national partners may close down, affecting the council				
CR007	Lack of sufficient funding and/or escalating costs over the medium term reducing financial viability and inability to achieve a balanced budget	Corporate Head of Finance and s151 LK	• Reduced Government funding • Reliance on strategic partners to deliver services and projects • Macro economy, including effects of Brexit, reduces locally generated Business Rates and parking income • Failure to achieve income targets • Inflation rises • Penalties are imposed on the Council due to falling standards in	• Unable to balance the budget • Increased Council Tax • Public's ability to pay for services • Reduce services provided • Demand/cost of services • Increased construction costs and impact on delivery and viability of key projects • Over borrowing and avoidable cost		• Strategic Budget review mid-year 22/23 • Internal audit of financial stability offered substantial assurance (Dec 22) • One year funding settlement in place • MTFS approach setting out medium- and longer-term options • Quarterly finance reporting and monitoring of key income sources • Regular policy review and monitoring	

Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
			services • Impact of a Pandemic			• Scenario planning and sensitivity analysis of key risks • Transformation programme to set out cost review • Maintain General fund reserve of at least £2m • Regular review of reserves • Annual review of fees and charges	
P008	Availability of suitable sites to meet the strategic need for building new homes (HRA)	Strategic Director SH	• Increasing demand for new houses • High cost of housing, including private rented sector • Unable to identify new sites for new houses • Increasing infrastructure demands on new sites • Higher build costs • Increasing inflation and interest rates affecting supply	• Increased housing waiting list numbers • Increasing homelessness • Difficulty accessing housing markets • Outward migration of younger residents • Adverse publicity • Government intervention • Ability to meet the business plan target which will have a negative effect on income	Likelihood / Impact	• Plans in place to deliver significant new homes • Regular monitoring of projects • Revised Housing Strategy • Cost benchmarking	Likelihood / Impact

Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
CR009	Failure in cyber security leaving the council exposed to phishing and other attacks leading to compromised IT systems and data loss	Corporate Head of Finance and s151 LK	• Malicious attack by Hackers for financial gain • Malicious attack by Hackers to disrupt business and ability to deliver services • Viral code attack in order to data mine information and identities	• Possible complete shutdown of Council IT Systems and Infrastructure • Business\service delivery disruption • Significant Financial loss • Credibility and confidence lost in engaging with digital services and e-payments		• Mandatory Cyber Security awareness training held for all staff • IT Systems and processes administered to PSN (Public Services Network) standards and protocols • ITILv3 Methodology adoption for ITSM • Comprehensive and regular reviews of ISP (Information Security Policies) and IT Network Access Policies • Operational daily checks and proactive monitoring of Firewalls and pattern updates • Staff qualified in Cyber Scheme Professional standards and within GOV UK CESG guidelines • Regular system health checks and vulnerability scans • System and software maintained	

Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
						to supported levels. • Email security managed by accredited 3rd party • Insurance for potential losses of a cyber attack • Third party review jointly with TVBC will be undertaken early 2023 to see what further actions the councils can pro-actively take to mitigate this risk further	
CR010	Failure to effectively respond to the Climate Change Emergency and reduce the council and district carbon emissions	Strategic Director DA	• Failure to achieve target for the council to be carbon neutral by 2024 and the district by 2030 • Carbon emissions increase • Air quality drops • Insufficient project capacity in-house	• Reputational damage for failing to meet targets • Increased risk of flooding - damage to property, disruption to business, health and wellbeing of displaced residents • Increased risk of droughts - pressure on river system health, depleted aquifer/reservoir volumes, negative impact upon agriculture, fire risk • Extreme heat and		• Review of progress against the Winchester Carbon Neutrality Action Plan (CNAP). Currently reviewing the milestone report to determine next actions. • Climate Emergency declared • Asset Management Plan 2022-2027 adopted by Cabinet Jan 2023 • Greener Faster is an area of enhanced focus in	

Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
				cold - health risk for vulnerable people, pressure on emergency and health services • Protests by lobby groups • House price volatility		the refreshed Council Plan 2023 • £15mil HRA	
CR011	Lack of preparedness and incapability to respond to events caused by climate change	Strategic Director DA	• Failure to prepare for an adverse weather event, for example long period of rain, heavy snow or heatwave • Failure to manage sluice gates and maintain rivers • Failure to respond to an adverse weather event, e.g. making safe city footpaths and car parks after heavy snow fall	• Flooding causing damage to property and assets • Loss of income to the council e.g. closed car parks due to snow • Adverse publicity • Damage to reputation		• Multiagency Emergency Response Plan in place, reviewed and updated annually • Annual Emergency Planning exercise to test the Plan • Completion of flood alleviation schemes • Temporary flood defence barrier purchased and available to be used where there is a need	
CR012	Nutrient neutrality - Phosphates	Strategic Director DA and Corporate Head of Planning and Regulatory (EE)	• Inability for developers to achieve nutrient neutrality specifically related to phosphates will delay housing and delivery of other	• Adverse impact on economy • Reduction in supply of new homes • Inability to maintain a 5-year housing land supply leading		• £200k grant funding has been awarded by Government across the affected Solent area and we are currently working with PUSH to identify strategic	

Code	Risk Description	Risk Owner	What might go wrong? (Cause)	What will happen? (Consequence)	Original Risk Rating	Current Controls	Residual Risk
			forms of residential development within the affected area	to unplanned development being permitted • Reputational damage		solutions. • A formal project is being established.	

Winchester City Council

Equality Impact Assessment Template (EIA)

Section 1 - Data Checklist

When undertaking an EIA for your policy or project, it is important that you take into consideration everything which is associated with the policy or project that is being assessed.

The checklist below is to help you sense check your policy or project before you move to Section 2.

		Yes/No	Please provide details
1	Have there been any complaints data related to the policy or project you are looking to implement?	No	
2	Have all officers who will be responsible for implementing the policy or project been consulted, and given the opportunity to raise concerns about the way the policy or function has or will be implemented?	Yes	ELB have been consulted.
3	Have previous consultations highlighted any concerns about the policy or project from an equality impact perspective?	No	
4	Do you have any concerns regarding the implementation of this policy or project? (*i.e. Have you completed a self-assessment and action plan for the implementation of your policy or project?*)	No	
5	Does any accessible data regarding the area which your work will address identify any areas of concern or potential problems which may impact on your policy or project?	No	
6	Do you have any past experience delivering similar	Yes	This is an annual review of a well-established council policy

		Yes/No	Please provide details
	policies or projects which may inform the implementation of your scheme from an equality impact point of view?		delivering good corporate governance.
7	Are there any other issues that you think will be relevant?	No	

Section 2 - Your EIA form

Directorate: Corporate	Your Service Area: Resources	Team: Corporate Support	Officer responsible for this assessment: Amy Tranah	Date of assessment: 26/01/2023

	Question	Please provide details
1	What is the name of the policy or project that is being assessed?	Annual review of the Risk Management Policy 23-24 CAB3381
2	Is this a new or existing policy?	Existing
3	Briefly describe the aim and purpose of this work.	Annual review to ensure the policy is fit for purpose and in-line with best practice
4	What are the associated objectives of this work?	To ensure the council has a robust risk management policy that is aligned to best practice and ensure all risks are identified, assessed and controlled through effective management actions
5	Who is intended to benefit from this work and in what way?	Officers – to ensure there is a clear policy and process to manage risk effectively within their service areas

Members - to ensure there is a clear policy on risk management which can be used in the decision-making process |
6	What are the outcomes sought from this work?	Robust risk management
7	What factors/forces could contribute or detract from the outcomes?	A risk management summary in relation to the decision is included in Section 11 of the report
8	Who are the key individuals and organisations responsible for the implementation of this work?	Every council officer is responsible for managing risk in the course of their work. Roles and responsibilities are set out in Section 12 of the policy.
9	Who implements the policy or project and who or what is responsible for it?	Winchester City Council via:

• Cabinet Member
• ELB / senior leadership
• All team members |

		Please select your answer in **bold**. Please provide detail here.		
10a	Could the policy or project have the potential to affect individuals or communities on the basis of race differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of race differently in a negative way.
10b	What existing evidence (either presumed or otherwise) do you have for this?	Race has no impact on the assessment or management of risk.		
11a	Could the policy or project have the potential to affect individuals or communities on the basis of sex differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of sex differently in a negative way.
11b	What existing evidence (either presumed or otherwise) do you have for this?	Sex has no impact on the assessment or management of risk.		
12a	Could the policy or project have the potential to affect individuals or communities on the basis of disability differently in a negative way? *you may wish to consider:* • *Physical access* • *Format of information* • *Time of interview or consultation event* • *Personal assistance* • *Interpreter* • *Induction loop system* • *Independent living equipment* • *Content of interview)*	**Y**	N	Some disabilities can prove a barrier to accessing important council documents. To reduce this barrier, alternative formats such as large print, plain text, etc. will be made available upon request.
12b	What existing evidence (either presumed or otherwise) do you have for this?	Previous consultations across the council (e.g., the Housing Team's Tenant Satisfaction Survey) found that disability can prove a barrier to accessing important council documents.		
13a	Could the policy or project have the potential to affect individuals or communities on the basis of sexual orientation differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of sexual orientation differently in a negative way.

13b	What existing evidence (either presumed or otherwise) do you have for this?	Sexual orientation has no impact on the assessment or management of risk.		
14a	Could the policy or project have the potential to affect individuals on the basis of age differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of age differently in a negative way.
14b	What existing evidence (either presumed or otherwise) do you have for this?	Age has no impact on the assessment or management of risk.		
15a	Could the policy or project have the potential to affect individuals or communities on the basis of religious belief differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of religious belief differently in a negative way.
15b	What existing evidence (either presumed or otherwise) do you have for this?	Religious belief has no impact on the assessment or management of risk.		
16a	Could this policy or project have the potential to affect individuals on the basis of gender reassignment differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of gender reassignment differently in a negative way.
16b	What existing evidence (either presumed or otherwise) do you have for this?	Gender reassignment has no impact on the assessment or management of risk.		
17a	Could this policy or project have the potential to affect individuals on the basis of marriage and civil partnership differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of marriage and civil partnership differently in a negative way.
17b	What existing evidence (either presumed or otherwise) do you have for this?	Marriage and civil partnership has no impact on the assessment or management of risk.		
18a	Could this policy or project have the potential to affect individuals on the basis of pregnancy and maternity differently in a negative way?	Y	**N**	The Risk Management Policy 23-24 will not impact individuals or communities on the basis of pregnancy and maternity differently in a negative way.
18b	What existing evidence (either presumed or otherwise) do you have	Pregnancy and maternity has no impact on the assessment or		

	for this?			management of risk.

19	Could any negative impacts that you identified in questions 10a to 15b create the potential for the policy to discriminate against certain groups on the basis of protected characteristics?	**Y**	N	People with certain disabilities could be negatively impacted if they were unable to read / access the document.
20	Can this negative impact be justified on the grounds of promoting equality of opportunity for certain groups on the basis of protected characteristics? Please provide your answer opposite against the relevant protected characteristic.	Y	**N**	Race: N/A
				Sex: N/A
				Disability: No
				Sexual orientation: N/A
				Age: N/A
				Gender reassignment: N/A
				Pregnancy and maternity: N/A
				Marriage and civil partnership: N/A
				Religious belief: N/A
21	How will you mitigate any potential discrimination that may be brought about by your policy or project that you have identified above?			The following action will be taken to ensure the Risk Management Policy 23-24 is in accordance with the Equality Act and Public Sector Equality Duty: • Make it clear that other alternative formats are available such as large print, plain text, etc.
22	Do any negative impacts that you have identified above impact on your service plan?	Y	**N**	

Signed by completing officer	Amy Tranah – Service Lead Corporate Support
Signed by Service Lead or Corporate Head of Service	Liz Keys – Corporate Head of Finance

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AG095
AUDIT & GOVERNANCE COMMITTEE

REPORT TITLE: LOCAL CODE OF CORPORATE GOVERNANCE

2 MARCH 2023

REPORT OF CABINET MEMBER: CLLR POWER – CABINET MEMBER FOR FINANCE AND VALUE

Contact Officer: Sharon Evans   Tel No: 01962 848 135 Email sevans@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report presents the Local Code of Corporate Governance which sets out and describes the council's commitment to corporate governance, and identifies the arrangements that have been made, and will continue to be made to ensure its effective implementation and application in all aspects of the council's work.

RECOMMENDATIONS:

1.   The Audit and Governance Committee approves the Local Code of Corporate Governance 2023 as set out in Appendix 1.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOMES

1.1   The Local Code of Corporate Governance sets out the principles by which the council follows to ensure that it delivers the priorities included in the Council Plan in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

2   FINANCIAL IMPLICATIONS

2.1   There are no direct financial implications.

3   LEGAL AND PROCUREMENT IMPLICATIONS

3.1   A Code of Corporate Governance is recommended by the guidance designated as proper practice by CIPFA/SOLACE framework, entitled Delivering Good Governance in Local Government. The Council's Local Code of Corporate Governance forms part of the governance framework which defines the principles that underpin governance at the council.

4   WORKFORCE IMPLICATIONS

4.1   None identified directly from the content of this report, however the seven principles that underpin the Local Code of Governance direct and control all aspects of the council's work.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None.

6   CONSULTATION AND COMMUNICATION

6.1   Consultation on the content of the report has been undertaken with the members of the Executive Leadership Board (ELB), the Corporate Head of Service for Resources and the Service Lead - Legal.

7   ENVIRONMENTAL CONSIDERATIONS

7.1   None required.

8   PUBLIC SECTOR EQUALITY DUTY

8.1   The Code of Governance reflects values and key commitments and supports the council's compliance with its public sector equality duty. No direct issues arise from the content of the report, although officers will have regard to the considerations as set out in the Equalities Act 2010 and whether an Equality Impact Assessment will be required to be undertaken as required on any specific recommendations or decisions made.

9   DATA PROTECTION IMPACT ASSESSMENT

9.1   None

10   <u>RISK MANAGEMENT</u>

Risk	Mitigation	Opportunities
Financial Exposure	n/a	n/a
Exposure to challenge	n/a	n/a
Innovation	n/a	n/a
Reputation	Good governance is essential for the effective and efficient running of the council.	Assurance is gained from the council demonstrating that it is following the principles that are set out in the Local Code
Achievement of outcome	Robust governance underpins the smooth running of the council	n/a
Property – none	n/a	n/a
Community Support – none	n/a	n/a
Timescales – none	n/a	n/a
Project capacity – none	n/a	n/a
Other -none		

11   <u>SUPPORTING INFORMATION:</u>

11.1   Good governance for local government is about how authorities ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way.

11.2   The framework comprises the systems and processes, and cultures and values, by which local government organisations are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

11.3   Winchester City Council is committed to the seven core principles of good corporate governance as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/SOLACE publication; Delivering Good Governance in Local Government Framework published in 2016.

11.4   CIPFA and SOLACE have not made any changes to the governance framework since this report was last presented to Audit and Governance Committee on 8 March 2022 (Report AG069 refers)

11.5   The Local Code of Corporate Governance, attached as Appendix 1 sets out and describes the council's commitment to corporate governance, and identifies the arrangements that have been made, will continue to be made to

ensure its effective implementation and application in all aspects of the council's work.

11.6 The council positively recognises and accepts the following seven core principles of good governance, as identified within the CIPFA/SOLACE Framework:

1) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

2) Ensuring openness and comprehensive stakeholder engagement.

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

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

5) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

6) Managing risks and performance through robust internal control and strong public financial management

7) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

11.7 The seven core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the council's business. As there have been no changes to the seven core principles of good governance, the council is not required to make any changes to its local code of corporate governance for 2023 as set out in Appendix 1 of this report.

11.8 The council accepts that in order to comply with the principles of good governance that it must undertake to ensure that the systems and processes are continually monitored and reviewed and are kept up to date.

11.9 An annual review of the council's corporate governance arrangements is carried using the guidance in the CIPFA/SOLACE framework. The purpose of the review is to provide assurance that the governance arrangements are adequate and operating effectively or to identify areas where actions are required to ensure effective governance in the future.

11.10 The results of the annual review take the form of the Annual Governance Statement, prepared on behalf of the Leader and Chief Executive and will be presented to this committee for consideration at its meeting to be held on 20 July.

11.11 Appendix 2 of this report provides information on the policies, procedures and arrangements that the council has in place to deliver good governance against each of the seven core principles and has been updated for 2023.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG069   Local Code of Corporate Governance 2022

Other Background Documents:-

None

APPENDICES:

Appendix 1   Local Code of Corporate Governance

Appendix 2   Winchester City Council – Corporate Governance Framework

Winchester City Council's Local Code of Corporate Governance 2023

Definition of Governance

For the purpose of this local code, Winchester City Council has accepted the definition of corporate governance as stated within the CIPFA/SOLACE Framework, as follows:

> **"Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.**
>
> **It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities".**

Good Governance Standards

The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have published a framework document for corporate governance in local government.

Winchester City Council is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the development, adoption and continued maintenance of a local code of corporate governance, as recommended by the CIPFA/SOLACE Framework.

This document, Winchester City Council's "Local Code of Corporate Governance" therefore sets out and describes the Council's commitment to corporate governance, and identifies the arrangements that have been made, and indeed will continue to be made, to ensure its effective implementation and application in all aspects of the Council's work.

Winchester City Council recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected members and officers of the council.

The effective application of the seven core principles of good governance directly supports the Council's overarching priorities that have been identified for the Winchester district through the Council Plan 2020 - 25:

- Tackling the Climate Emergency and creating a greener district

- Living well
- Homes for all
- Vibrant local economy
- Your services. Your voice

A copy of the Winchester Council Plan can be obtained through this link and provides detail on what is covered within the above five overarching priorities.

The delivery plans for achieving the priorities included in the Council Plan are contained in the corporate head of service strategic service plans.

Winchester City Council's good corporate governance standards are outlined below.

The Council has prepared an annual governance statement to evaluate its governance against the principles below:-

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GOOD GOVERNANCE - PRINCIPLE 1

Winchester City Council will behave with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Local government authorities are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

The sub principles supporting this core principle are:

Behaving with Integrity
- Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
- Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Demonstrating strong commitment to ethical values

- Seeking to establish, monitor and maintain the council's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the councils' culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with the ethical standards expected by the council

Respecting the rule of the law

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

> **GOOD GOVERNANCE - PRINCIPLE 2**
> Winchester City Council will ensure openness and comprehensive stakeholder engagement

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

The sub principles supporting this core principle are:

Openness

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Engaging comprehensively with institutional stakeholders

NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably

- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively

- Ensuring that partnerships are based on:
    - trust
    - a shared commitment to change
    - a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit

Engaging with individual citizens and service users effectively

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is

contributing towards the achievement of intended outcomes

- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement

- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs

- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account

- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity

- Taking account of the impact of decisions on future generations of tax payers and service users

GOOD GOVERNANCE - PRINCIPLE 3

Winchester City Council will define its outcomes in terms of sustainable economic, social and environmental benefits.

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

The sub principles supporting this core principle are:

Defining outcomes

- Having a clear vision, which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.

Sustainable economic, social and environmental benefits

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

> **GOOD GOVERNANCE - PRINCIPLE 4**
> Winchester City Council will determine the interventions necessary to optimise the achievement of its intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

The sub principles supporting this core principle are:

Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and the associated risks. Therefore ensuring best value is achieved however services are provided

- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

Planning interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets

- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered

- Considering and monitoring risks facing each partner when working collaboratively, including shared risks

- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances

- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured

- Ensuring capacity exists to generate the information required to review service quality regularly

- Preparing budgets in accordance with objectives, strategies and the medium term financial plan

- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

<u>Optimising the achievement of intended outcomes</u>

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints

- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term

- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage

- Ensuring the achievement of 'social value' through service planning, procurement and commissioning

GOOD GOVERNANCE - PRINCIPLE 5
Winchester City Council will develop the organisation's capacity, and the
capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as
people with the right skills, appropriate qualifications and mind-set to operate
efficiently and effectively and achieve intended outcomes within the specified
periods. A local government organisation must ensure that it has both the
capacity to fulfil its own mandate and to make certain that there are policies
in place to guarantee that its management has the operational capacity for
the organisation as a whole. Because both individuals and the environment
in which an organisation operates will change over time, there will be a
continuous need to develop its capacity as well as the skills and experience
of individual staff members. Leadership in local government is strengthened
by the participation of people with many different types of backgrounds,
reflecting the structure and diversity of communities.

The sub principles supporting this core principle are:

Developing the council's capacity

- Reviewing operations, performance and use of assets on a regular
  basis to ensure their continuing effectiveness
- Improving the use of resources through the appropriate application of
  techniques such as benchmarking and other options in order to
  determine how resources are allocated so that defined outcomes are
  achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working
  where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the
  strategic allocation of resources

Developing the capability of the entity's leadership and other individuals

- Developing protocols to ensure that elected and appointed leaders
  negotiate with each other regarding their respective roles early on in
  the relationship and that a shared understanding of roles and objectives
  is maintained
- Publishing a statement that specifies the types of decisions that are
  delegated and those reserved for the collective decision making of the
  governing body
- Ensuring the leader and the chief executive have clearly defined and
  distinctive leadership roles within a structure whereby the chief
  executive leads in implementing strategy and managing the delivery of
  services and other outputs set by members and each provides a check
  and a balance for each other's authority
- Developing the capabilities of elected members and senior
  management to achieve effective leadership and to enable the
  organisation to respond successfully to changing legal and policy
  demands as well as economic, political and environmental changes
  and risks by:
  - ensuring elected members and staff have access to an appropriate
    induction tailored to their role and that ongoing training and

development matching individual and organisational requirements
is available and encouraged

▪ ensuring elected members and officers have the appropriate skills,
knowledge, resources and support to fulfil their roles and
responsibilities and ensuring that they are able to update their
knowledge on a continuing basis.

GOOD GOVERNANCE - PRINCIPLE 6

Winchester City Council will manage risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

The sub principles supporting this core principle are:

Managing Risk

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

Managing Performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)

Robust internal control

- Aligning the risk management strategy and policies on internal control with achieving objectives. Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:
    - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
    - that its recommendations are listened to and acted upon

Managing data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Strong public financial management

- Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

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GOOD GOVERNANCE - PRINCIPLE 7

Winchester City Council will implement good practices in transparency, reporting and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

In accepting the core principle we will:

Implement good practice in transparency

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

Implement good practices in reporting

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring elected members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

Assurance and effective accountability

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies

and implementing recommendations

- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement

- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.

Winchester City Council – Corporate Governance Framework

Core Principle 1

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Local government authorities are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Behaving with Integrity Demonstrating strong commitment to ethical values Respecting the rule of the law	Constitution sets out the values and the behaviours that the council requires members and officers to adopt. Good conduct and shared values are underpinned by: • Members' code of conduct (Constitution Part 5.1) • Officers code of conduct • Protocol on member / officer relations (Constitution Part 5.2) • Gifts and hospitality register • Register of Interests Developed and promotes a culture of behaviour based on shared values and high ethical principles and good conduct Provides a comprehensive induction programme for all new staff and members Approved arrangements for dealing with complaints that a councillor has breached the code of conduct (Constitution Part 5.3)

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	Has a standards committee which is not politically biased, with responsibility for considering investigation reports in respect of Code of Conduct complaints that are referred to the Monitoring Officer as required by the Localism Act 2011
	Is able to monitor and investigate officer behaviour through its corporate practices
	Manages an updated member register of interests and published on the council's website
	Maintains a register of gifts and hospitality to safeguard both members and officers against conflicts of interest and is regularly reported to Audit & Governance Committee
	Has an audit committee with overall responsibility for governance and audit functions
	Clearly defined roles and responsibilities between the Head of Paid Service, S151 Officer and Monitoring Officer
	Data Management policy if there is a breach and clear responsible officer
	Complies with the Public Contract Regulations 2015 for the procuring of goods, works and services (Procurement & Contract Management Strategy 2020 – 2025)

Core Principle 2

Ensure openness and comprehensive stakeholder engagement

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Openness	The council's constitution sets out how the Council operates, how decisions are made and the procedures and codes of conduct that are followed
Engaging comprehensively with institutional stakeholders	Ensuring an open culture through demonstrating documenting and communicating the council's commitment to openness
Engaging with individual citizens and service users effectively	Making decisions that are open and about actions, plans, resource use, forecasts, outputs and outcomes. The council's presumption is about openness and transparency. If that is not the case then a justification for the reasoning should be clear for keeping a decision confidential and should be provided
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being clear about the criteria, rationale and consideration used. Ensuring that the impact and consequences of those decisions are clear.
	Using formal and informal consultation and engagement processes to determine the most appropriate and effective interventions / courses of action
	Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved which are sustainable and successful
	Developing formal and informal partnerships to allow for resources to be used effectively and outcomes achieved efficiently

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	Ensuring that partnerships are based on: • Trust • A shared commitment to change • A culture that promotes the value add from partnership arrangements A clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, residents, service users and other stakeholders to ensure that service provision contributes towards intended outcomes Ensure that communication methods are effective and appropriate and that members and officers are clear about their roles with regards to community engagement. Encouraging open consultation and engagement and evaluating the views and experiences of communities, residents and organisations of different backgrounds Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity Taking into account the impact of decisions on future generations of residents and service users WCC website includes links to all council public consultations Undertook a residents' survey in 2022 that sought the views and opinions of the council and its services.

Core Principle 3

Winchester City Council will define its outcomes in terms of sustainable economic, social and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Defining outcomes Sustainable economic, social and environmental benefits	Council Plan 2020 – 25 sets out clear vision and priorities for the council and the outcomes that it wants to achieve. Captured and monitored through performance indicators and the council's performance management framework. Refreshed annually to ensure fit for purpose and aligns to evidence based priority areas Monitors delivery of the Council Plan through quarterly reports to member Performance Panel and The Scrutiny Committee Annual departmental business plans provide the detail on how the council will deliver the priorities in the Council Plan Has properly developed and maintained financial management arrangements which include approving a balanced budget before the start of each financial year, together with a Medium Financial Strategy which looks four years in advance and an annual statement of accounts that details the council's financial position in the previous year Regularly reviews risks at a corporate and operational level and ensures that appropriate

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	plans are in place to manage or mitigate risks as far as possible
	Has arrangements in place to publish the external auditors report which includes a formal conclusion on whether the council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources
	Complies with Rules of Procedures as set out in the Constitution including Financial Procedure Rules, Contract Procedure Rules and the Procurement and Contract Management Strategy.
	Contract Management Framework in place to ensure a consistent approach to Contract Management across the organisation, proportionate to the risk associated with a contract.
	Internal audit regularly reviews the risk and internal control framework and produces an annual report including audit opinion on the adequacy and effectiveness of the council's framework of risk management, governance and control.
	Undertakes Equality impact assessments where appropriate to identify how the needs of particular vulnerable groups have been considered to inform decision making
	Ensures that that sustainability of the environment is at the heart of all decision making within the council
	Medium Term Financial Strategy (MTFS) sets out the financial outcome for the council
	Has declared a Climate Emergency and has an approved Climate Neutrality Action Plan to deliver sustainable and environmental benefits to deliver the commitment for the council to be carbon neutral by 2024 and the Winchester district by 2030

Core Principle 4

Winchester City Council will determine the interventions necessary to optimise the achievement of its intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Determining interventions Planning interventions Optimising the achievement of intended outcomes	Ensures that reports to cabinet and cabinet Member Decision Days include an analysis of alternative options together with the reasons for the recommendations contained within the report
	Requires annual business plans to be aligned with Council Plan priorities
	Performance is reported to and monitored by the Executive Leadership Board, cabinet and scrutinised by member led Performance Panel and The Scrutiny committee.
	The council's budget is developed to reflect the council's priorities and the council has a clear financial strategy including medium term financial plan - budgets, plans and objectives which are aligned
	Requires reports and therefore decisions to be considered with legal and financial implications and to be signed off on behalf of the Chief Financial Officer (S151) and the Monitoring Officer
	Has a project management framework in place, including business case development
	Approved risk management framework to ensure that risk management is embedded into the culture of the council
	Implements the requirements of the financial management code to support sound practice in financial management and demonstrate financial resilience and sustainability
	Arrangements in place to seek and respond to the views of the community by: consulting with residents about priorities and services and consultation and engagement
	Ensure that bids for external funding comply with the financial regulations and meet council priorities

Core Principle 5

Winchester City Council will develop the organisation's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Developing the council's capacity Developing the capacity of the entity's leadership and other individuals	Comprehensive member induction training programme
	Staff learning and development plans, updated annually and dedicated corporate employee training budget
	Performance and development reviews are undertaken for all members of staff at least annually. The process offers the opportunity to discuss performance and to identify any training and development needs
	Operates a robust recruitment and selection process
	HR policies and procedures are in place and available to all employees on the intranet
	Adopted and rolled out across the organisation a flexible working policy
	Provides access to occupational health arrangements and counselling services, under an employee assistance programme to promote well-being and ensure that sickness is maintained at a minimum
	Clearly sets out roles and responsibilities of the Leader and Chief Executive within the constitution

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	Clearly sets out roles and responsibilities of senior members of staff and statutory officers in the constitution, role descriptions and job specifications
	Has a Scheme of Delegation to Officers in the constitution (Part 3.4)
	Requires members of the planning and licensing committees to undergo mandatory training prior to sitting on these committees
	Regular senior managers' meeting, all managers' meeting and all staff briefing
	Has refreshed its Public Sector Equality Duty, adopted in January 2022 and established an Equality, Diversity and Inclusion Form

Core Principle 6

Winchester City Council will manage risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. .A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Managing Risk Managing Performance Robust internal control Managing Data Strong public financial management	**Risk Management Policy** The Risk Management Policy sets out the councils arrangements for managing and reporting risk and is integrated into the work of internal audit to provide a holistic approach to assurance aligned to corporate priorities **Business Continuity framework** Business continuity plans are in place for business critical services and reviewed and updated annually **Quarterly Performance reports** The Performance Panel reviews quarterly performance reports that provide an update on progress against the Council Plan priorities. The notes from the Performance Panel are reviewed by The Scrutiny Committee before being approved by cabinet **Internal audit service** Southern Internal Audit Partnership (SIAP) provide an internal audit service and provide the Audit and Governance Committee with a quarterly update on progress against the Internal Audit Plan. Annual Internal Audit Plan developed in consultation with senior managers input before approval by Audit and Governance Committee An annual opinion is also reported to the Audit & Governance Committee Audit and Governance Committee which can report to full council if it considers necessary **Retention and Disposal Policy and schedule** Ensures that the council manages its data and information and not keep for longer than is required **Financial Management** Through the S151 Officer, members are advised on the robustness of estimates and the adequacy of reserves set within the budget process Ensures that effective arrangements are in place for the discharge of statutory officer roles by defining roles in the constitution and ensuring an adequate budget Ensures compliance with relevant laws and regulations, internal policies and procedures

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	and that expenditure is lawful by requiring all reports to be considered by legal and finance and considered by the Executive Leadership Board prior to consideration by cabinet
	Financial management arrangements in place which confirm with the requirements of the CIPFA statement on the role of Chief Financial officer in local governance and statutory provisions on the Local Government Act 1972, the Local Government Act 1988 and the Accounts and Audit Regulations 2015
	Has in place Financial and Contract Procedure Rules
	Has robust arrangements in place for: • Managing data • Training staff and members in relation to information governance • Ensuring data security breaches are reported and dealt with appropriately as set out in the Information Security Policy • Ensuring appropriate information sharing agreements are in place
	Has in place measures to respond to GDPR and Data Protection Act requirements, including a Data Protection Officer
	Quarterly risk management reporting to Audit & Governance committee
	Has adopted a Privacy Policy and publishes a clear privacy statement on its website setting out what personal data is collected and how it will be used
	Has a project management framework with full business case development
	External Audit of accounts and value for money opinion Anti-fraud and Corruption Policy S151 officer appointed Quarterly Finance & Performance report

Core Principle 7

Winchester City Council will implement good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
Implement good practice in transparency Assurance and effective accountability Managing Data Strong public financial management	Ensures that the council manages its data and information and that data and information is not kept for longer than is required.
	Has in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer.
	Monitors compliance with the requirements of the Freedom of Information Act and Access to Information Act and has a nominated officer in each team to respond to FOI requests and where applicable, refer to the Data Protection Officer
	Operates under executive arrangements with an established overview and scrutiny committee
	Adopts a presumption of openness and transparency and publishes key decisions on the council website.
	Has adopted a process for the review of exempt committee reports within 12 months of the decision being made and publishing without restriction all papers used to support decisions on projects and other major financial transactions that were marked as exempt from publication at the time of the decision unless Full Council decides the papers should remain exempt for a further 12 months.
	Decisions are reviewed by external auditors, internal audit and Executive Leadership Board to ensure that value for money is achieved and to secure continuous improvement in the way in which its functions are exercised.
	Has an effective corporate complaints system which is managed through Customer Services. Stage 2 complaints are monitored and evaluated by the Executive Leadership Board
	Ensures that all agendas, reports and minutes are published on the council's website in accordance with statutory timescales.
	The Chief Executive is responsible and accountable for all aspects of operational management.
	Records in the minutes of the proceedings of a "budget decision meeting" of council the

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	names of the members who voted or abstained.

AG096
AUDIT & GOVERNANCE COMMITTEE

REPORT TITLE: Q3 GOVERNANCE MONITORING

2 MARCH 2023

REPORT OF CABINET MEMBER: CLLR POWER – CABINET MEMBER FOR FINANCE AND VALUE

Contact Officer: Sharon Evans – Tel No: 01962 848 135

Email: sevans@winchester.gov.uk

WARD(S): ALL

PURPOSE

To provide members of the Audit and Governance Committee with a summary overview of the key issues in respect of governance during the third quarter of the 2022/23 financial year.

RECOMMENDATIONS:

1.   That the Audit and Governance Committee notes the content of the report, the progress against the internal audit management actions and raises any issues with the cabinet member.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOME

1.1   This summary document supports the council to be open and transparent by reporting the effectiveness of its governance framework and highlighting areas of weakness or issues of concern.

2   FINANCIAL IMPLICATIONS

2.1   There are no financial implications.

3   LEGAL AND PROCUREMENT IMPLICATIONS

3.1   There are no legal or procurement implications arising from the content of this report.

4   WORKFORCE IMPLICATIONS

4.1   None.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None.

6   CONSULTATION AND COMMUNICATION

6.1   Consultation on the content of this report has been undertaken with the Cabinet member for Finance and Value and with members of the Executive Leadership Board (ELB) and Corporate Heads of Service. Owners of actions included in the internal audit reports that are referred to in this report have provided updates on the progress achieved against the agreed management actions.

7   ENVIRONMENTAL CONSIDERATIONS

7.1   None.

8   PUBLIC SECTOR EQUALITY DUTY

8.1   None arising from the content of the report, although officers will need to consider the council's Public Sector Equality Duty and if required complete an Equality Impact Assessment on any specific recommendations or future decisions to be made. This report is not making any decisions and is for noting and raising issues only.

9   DATA PROTECTION IMPACT ASSESSMENT

9.1   None required.

10   RISK MANAGEMENT

10.1   This report presents a summary update on how the council is performing against the governance processes and procedures that are in place and set out in the Risk Management Policy 2022/23 and Local Code of Corporate Governance. Independent assurance provided by the council's internal and external auditors evidence where there are weaknesses in the council's governance arrangements and are highlighted in this report. Members should note the related agenda item at this meeting 'Risk Management Policy 23-24 AG097.'

11   SUPPORTING INFORMATION:

11.1   This report sets out the summary information in respect of the third quarter of the 2022/23 financial year concerning governance.

        Annual Governance Statement

11.2   Progress against the actions included in the 2021/22 Annual Governance Statement is included in appendix 1 to this report.

        Declarations of gifts and hospitality

11.3   During the period 1 October 2022 to 31 December 2022 there were the following

        - 20 October 2022: 48 small bottles of beer

        - 14 December 2022: Box of shortbread

11.4   Members regularly update their register of interest forms and during the period of 1 October 2022 to 31 December 2022, there were no gifts or hospitality over the value of £50 recorded in accordance with the policy.

12.   **INTERNAL AUDIT ASSURANCE REPORTS**

12.1   The graph below shows the assurance levels of the completed internal audits that were included in the audit plans in the years 2018/19 to the current year 2022/23.

**Internal audit opinions
2018/19 to 2022/23**
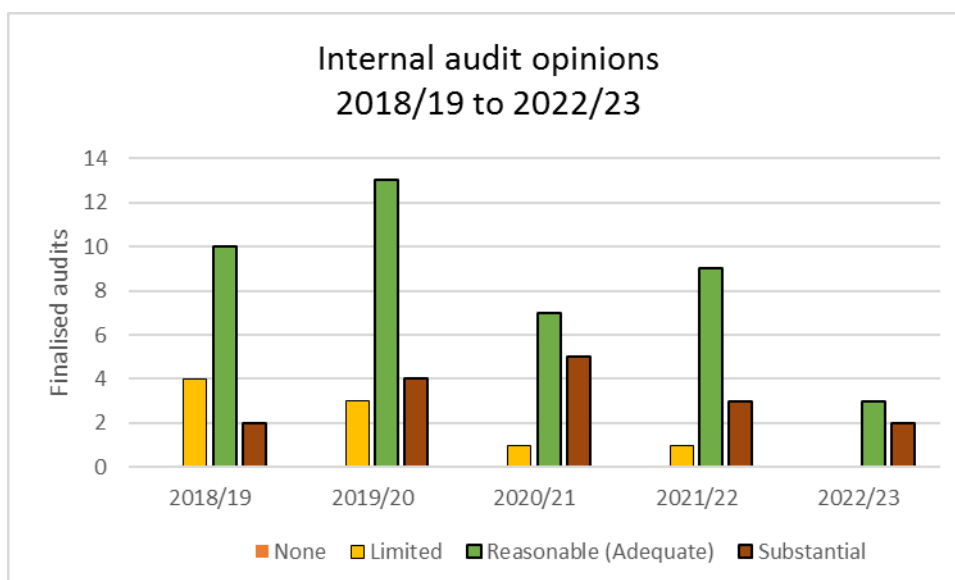
12.2 There have been no published audit reports that concluded with a 'no assurance' opinion.

12.3 Since the Q1 and Q2 22/23 Governance Monitoring report was presented to Audit and Governance Committee on 10 November 2022 there have been three internal audit reports finalised and issued before the 31 December 2022:

- Planning and Development (reasonable assurance)

- Financial Stability (substantial assurance)

- NNDR (reasonable assurance)

- Winchester Sport & Leisure Park and Meadowside Leisure Centre (Reasonable assurance)

Internal Audit Management Tracking

12.4 Corporate heads of service, service leads and Executive Leadership Board (ELB) regularly reviews the progress against the management actions included in the internal audit reports.

12.5 Reported on a quarterly basis is a summary table showing the status of these actions. These management actions are kept under regular review to assess where actions might become superseded or obsolete due to external or internal factors.

12.6 To assist member's understanding an additional narrative is included in the table to provide a brief explanation of the progress being made against the overdue audit actions and the reasons for the delay in completion.

12.7 There are currently 12 overdue audit actions with 3 being high priority. This is 6 actions fewer than was reported as overdue at the last meeting of the

committee on 10 November 2022 and is the result of completion of a number of actions relating to the Working in Partnerships and Programme and Projects internal audits.

12.8   Further information relating to the current overdue internal audit actions is given in the table below.

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Reported	Not Accepted	Management Actions			LOW	MEDIUM	HIGH
						Pending	Cleared	Overdue			
Working in Partnership	09/09/2020	SDR	Limited	12 (2)	0 (0)	0 (0)	10 (2)	1 (0)			
Progress update: Only one overdue action remains and that is to undertake a check with each partnership lead officer that the required management documents in place. This will take place during Q1 after the annual review of partnerships which has been incorporated into the update of service plans for 23/24.										1	
IT Business Continuity & Disaster Recovery	06/07/2021	SDR	Reasonable	4 (0)	0 (0)	0 (0)	1 (0)	3 (0)			
Progress update: There are three overdue actions, of which two relate to the undertaking an exercise to test disaster recovery scenarios which has been delayed owing to resources previously diverted to support the council's response to COVID. The third action relates to a review of options for cloud storage which would support IT disaster recovery. Hardware was delivered and deployed successfully in 2022, but BCP exercise was not completed as planned in October/November 2022. New plan being formulated, taking into account support and renewal options of backup software and allocating resources required to deliver in next 6 months (from Jan 2023)									1	2	
Information Governance Records Retention	0303/2022	SDR	Limited	14 (0)	0 (0)	3 (0)	5 (1)	6 (3)			
Progress update: The overdue high priority actions relate to the adoption of an updated Records Retention and Disposal policy and the subsequent roll out across the organisation. Paragraph 11.23. below provides further details									1	2	3

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Reported	Not Accepted	Management Actions			LOW	MEDIUM	HIGH
						Pending	Cleared	Overdue			
WCC Programme and Project Management	06/09/2022	SDR	Reasonable	12 (0)	0 (0)	0 (0)	11 (0)	1 (0)			
Progress update: Significant progress was made during Q3 including the completion of the refresh of the council's programme and project management methodology and the review and updating of project reporting templates. A new corporate area of the Intranet has been created to make available the PMM and templates ensuring project managers have ready access to these documents. The overdue action relates to the holding of refresher training for all project managers and is being discussed with HR colleagues. The training expected to be completed during Q1.										1	

Overdue period of time (all overdue actions)

Chart showing Number of audit actions on the y-axis (0 to 8) against Overdue period of time on the x-axis:
- 0 - 3 months: 0
- 3 - 6 months: 6
- 6 months to 1 year: 3
- 1 to 2 years: 3
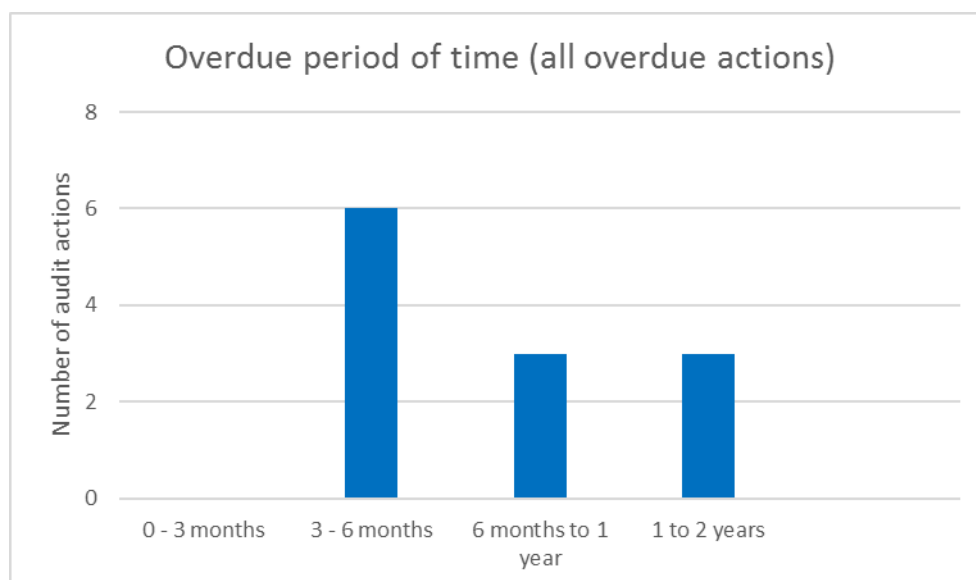
13. **Health & *Safety***

13.1 The remaining audit action to review all 'risk assessments and identify issues' is now complete.

13.2 Confirmation has been received that all service areas have reviewed and updated their risk assessments. The only exception is Housing Property services who have reviewed their risk assessment but are still awaiting further information.

13.3 Work to fully identify and record all the necessary risk control measures is still required in three service areas. Ongoing assistance is being provided to these areas.

13.4 A new more prominent location is now being used to store all service area risk assessments. This will enable managers to have easier access to other service area risk assessments that may be helpful to them. Work is ongoing to ensure all risk assessments are moved to this new location.

13.5 When the new intranet goes live at the end of January 2023, the changes to the health and safety information will be communicated to all service leads and H&S reps at the February 2023 H&S group meeting.

13.6 Corporate Health and Safety risks have been recently reviewed and added to the relevant Corporate Head of Services Operational Risk Register to ensure oversight and regular review.

14. *Disabled Facilities Grants*

14.1 Progress against the agreed audit management action points arising from the internal audit review of disabled facilities grants is largely complete including the reviewing and updating of the Disabled Facilities Grant (DFG) Policy which will become the public front facing document.

14.2   The draft DFG Policy 2022/25 was presented at the Business and Housing Policy Committee meeting on 29 November 2022 and will be presented to a future Cabinet Housing Committee.

14.3   Once approved, the DFG procedures document will be updated for internal staff to ensure that it is aligned with current practices.

14.4   The appointed contractors capable of undertaking DFG installation work for level access showers and general building works will be working for us for the next 3 years.

15.   *Information Governance – Records Retention 2020/21*

15.1   A review and refresh of the Records Retention Policy and Schedule has been completed and a draft of the updated policy is due to be considered at Executive Leadership Board during Q1. The policy sets the council's approach to managing, retaining and securely disposing of our information in accordance with our business requirements and legal obligations.

15.2   As an appendix to the policy, the Retention and Disposal Schedule sets out the retention periods for the different services at the council.

15.3   Embedding the updated policy and schedule successfully across the organisation is expected to take a significant amount of both staff resources and time and will be managed as a project, following the council's adopted project management methodology. The risks associated with this project are currently being assessed and will be reported regularly to Programme and Capital (PAC) Board along with progress updates. As part of the project documentation, a stakeholder and implementation plan is also being developed.

16.   *Programme and Project Management*

16.1   The full review of the current programme and project management methodology and all associated templates is now complete.

16.2   A concise step-by-step guide for project managers on the requirements of every project has been completed and provides a helpful summary of the project lifecycle and checklist. A more detailed guidance document has also been created to support project managers successfully deliver their projects.

16.3   The arranging of appropriate training sessions that covers the requirements of the new methodology is currently being discussed with HR colleagues and is anticipated to be completed during Q1.

17.   *Risk Management*

17.1   The council's Risk Management Policy 2022/23 sets out a timetable for this committee to review the policy and corporate risks (section 11 of the Risk Management Policy). The Corporate Risk Register 23/24 is included in report

AG097. The Q3 formal review by Executive Leadership Board (ELB) was carried out on 7 December 2022. The Q4 formal review by ELB was carried out alongside a review of the refreshed Risk Management Policy 23/24 on 9 February 2023.

17.2 At these reviews, ELB considered that all strategic risks were still relevant and agreed the following updates:

a) CR003 Ensuring decisions are made on customer insight and engagement – ELB agreed that the control referring to pandemic restrictions was no longer current and therefore this was removed.CR004 The need to ensure effective business continuity plans - This risk owner was updated to the (Strategic Director and Monitoring Officer) to reflect recent organisational changes

b) CR006 The need to maintain effective strategic partnerships – This risk was reviewed in detail and the risk description updated to 'Breakdown of effective partnership working'. The 'what might go wrong (cause) column was updated to include 'money spent on partnerships don't add value' and the cause related to procurement was updated to make it clear what was meant. Lack of VfM was added as a potential consequence and the current controls were updated to reflect the new approach to management of partnerships that has been agreed by ELB whereby each CHoS is responsible for reviewing and monitoring key strategic partnerships with annual reporting rather than responsibility being with one single CHoS.

c) CR007 The need to ensure financial resilience – The risk owner was updated to the Corporate Head of Finance. The likelihood of this risk was reduced from 'likely' to 'unlikely' resulting in a change from red to amber

d) CR008 A focus on strategic planning for housing (HRA) – The risk owner was updated to the new Strategic Director. ELB agreed the likelihood should increase from 'unlikely' to 'likely' resulting in a change from amber to red. An additional consequence was also added 'Ability to meet the business plan target which will have a negative effect on income.' The Strategic Director will review mitigation of this risk as a priority.

e) CR009 Protection against digital attacks through effective cyber security – ELB noted that some risk has been transferred via cyber insurance and that this had been recently renewed. Further review jointly with IMT teams from WCC and TVBC will be undertaken in the new year to identify other actions the councils can pro-actively take to mitigate this risk further.

f) CR010 Responding to the Climate Emergency – In light of the current roadmap in relation to achieving the CNAP targets, ELB agreed the likelihood of this risk should increase from 'unlikely' to 'likely' resulting

in a change from amber to red. The 'what might go wrong' (cause) column was updated so there is alignment to the global causes and how these relate to Winchester and the district. The current controls were also updated to reflect the milestone report currently being assessed to determine the next actions.

17.3   Unless stated above, the original and residual risk ratings were considered appropriate and tolerated and the causes, consequences and controls for each risk sufficient at the time of the review.

17.4   ELB did not identify any new risks to be added to the Corporate Risk Register. Of the 73 Operational Risks managed by Corporate Heads of Service, 5 of these were presented to ELB in Q3 for review as residual 'red' risks. ELB agreed that 1 of these should be escalating to the Corporate Risk Register. New Corporate Risk CR012 Nutrient neutrality – Phosphates has been added and assigned jointly to the Strategic Director of Place and Corporate Head of Planning and Regulatory.

17.5   During Q4 one Operational Risk was presented to ELB as having a residual red risk. This was related to resilience across key programmes in the Economy and Community Service Area. ELB noted the risk and that this is accounted for in Corporate Risk CR001. The relevant Strategic Director and Corporate Head of Service are managing the risk. Of the 73 operational risks managed by corporate heads of service, 2 of these were presented to ELB in Q3 for review as they had escalated in quarter (but neither were deemed high risk). ELB were satisfied that with the current controls, the risks were being managed within tolerance and no further action was required.

18.   ***Code of Conduct Complaints***

18.1   The Audit and Governance Committee has two sub-committees including the Standards Sub-Committee, whose purpose is to consider investigation reports in respect of Code of Conduct Complaints that have been referred to it by the Monitoring Officer.

18.2   Appendix 3 provides brief details of the Code of Conduct complaints received, in progress and closed and where enquiries have been made to the Office of the Monitoring Officer.

19.   OTHER OPTIONS CONSIDERED AND REJECTED

19.1   None

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

AG086 Governance Monitoring Quarterly update Q1 and Q2 2022/23, 10 November 2022

Other Background Documents: -

None.

APPENDICES:

Appendix 1 – Annual Governance Statement 2021/22 – progress update

Appendix 2 – Internal Audit Progress Report

Appendix 3 – Code of Conduct complaints

Annual Governance Statement 2021/22 – Action Plan update – December 2022

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
1.	**Records Retention and Disposal** – ensuring that the Records Retention and Disposal Policy and Schedule are refreshed and embedded into the organisation so that records are stored in accordance with the agreed schedule.	Review and update Retention and Disposal Policy and Schedule, endorsed by ELB and agreed roll-out plan	Refresh of Retention and Disposal Policy completed and report for ELB being prepared for consideration during Q1.	Senior Policy and Programme Manager	July 2022	In progress
		Map and align retention schedule to content/ indexing and values in business systems	Retention schedule being considered in line with implementation of upgrade to SharePoint and Microsoft 365.	Senior Policy and Programme Manager/ Corporate Heads of Service	October 2022	In progress
		Retention schedule implementation and application across business systems	Implementation of retention schedule to applied to upgrade of SharePoint due to take place later in 2023.	Senior Policy and Programme Manager/ Head of IT	March 2023	In progress
2.	**Programme and Project Management** – ensuring consistency in the approach and methodology across the council for managing and delivering successful programmes and projects	Agree a corporate project management approach and methodology that defines the existing framework	Programme and project methodology reviewed, updated, and draft has been considered at Programme and Capital (PAC) Board.	Senior Policy and Programme Manager	July 2022	**Complete**
		Publish guidance for all project managers to that explains the methodology to support the successful management and delivery of projects – intranet & email	Guidance and support given to project managers in line with the revised methodology has been published on the intranet and shared with project managers	Senior Policy and Programme Manager	August 2022	**Complete**
		Arrange and hold training events to embed the	Training programme under development and will be	Senior Policy and	December 2022	In progress

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		methodology throughout the council hopefully delivery by end of March	provided early 2023. Briefing session with senior managers scheduled for 7 March.	Programme Manager		
3.	**Disabled Facilities Grants** – ensuring the operational procedures and policy meet statutory requirements and roles and responsibilities clearly defined	List of approved contractors updated in consultation with Hampshire County Council	Procurement process procedure for new contractors completed in liaison with Hampshire County Council and 7 contractors appointed to the list.	Private Sector Housing Senior Officer	July 2022	**Complete**
		Review and update Disabled Facilities Grants Policy and operational procedures	Update to new draft DFG Policy 2022-2025 complete and updates have taken into consideration advice from Foundations the National Body for Home Improvement Agencies in England. Business and Housing Policy Committee on 29 November was given a presentation covering the new draft policy.	Private Sector Housing Senior Officer DFG	September 2022	**Complete**
		Embed updated policy into the operational procedures for managing disabled facility grants	This action will be completed once the new draft DFG policy is signed off by Cabinet Housing Committee.	Private Sector Housing Senior Officer	Early 2023 This action will be completed once the new draft DFG policy is signed off	In progress

Internal Audit Progress Report 2022/23

February 2023

Winchester City Council

Southern Internal Audit Partnership

Assurance through excellence and innovation

Contents:

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations' operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

Winchester City Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations' objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;

- an update on progress against the annual audit plan;

- a summary of internal audit performance, planning and resourcing issues; and

- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial   A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable   There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited   Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No   Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

* Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.

3. Performance dashboard

63% Complete

% of revised plan delivered to draft report

37% Work in Progress

0% Yet to Commence

Stakeholder Satisfaction Survey Results

100%
98%
96%
94%
92%
90%
88%
86%
84%

Target   Actual
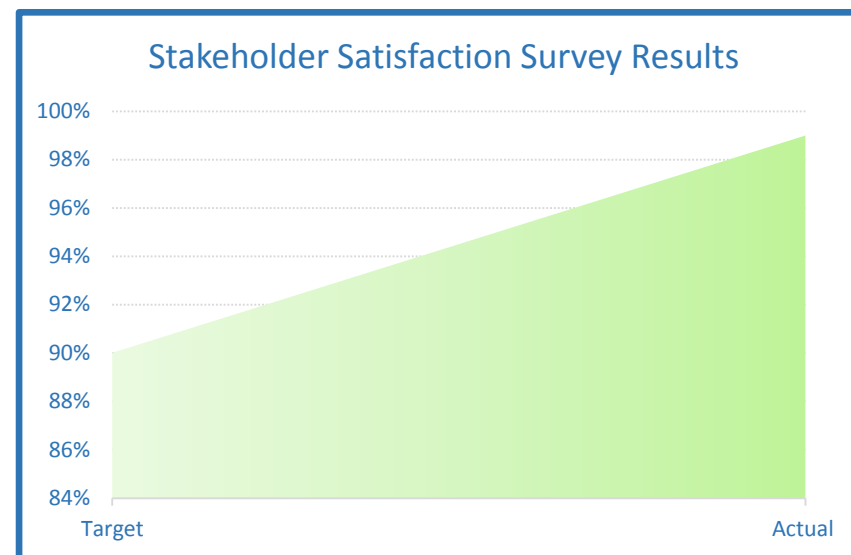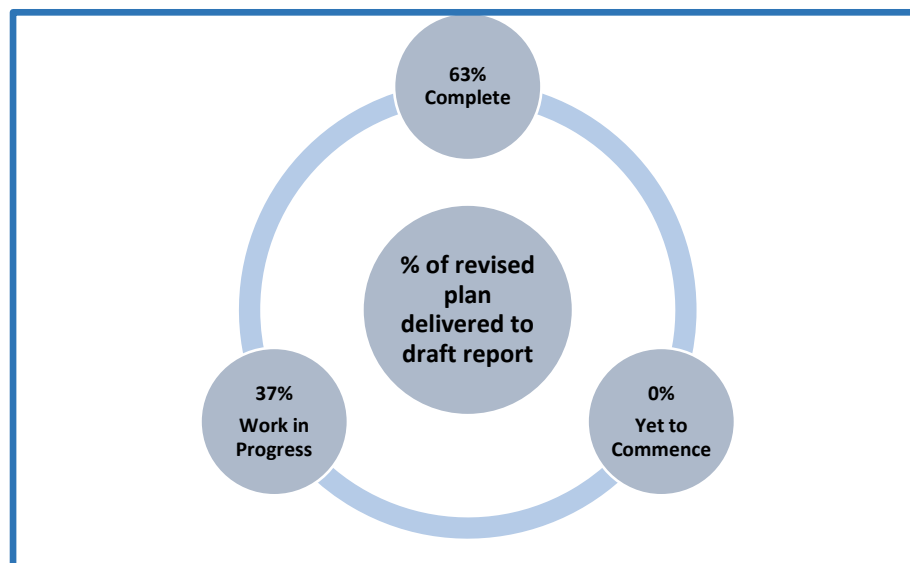
Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'*The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.*

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	**M**	**H**
Working in Partnership	Sep 20	SDR	Limited **	12	0	11		1	
Building Control *	**Sep 20**	**SDR**	**Reasonable**	**10**	**0**	**10**			
Health and Safety *	**Oct 20**	**SDP**	**Reasonable**	**17**	**0**	**17**			
Capital Programme and Monitoring *	**Feb 21**	**SDS**	**Reasonable**	**4**	**0**	**4**			
ICT Business Continuity and Disaster Recovery Planning	Jul 21	SDR	Reasonable	4	0	1	1	2	
Disabled Facilities Grants *	**Dec 21**	**SDS**	**Limited**	**16**	**0**	**16**			
Information Governance – Records Retention	Mar 22	SDR	Limited	14	1	6	1	3	3
Human Resources – Employee Wellbeing	**Jun 22**	**SDR**	**Reasonable**	**2**	**2**	**0**			
Housing - Leaseholder Management	Jun 22	SDS	Reasonable	6	2	4			
Programme & Project Management	Sep 22	SDR	Reasonable	12	0	11		1	
Winchester Sport and Leisure Park and Meadowside Leisure Centre - Contract Management *	**Oct 22**	**SDP**	**Reasonable**	**4**	**0**	**4**			
Planning / Development Management	Oct 22	SDS	Reasonable	4	2	2			
NNDR	Nov 22	SDR	Reasonable	4	2	2			
Payroll *	**Jan 23**	**SDR**	**Substantial**	**2**	**0**	**2**			
User Lifecycle & Access Management	Feb 23	SDR	Reasonable	8	8	0			
IT Asset Management	Feb 23	SDR	Reasonable	5	5	0			
Total							**2**	**7**	**3**

* Denotes audits where all actions have been completed since the last progress report.

** The reports listed (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.

Audit Sponsor (Director)	
Strategic Director - Resources	SDR
Strategic Director - Services	SDS
Strategic Director – Place	SDP

5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

To date, there have been no audits which have concluded with a 'limited' or 'no' assurance opinion during 2022-23.

6. Planning & Resourcing

The internal audit plan for 2022-23 was approved by the Council's Management Team and the Audit and Governance Committee in March 2022. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Brought Forward – Included within 2021-22 annual report and opinion								
Economic Development – High Streets Priority Plan	SDP	✓	✓	✓	May 22	Oct 22	n/a	
Winchester Sport and Leisure Park and Meadowside Leisure Centre - Contract Management	SDP	✓	✓	✓	May 22	Oct 22	Reasonable	
User Lifecycle & Access Management	SDR	✓	✓	✓	June 22	Feb 23	Reasonable	
IT Asset Management	SDR	✓	✓	✓	July 22	Feb 23	Reasonable	
2022-23								
Strategic / Governance Reviews								
Programme & Project Management	SDR	✓	✓	✓	Aug 22	Sep 22	Reasonable	
Financial Stability – Budget Setting, Monitoring and Reporting	SDR	✓	✓	✓	Dec 22	Dec 22	Substantial	
Carbon Neutrality Action Plan	SDP	✓	✓	✓				
Asset Management (Corporate Estate)	SDP	✓	✓					
Health & Safety	SDP	✓	✓	✓	Dec 22			
Procurement	SDR	✓	✓	✓				
Contract Management	SDR	✓	✓	✓				
Information Governance – FOI/SAR	SDR	✓	✓	✓	Feb 23			
Corporate Governance Framework &	SDR	✓	✓	✓	Sep 22			

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Complaints								
Fraud Framework - NFI	SDR	n/a	n/a	✓	n/a	n/a	n/a	
Human Resources – Policies and Procedures	SDR	✓	✓	✓				
Core Financial Systems								
NNDR	SDR	✓	✓	✓	Oct 22	Nov 22	Reasonable	
Housing Rents	SDR	✓						
Council Tax	SDR	✓	✓	✓	Jan 23			
Accounts Payable	SDR	✓	✓	✓	Jan 23			
Main Accounting and Reconciliations	SDR	✓	✓	✓	Jan 23			
Payroll	SDR	✓	✓	✓	Nov 22	Jan 23	Substantial	
Information Technology								
Cyber Security – IT Response Planning	SDR	✓	✓	✓	Dec 22			
Service / Operational Reviews								
Housing and Homelessness – Housing Allocations	SDS	✓	✓	✓				
Housing Asset Management – Responsive Repairs	SDS	✓	✓	✓	Oct 22			
Disabled Facilities Grants – Follow-up	SDS	✓	✓	✓	Jan 23	Jan 23	n/a	
Planning / Development Management	SDS	✓	✓	✓	Aug 22	Oct 22	Reasonable	
Open Spaces – Play Area Safety Checks	SDP	✓	✓					

Internal Audit Progress Report – February 2023

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Licensing	SDS	✓	✓	✓				
Markets	SDP	✓	✓					
Certification Audits								
Bus Service Operator Grant	SDS	✓	n/a	✓	n/a	Aug 22	n/a	Grant certified
Mayor's Charity Account	SDS	✓	n/a	✓	n/a	Sep 22	n/a	Certification audit.

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Programme & Project Management	Review brought forward from 2021-22
NNDR	Review brought forward from 2021-22

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
IT Governance – Mobile Device Management *	The project to implement a new mobile device management solution/roll out new mobile devices has been delayed (currently in progress) therefore defer the review to 2023-24 to assess the device management solution once implemented.
Working in Partnership *	Defer the review to enable the new framework to be rolled out across the Council and has become embedded/ action taken to align to the new framework.
Digital Strategy *	The Council are developing a digital strategy therefore defer the review until the strategy has been agreed and the audit can assess progress with implementing the aims.

*Proposed February 2023

Annex 2 - Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions

As from April 2020 CIPFA guidance recommends a standard set of assurance opinions and supporting definitions for internal audit service providers across the public sector.

To ensure SIAP continue to conform to the best practice principles, the standard definitions were adopted for our 2020-21 work and moving forwards.

There remain some residual reviews detailed within Section 4 of this report that refer to SIAPs former assurance ratings which are detail below.

Substantial A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified

Adequate Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified

Limited Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk

No Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.

Code of conduct complaints

Code of Conduct Complaints received by office of the Monitoring Officer since previous meeting of Audit & Governance Committee and update of those previously reported - as of 31 December 2022.

Summary of current caseload:

    A. Number **Active Individual Complaints**: 23 from 12 individual complainants
    B. Number Complaints **Not Commenced**: 0
    C. Number **individual complaints** relating to a City Councillor 8
    D. Number **individual complaints** relating to a Parish/Town Councillor:15
    E. **Cases closed** since the last report: 9
    F. Number of **Standards Sub Committees** held: 1

Analysis of active cases:

Date received	Relating to Parish/ Town/ City Councillor	Details
Mar-21	City Councillor	Final report drafted, issued for final comment to complainant. Comments to be reviewed and report finalised.
Nov-21	Town/ Parish Councillor(s)	Independent Person (IP) recommendation of apology to be provided to complainant. Both subject members have apologised and awaiting complainant agreement.
Feb-22	City Councillor(s)	At investigation stage, investigator has confirmed specific points of detail with complainant and responses from subject members. Next stage is for draft Investigation Report to be prepared.
Feb-22	Town/ Parish Councillor(s)	Final report drafted, issued for final comment to complainant. Comments to be reviewed and report finalised.
Mar-22	Town/ Parish Councillor(s)	Responses received from subject member to complaint. File reviewed and considered as a no breach decision. Documentation to be completed and case closed.
Mar-22	Town/ Parish Councillor(s)	Final report drafted, issued for final comment to complainant. Comments to be reviewed and report finalised.
Jun-22	Town/ Parish Councillor(s)	Response received from subject member to complaint. File to be

Date received	Relating to Parish/ Town/ City Councillor	Details
		reviewed and considered for Independent Person (IP) review.
Jun-22	Town/ Parish Councillor(s)	Recommendation from IP of no breach. Monitoring Officer (MO) to review file and consider next stage.
Jul-22	Town/ Parish Councillor(s)	Response received from subject member to complaint. File to be reviewed and considered for MO/IP review.
Sep-22	City Councillor(s)	Response received from subject member to complaint. File to be reviewed and considered for MO/IP review.
Sep-22	Town/ Parish Councillor(s)	Response received from subject member to complaint. File to be reviewed and considered for MO/IP review.
Sep-22	City Councillor(s)	Response received from subject member to complaint. File to be reviewed and considered for MO/IP review.

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AG098
AUDIT & GOVERNANCE COMMITTEE

REPORT TITLE: SUMMARY REPORT OF OUTCOME OF STANDARDS
INVESTIGATION AND ACTION PLAN

2 MARCH 2023

REPORT OF THE MONITORING OFFICER

Contact Officer: Sharon Evans   Tel No: Tel: 01962 848 386 Ext: 2441

Email: sevans@winchester.gov.uk

WARD(S): DENMEAD

PURPOSE

This is a report of the Monitoring Officer, and its purpose is to update Members of
the Audit and Governance Committee with regard to the Standards Sub-Committee
Hearing of 27th January 2023 when they considered the report of an Investigation by
VWV LLP concerning complaints relating to Denmead Parish Council.

RECOMMENDATIONS:

1.   That the Audit and Governance Committee notes the Monitoring Officer's
       Report.

IMPLICATIONS:

1   COUNCIL PLAN OUTCOME

1.1   This report demonstrates a commitment to being an open and transparent council.

2   FINANCIAL IMPLICATIONS

2.1   The external costs charged by the investigator were £20,293.70. There will be no further costs implications arising from this report.

3   LEGAL AND PROCUREMENT IMPLICATIONS:

3.1   The Council has a statutory duty to promote and maintain high standards of conduct and to have arrangements where allegations of code of conduct complaints can be investigated and decisions made under the Localism Act 2011.

3.2   The Localism Act 2011 together with current arrangement for dealing with Standards complaints allows the Monitoring Officer the discretion to revert to an alternative resolution when and where it is considered necessary.

4   WORKFORCE IMPLICATIONS

4.1   The office of the Monitoring Officer is made up the Monitoring Officer, two deputy Monitoring Officers and support from democratic services.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   There are no property and asset implications arising from this report.

6   CONSULTATION AND COMMUNICATION

6.1   A successful Monitoring Officer is one who works to build good working relationships with Members of both the City and Parish Councils and officers in the district.

7   ENVIRONMENTAL CONSIDERATIONS

7.1   There are no environmental implications arising from this report.

8   PUBLIC SECTOR EQUALITY DUTY

8.1   There is no detrimental impact on any group, a full Equalities Impact Assessment is not needed.

9   DATA PROTECTION IMPACT ASSESSMENT

9.1   There are no GDPR, Data Protection implications arising from this report.

10   RISK MANAGEMENT

10.1   The alternative resolution with regard to dealing with Code of Conduct Complaints was justified and considered more appropriate and more likely to achieve the desired results and will robustly stand up to challenge.

11   SUPPORTING INFORMATION

11.1   A copy of letter sent to Denmead Parish Council informing them of the Wider Findings, Conclusion and Recommendations from the VWV LLP Investigation Report together with draft Action Plan can be found in Appendix 1.

12.   SUMMARY REPORT OF OUTCOME OF STANDARDS INVESTIGATION AND ACTION PLAN

12.1   A Meeting of the Standards Sub-Committee took place on Friday 27th January 2023. The purpose of the Sub Committee Meeting was to consider the report of Investigation written by VWV LLP on appointment of the Monitoring Officer, on behalf of Winchester City Council concerning complaints relating to Denmead Parish Council. The Investigation had been commissioned due to the vast number of Code of Conduct complaints received and a true concern that relationships had broken down and intervention from the Principal Authority, Winchester City Council was necessary.

12.2   The Council's Monitoring Officer presented the report and drew the Sub-Committee member's attention to the Wider Findings and Recommendations. The Sub-Committee considered the contents of the report at length. Winchester City Council's appointed independent person (IP) was also present at the meeting. The Investigation report dealt with 12 Code of Conduct Complaints. Of those 12 complaints 5 breaches were found.

12.3   The 'Wider Findings and Recommendations concerning the Council' were found in paragraph 17 of the report. This section of the report also included observations. I have set out the detail of this below and grouped as 'Findings' and 'Recommendations and Next Steps' for ease of reference. The wording has been extracted from the report, subject to minor grammatical changes to aid in reading.

12.4   Findings

1)   No-one involved with DPC, whether member or officer can consider themselves beyond reproach in the context of matters that have taken place at DPC.

2)   The code of conduct matters are symptoms of bigger problems and issues at DPC.

3)   The Code of Conduct is a blunt tool to address issues that are often cultural.

4)   Many interviewed asked for regime change, usually by others leaving their role, job and/or the Council. This is not an option in terms of the sanctions that can be imposed under the Code of Conduct regime anyway. It also rarely works.

5)   To simply determine whether or not there were breaches of the Code and if so, the sanctions are not enough.

6)   There needs to be changes to the culture and organisational ethos of the Council.

7)   Policies and processes need reviewing. Roles and responsibilities need setting and adhering to.

8)   Behaviours need to change.

9)   We do not consider it likely that councillors and officers would have the strength of purpose to carry through such a change programme without assistance.

10)   Further external intervention, support and mentoring is in our view essential. Without it the current failings will not resolve.

11)   We believe that whilst such support must be commissioned and paid for by DPC, WCC and HALC / NALC could and should act as critical friends for DPC during this process.

12)   There were legal failings, for example: the actions of the Three leading to the sending of the letter; the exclusion of the Three from committees as a sanction for misconduct; the purported removal of the Three from the indemnity policy also as a form of sanction / punishment / consequence of their misconduct.

13)   Practices need to be followed consistently and in accordance with agreed policies. It is not an issue for Members only, nor is it an issue for the staff. It is an issue for all.

14)   A parish council is eligible if it comes within the ambit of the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 (SI 2012/965). The Order lays down the certain conditions for eligibility which include training / qualifications for the Clerk. The replacement Clerk does not have this qualification as yet. This is a matter for DPC but one that should be considered alongside the necessary training and development of the new Clerk.

15) There needs to be acceptance by all that there have been failings and things must change.

16) The status quo is not an option.

12.5 Recommendations and Next Steps

1) The production of an action plan for addressing the governance issues by DPC with support from at least WCC & HALC / NALC in their critical friend capacity. This should be completed within 3 months.

2) The approval of such a plan and who is to support DPC by WCC. This should take no longer than one month (preferably less).

3) Mediation between the Members on DPC to address the current relationship issues. This should be undertaken concurrently and not sequentially with other actions and also within 3 months.

4) Whilst DPC need to decide who they bring in to support them and pay for such support, the credibility of those brought in will be enhanced by the independence of WCC approving both the action plan and those DPC choose to bring in. As a result, the decision as to who is to support DPC must in our view not be made by DPC acting in isolation.

5) Who DPC bring in to support them is a matter for DPC to discuss with NALC / HALC and WCC. There are bodies and individuals who support Councils on governance that no doubt NALC / HALC and WCC can suggest.

6) Part of that work that needs to be done at DPC includes looking at behaviour. The audio / video of the meetings shows quite clearly how the behaviour was at times unacceptable.

7) The roles and relationships need resetting and defining. This is not about just drafting a side of A4 saying that. But genuinely working it through, agreeing and adhering to it so the role of Chair and Clerk are clear. 8) Training for Members is needed, as is training for the Chairman.

9) The new Clerk needs SLC support, training and a mentor.

10) Consideration needs to be given as to how such matters are tightened in future. DPC Policies and procedures need reviewing to ensure they are fit for purpose e.g. Code of Conduct, Grievance and Dignity at Work. How meetings are run, how interests should be declared, the sharing of / management; of confidential information between Members; the printing of minutes; there is a lot that needs addressing.

11) Information governance was mentioned a few times in the report as an area of concern, and there were matters raised by various complainants that raised

such issues. There are, in our view, issues for how information is managed and shared for the Council, its Members and officers. There needs to be clarity as to roles as well as appropriate procedures and policies.

12)   DPC does not have an officer / member protocol. Such a document can be useful to lay out reasonable expectations of a good working relationship, which provides better support to the maintenance of a good ethical culture. Such a protocol can lay out more clearly acceptable behaviour and ways in which issues between officers / Members should be escalated. The requirements of protocols can be enforced through the formal standards process where councils include a specific requirement to act in accordance with the protocol in the main code of conduct and also through the disciplinary process for officers. Such a protocol protects officers and Members. Given the issues that have emerged such a protocol and particularly the process behind its production may be useful.

12.6   <u>The report was concluded by the following statements:</u>

- We encourage Winchester City Council to be actively involved in supporting DPC as it addresses these wider governance matters as well as the outcomes of this process.

- To all of those directly involved in this matter, no-one can walk away from this feeling
vindicated or absolved, whether found guilty of a breach of the Code of Conduct or not.
- The residents have not in recent times been well served by DPC.

- And for that all those directly involved bear some of the responsibility.

12.7   <u>The Decision of the Sub-Committee</u>

12.7.1 The Sub-Committee endorsed the report and expressed their gratitude for the huge amount of work that had gone into the investigation and the writing of the report. The Sub-Committee in agreement with the Monitoring Officer felt that for progress and improvements to be made it was important to concentrate on moving forward rather than looking back over past events.

12.7.2 The decision of the Sub-Committee was that the Monitoring Officer write to the Parish Council to report the wider findings and recommendations from the investigation report and to include the requirement to produce and implement an action plan to address each of the specific matters listed that were drawn out by the investigation.

12.7.3 The Sub-Committee also agreed that the Parish Council was to agree the action plan and timescales with Winchester City Council and that once the action plan was agreed with the Standards Sub-Committee Members they

would invite the Parish Council to update the Audit and Governance Committee on the progress made.

12.7.4 In order to assist in the implementation of the recommendations the Monitoring Officer produced a draft action plan, The draft action plan gave suggested timescales. The expectation was that the Parish Council will work together to make comment on, agree and bespoke the action plan. The report suggested that Denmead Parish Council agree realistic and reasonable timescales and refer back to Winchester City Council for approval within 3 months. The Standards Sub-Committee agreed to a shorter deadline of 1 month from of the date of the letter, 10th February 2023. The letter to Denmead Parish Council is attached to the report in Appendix 1.

13.   OTHER OPTIONS CONSIDERED AND REJECTED

13.1   To continue to try to deal with all existing and ongoing and new complaints and investigate them, determine them, and issue decision notices. However, it was not believed that this would have improved the relations at Denmead Parish Council and indeed it could have made matters worse, resulting in further and continuing complaints.

BACKGROUND DOCUMENTS

Part 5 Winchester City Council Constitution – Codes and Protocols – 5.3 Members Complaints Procedure
https://democracy.winchester.gov.uk/documents/s6875/Part%205%20-%20Part%205.3%20Members%20Complaints%20Procedure.pdf

 APPENDICES:

Appendix 1. A copy of letter sent to Denmead Parish Council informing them of the Wider Findings, Conclusion and Recommendation from the VWV LLP Investigation Report together with draft Action Plan.

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Cllr Paula Langford-Smith
Chairman of Council

Via email:
cllrlangford-smith@denmead-pc.gov.uk
cc Vice-Chair:
cllrandreoli@denmead-pc.gov.uk

Contact :   Sharon Evans
Direct Line :   01962 848 386
Email: sevans@winchester.gov.uk

10 February 2023

Dear Chairman,

A Meeting of the Winchester City Council Standards Sub-Committee took place on Friday 27th January 2023. The purpose of the Sub Committee Meeting was to consider the report of Investigation written by VWV LLP on appointment of the Monitoring Officer, on behalf of Winchester City Council concerning complaints relating to Denmead Parish Council.
The Council's Monitoring Officer presented the report and drew the Sub-Committee member's attention to the Wider Findings and Recommendations. The Sub-Committee considered the contents of the report at length. Winchester City Council's appointed independent person (IP) was also present at the meeting.   The Investigation report dealt with 12 Code of Conduct Complaints. Of those 12 complaints 5 breaches were found.
The Sub-Committee endorsed the report and expressed their gratitude for the huge amount of work that had gone into the investigation and the writing of the report.   The Sub-Committee in agreement with the Monitoring Officer felt that for progress and improvements to be made it is important to concentrate on moving forward rather than looking back over past events.
 The decision of the Sub-Committee was that the Monitoring Officer write to the Parish Council to report the wider findings and recommendations from the investigation report and to include the requirement to produce and implement an action plan to address each of the specific matters listed that were drawn out by the investigation. The Sub-Committee agreed that the Monitoring Officer will produce a draft action plan to aid you in producing your own more detailed improvement plan.
The Sub-Committee also agreed that the Parish Council is to agree the action plan and timescales with Winchester City Council. Once the action plan is agreed with the Standards Sub-Committee Members they will then invite the Parish Council to update the Audit and Governance Committee on the progress made.
I do not intend to repeat the specific detail of the report, which I am aware has already been circulated to those involved. But in accordance with the Sub-Committee decision, I intend to focus on moving things forward and concentrating on the recommendations from the report. These can be found in paragraph 17 of the report headed, **Wider findings and recommendations concerning the Council.** This section of the report also includes observations. I have set out the detail of this below and grouped as 'Findings' and 'Recommendations and Next Steps' for ease of reference. The wording has been extracted from the report.

<u>Findings</u>

1) No-one involved with DPC, whether member or officer can consider themselves beyond reproach in the context of matters that have taken place at DPC.

2) The code of conduct matters are symptoms of bigger problems and issues at DPC.

3) The Code of Conduct is a blunt tool to address issues that are often cultural.

4) Many interviewed asked for regime change, usually by others leaving their role, job and/or the Council. This is not an option in terms of the sanctions that can be imposed under the Code of Conduct regime anyway. It also rarely works.

5) To simply determine whether or not there were breaches of the Code and if so, the sanctions are not enough.

6) There needs to be changes to the culture and organisational ethos of the Council.

7) Policies and processes need reviewing. Roles and responsibilities need setting and adhering to.

8) Behaviours need to change.

9) We do not consider it likely that councillors and officers would have the strength of purpose to carry through such a change programme.

10) Further external intervention, support and mentoring is in our view essential. Without it the current failings will not resolve.

11) We believe that whilst such support must be commissioned and paid for by DPC, WCC and HALC / NALC could and should act as critical friends for DPC during this process.

12) There were legal failings, for example: the actions of the Three leading to the sending of the letter; the exclusion of the Three from committees as a sanction for misconduct; the purported removal of the Three from the indemnity policy also as a form of sanction / punishment / consequence of their misconduct.

13) Practices need to be followed consistently and in accordance with agreed policies. It is not an issue for members only, nor is it an issue for the staff. It is an issue for all.

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<u>Recommendations and next steps</u>

1) The production of an action plan for addressing the governance issues by DPC with support from at least WCC & HALC / NALC in their critical friend capacity. This should be completed within 3 months.

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7) The roles and relationships need resetting and defining. This is not about just drafting a side of A4 saying that. But genuinely working it through, agreeing and adhering to it so the role of Chair and Clerk are clear. 8) Training for members is needed, as is training for the Chairman.

9) The new Clerk needs SLC support, training and a mentor.

10) Consideration needs to be given as to how such matters are tightened in future. DPC Policies and procedures need reviewing to ensure they are fit for purpose e.g. Code of Conduct, Grievance and Dignity at Work. How meetings are run, how interests should be declared, the sharing of / management; of confidential information between members; the printing of minutes; there is a lot that needs addressing.

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12) DPC does not <u>have an officer / member protocol.</u> Such a document can be useful to lay out reasonable expectations of a good working relationship, which provides better support to the maintenance of a good ethical culture. Such a protocol can lay out more clearly acceptable behaviour and ways in which issues between officers / members should be escalated. The requirements of protocols can be enforced through the formal standards process where councils include a specific requirement to act in accordance with the protocol in the main code of conduct and also through the disciplinary process for officers. Such a protocol protects officers and members. Given the issues that have emerged such a protocol and particularly the process behind its production may be useful.

The report was concluded by the following statements:

- We encourage Winchester City Council to be actively involved in supporting DPC as it addresses these wider governance matters as well as the outcomes of this process.

- To all of those directly involved in this matter, no-one can walk away from this feeling vindicated or absolved, whether found guilty of a breach of the Code of Conduct or not.

- The residents have not in recent times been well served by DPC.

- And for that all those directly involved bear some of the responsibility.

In order to assist in the implementation of the recommendations please see below a draft action plan with suggested timescales. The expectation is that the Parish Council will work together to make comment, agree and bespoke the action plan, agree realistic and reasonable timescales and refer back to Winchester City Council for approval within 1 month of the date of this letter.

I trust that the Parish Council understands the seriousness of the present situation and acknowledges that poor behaviour cannot continue. It is important to work together to improve both the conduct of members and better running of the Parish Council as a whole.

In accordance with the recommendation from the investigation report and in agreement with the Sub-Committee it is asked that Cllr ███ and Cllr ███ should each apologise in writing to each of the two members of staff who received their letter. Please notify me once this is completed. I look forward to working with you.

Best regards

███████████

Sharon Evans
Strategic Director and Monitoring Officer

	Recommendation	Timescale
1	Denmead Parish Council to agree a bespoke, detailed Action Plan and seek approval of it from Winchester City Council – (the Members of the Sub-Committee and Monitoring Officer)	1 month
2	Denmead Parish Council to appoint Mediators to facilitate mediation between Parish Council members in order to address the current relationship issues. Mediators to be approved by Winchester City Council.	3 months
3	Denmead Parish Council should decide who they bring in to support them on improving governance and behaviour at the council. (NALC / HALC and WCC can suggest.) WCC's approval to be sought - (the Members of the Sub-Committee and Monitoring Officer)	1 month – appointment to be made
4	The roles and relationships need resetting and defining to ensure the role of the Chair and Clerk are clear and understood.	1 month.
5	Training for members is needed, especially regarding their Roles and Responsibilities.	3 months
6	Specific training for the Chairman regarding their Role and Responsibilities is required.	3 months
7	Specific training for the Clerk regarding their role and responsibilities is required, the following to be considered: SLCC support, training and a mentor.	3 months – training to be commenced
8	Denmead Parish Council Policies and Procedures need reviewing to ensure they are fit for purpose e.g. Code of Conduct, Grievance and Dignity at Work. How meetings are run, how interests should be declared, the sharing of / management, of confidential information between members, the printing of minutes.	6 months.
9	An Officer and Member Protocol needs drafting and adopting.	3 months

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