



Meeting	Audit and Governance Committee
Date and Time	Thursday, 29th February, 2024 at 6.30 pm.
Venue	Walton Suite, Guildhall, Winchester and streamed live on YouTube at www.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 9 November 2023 (Pages 5 - 12)**
- 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 5pm on 23 February 2024** via democracy@winchester.gov.uk or (01962) 848 264 to register to speak and for further details.

6. **Auditor Value for Money report 22/23 - AG123 (Pages 13 - 42)**
7. **Internal audit charter 24/25 - AG128 (Pages 43 - 56)**
8. **Internal audit plan 24/25 - AG127 (Pages 57 - 74)**
9. **Q3 governance monitoring 23/24 - AG120 (Pages 75 - 104)**
10. **Risk Management Policy 24/25 - AG122 (Pages 105 - 144)**
11. **Local Code of Corporate Governance - AG121 (Pages 145 - 180)**
12. **Recruitment of Independent Persons - AG129 (Pages 181 - 188)**

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.



21 February 2024

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:

Power (Liberal Democrats)

Vice-Chairperson:

Chamberlain (Liberal Democrats)

Conservatives

Godfrey
Miller

Liberal Democrats

Achwal V
Gordon-Smith

Deputy Members

Bolton and Cunningham

Eve and Wise

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.

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 9 November 2023

Attendance:

Councillors
Power (Chairperson)

Chamberlain
Godfrey

Gordon-Smith

Apologies for Absence:

Councillors Achwal V and Miller

Deputy Members:

Councillor Bolton and Eve

Members in attendance who spoke at the meeting

Councillors Becker (Cabinet Member for Community & Engagement), Brook, Cutler (Cabinet Member for Finance & Performance), Horrill, Read and Wallace

[Video recording of this meeting](#)

1. **APOLOGIES**

Apologies for absence were received from Councillors V Achwal and Miller, with Councillors Eve and Bolton attending as standing deputy members.

2. **DISCLOSURE OF INTERESTS**

There were no disclosures of interest made.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

There were no announcements made.

4. **AUDIT & GOVERNANCE WORK PROGRAMME 2023/24**

RESOLVED:

That the contents of the work programme be noted.

5. **MINUTES OF THE PREVIOUS MEETING**

In response to questions, the Corporate Head of Finance advised that there was no further update regarding timings of the external audit.

RESOLVED:

That the minutes of the previous meeting held on 11 October 2023 be agreed as a correct record.

6. **PUBLIC PARTICIPATION**

Patrick Davies spoke regarding report AG117 as summarised briefly below. He expressed concern about the apparent lack of clarity to the use of informal working groups in the constitution and any terms of reference. He did not believe that the use of informal working groups represented good practice as it lacked openness and transparency. He referenced the Claer Lloyd-Jones review report into the Silver Hill decision which had included some criticism of the council's use of informal groups. He also queried proposed changes to the role of the Winchester Town Forum, particularly with regard to planning issues.

Councillor Power thanked Mr Davies for his comments which would be considered under the relevant item below.

7. **TREASURY MANAGEMENT MID-YEAR REPORT 23/24**
(AG119)

Daniel O'Rourke (Hampshire County Council) introduced the report and responded to Members' questions thereon.

Members were reminded to attend the annual Arlingclose briefing session, the next of which to be held on 13 November 2023.

RESOLVED:

That the Treasury management mid-year report be noted.

8. **FINAL REPORT & PAY POLICY STATEMENT 24/25**
(AG103)

The Service Lead - Human Resources introduced the report and responded to members' questions on the following:

- a) The impact of the change to staffing grade points agreed with effect from April 2023.
- b) The frequency of the use of market supplements.
- c) The monitoring of the use of contractors and consultants. It was agreed that an additional section on this point be included in the next annual workforce report.
- d) Confirmation that the council was abiding with the requirements of the living wage accreditation.

RECOMMENDED (TO COUNCIL):

That the Pay Policy Statement for the financial year 2024/25 be adopted as set out in report AG103.

9. **Q2 GOVERNANCE MONITORING 23/24**
(AG116)

The Senior Policy and Programme Manager introduced the report and together with the Corporate Head of Finance responded to members' questions on the following:

- a) The climate change overdue action with a target date of 30 September had been completed since the report was published, and good progress was being made on the remaining three outstanding actions which were due to be completed by the end of the year.
- b) Provided assurance that the residual risk level assessment regarding CR007 was correct.

In response to questions regarding the TC25 programme, Councillor Cutler stated that the process had begun, and proposals would be brought forward to the relevant committees when appropriate. The Corporate Head of Finance advised that further information would be included in the Medium Term Financial Strategy report to be submitted to Cabinet on 21 November and Scrutiny Committee on 22 November 2023.

RESOLVED:

That the content of the report, including the progress against the internal audit management actions be noted.

10. **REVIEW OF THE WINCHESTER CITY COUNCIL CONSTITUTION 2023**
(AG117)

The Monitoring Officer introduced the report and outlined the process in bringing forward the amendments to the Constitution to date which had included nine meetings of the Constitution Working Party (CWP). She confirmed that corrections to the formatting would be undertaken prior to consideration at Council on 30 November 2023. In addition, improvements to the navigation of the document, such as the inclusion of hyperlinks and an "intelligent" contents page would be introduced prior to the revised Constitution being officially published.

At the invitation of the Chairperson, Councillors Wallace, Read, Brook and Horrill addressed the meeting as summarised briefly below.

Councillor Wallace

He spoke as a member of the CWP which he believed had adopted a positive approach and achieved consensus about a great deal of the constitution. He

expressed concern about the frequency of full Council meetings and in particular the recent long gap due to a Council meeting being cancelled. He welcomed the proposal to include feedback from Councillors on outside bodies to Council meetings and the clarification of the procedure regarding member and public participation at Cabinet meetings. In general, he hoped that the amendments proposed would improve the operation of the Constitution in practice.

Councillor Horrill

She welcomed the opportunity of being a member of the CWP and endorsed the commitment to providing a briefing session to aid understanding of the Constitution by both councillors and officers. She welcomed the proposals set out in paragraphs 12.6 and 12.18 of the report. She raised three questions/points – a) Queried whether Article 14 required updating to reflect that contracts under £10k should be recorded in writing; b) Expressed disappointment regarding that a date for completion was not included in paragraph 14.2 of the report; c) Sought assurance that the version of the amended Constitution to be presented to Council would be corrected to remove typographical mistakes and incorrect formatting.

Councillor Read

With regard to the West of Waterlooville Forum he believed the Constitution should stipulate that meetings were held in person as he considered virtual meetings excluded some members of the public. He emphasised that Forum covered a cross-boundary area and so was different to the other two development fora. He also requested that the Winchester membership be comprised of councillors from those wards covered by the development area. With regard to the Joint West of Waterlooville MDA Planning Committee, he expressed concern that no meetings had been held in the previous three years with all decisions being taken by officers under their delegated powers. He believed that this was despite the parish council requesting that a decision be made by the joint committee on regular occasions.

Councillor Brook

She supported the comments made by Councillor Read. As chairperson of Scrutiny Committee, she welcomed the proposal for the Monitoring Officer to use her discretion as to which committee was appropriate for pre-scrutiny consideration. She believed it was essential that key decisions were subject to pre-scrutiny.

The Monitoring Officer responded to the comments made regarding the Joint West of Waterlooville MDA Planning Committee confirming that the information she had been given by officers was different to that presented by Councillor Read. She said she would request further clarification from officers regarding the officer delegations exercised. As there appeared to remain a degree of uncertainty on this matter, Councillor Power suggested that Councillor Brook forward the relevant minutes of the parish council so it could be examined further.

The Monitoring Officer responded to other comments made by councillors and during the public participation period above. She confirmed that use of informal working groups was standard procedure widely adopted by local authorities and

legally permitted. She agreed that a definition of an informal working group could be included in the amended Constitution.

With regard to work on the new model code of conduct, she confirmed that this would commence with the CWP in the new year.

The Committee then considered the contents of the amended Constitution in detail and the following points were raised and responded to by the Monitoring Officer and the Corporate Head of Finance. In addition, the Cabinet Member for Community and Engagement and the Cabinet Member for Finance and Performance also responded where appropriate.

- a) The proposal that a recommended time limit (but not a guillotine) of three hours for council meetings be introduced. However, the majority of the CWP had not supported this proposal but had approved the suggestion that full Council meetings start at the earlier time of 6.30pm.
- b) The use of the word “may” rather than “will” in the first sentence of Part 1.2. The Monitoring Officer explained the wording was from the Model Constitution however it was agreed amendment be considered further.
- c) Part 4.4, paragraph 22.5 – clarification was requested on the use of the exempt definition and councillors access to exempt information.
- d) The practical operation by the Monitoring Officer of the new wording proposed by the CWP in Article 7 in connection with the Forward Plan. Members believed that the 28 days’ notice provided in the current forward plan might not be sufficient for other committees to plan their work programme. However, it was suggested this could be addressed outside of changes to the Constitution, for example by provision of clearer work programmes and further consideration of the scheduling of meetings.
- e) Clarification of the different status of the Winchester Town Forum as a formal meeting with budget setting authority, whereas the three current development fora were informal meetings.
- f) Confirmation that the operation of the Joint West of Waterlooville MDA Planning Committee would be considered further by officers following concerns raised. However, no changes to the constitution as drafted were required.
- g) Confirmation that the full proposed Budget Council meeting procedure would not be included in the recommended amendments to the constitution.
- h) The Monitoring Officer confirmed that full Council meetings were only cancelled due to a lack of business in exceptional circumstances. Some concern was expressed about the long period of time between some full Council meetings. It was emphasised that both public and councillors had the right to speak at other meetings, including Cabinet.
- i) A request that consideration be given to using the same process for members of the public questions as councillor questions.
- j) There was lengthy discussion regarding the process for submitting an alternative budget and the time available for this to be prepared by councillors. The Monitoring Officer emphasised that the budget proposals were submitted for consideration by both the Scrutiny Committee and Cabinet several weeks prior to consideration at full Council. The Corporate Head of Finance confirmed that as Section 151 officer, she must be satisfied that the alternative budget met the statutory

requirements and was deliverable within sufficient time to allow for 6 clear days prior to the budget meeting. The Committee asked that consideration be given to publishing any alternative budget immediately after approval by the Section 151 officer.

Following consideration by the Committee, Councillor Power summarised the proposed recommendations for amendments to the Constitution as set out below:

- a) **Part 1.2 – Definition of Informal Working Groups to be included.**
- b) **Part 1.2 – consideration to be given to changing the wording in the introductory sentence from “may be” to “will be”.**
- c) **Part 4.4 – Paragraph 22.5 – consideration to be given to reviewing the use of exempt definition.**
- d) **Article 4 – para. 4.06 (d) to be redrafted to improve readability.**
- e) **Pages 217 -220 of agenda pack (the Budget Council meeting procedure) to be deleted.**
- f) **The proposed start time of 6.30pm for Full Council meetings to be reviewed in due course.**
- g) **Part 4.1 – para. 16 – consideration to be given to using the same process for members of the public questions as Councillor questions for expediency.**
- h) **Part 4.1 – para. 20.5 – consideration to be given to publication of the alternative budget to be immediately after approval of the Section 151 Officer.**

The Committee also noted the following points:

- i) The revised constitution including proposed amendments from the Audit and Governance Committee would be submitted to Council on 30 November with the recommendation that it comes into force from 1 January 2024. It was agreed that the revised constitution be considered by a meeting of the CWP prior to being submitted to Council.
- j) It was noted that work on adopting the LGA Model Code of Conduct would commence in the new year including meetings of the CWP.
- k) Noting that once officially published, the revised constitution would include improvements to its functionality including hyperlinks and “intelligent” indexing.

RESOLVED:

1. That the proposed amendments set out in bold in a) to h) above be reported to Council on 30 November 2023.

2. That points outlined in paragraphs i) to k) above be noted and implemented as appropriate.

The meeting commenced at 6.30 pm and concluded at 10.15 pm (with two adjournments between 8.30pm & 8.42pm and 10.08pm and 10.10pm)

Chairperson

This page is intentionally left blank

REPORT TITLE: AUDITOR VALUE FOR MONEY REPORT 22/23

29 FEBRUARY 2024

REPORT OF CABINET MEMBER: Cllr Cutler – Deputy Leader and Cabinet Member for Finance and Performance

Contact Officer: Liz Keys Tel No: 01962 848266 Email Lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

The purpose of the report is to communicate the key issues arising from the external auditor's value for money work to all councillors and external stakeholders, including members of the public.

The council's external auditor EY has now presented their interim Value for Money (VfM) Report for 2022/23, which is appended to this report. The auditor did not identify any significant weaknesses in the Council's VFM arrangements and confirmed that no significant risks were identified during the audit.

RECOMMENDATIONS:

1. That the Committee:
 - i. Takes the opportunity to discuss the contents of the report and raises any issues with the external auditors;
 - ii. Confirms its acceptance of the auditor's report; and
 - iii. Notes that it is likely that the auditors will issue a disclaimer opinion on the 2022/23 financial statements.

1 SUPPORTING INFORMATION:

- 1.1 The interim Value for Money report for the year ended 31 March 2023 summarises the findings from the work the external auditor undertook. It sets out risks identified and the findings from their detailed assessment including a commentary on the three reporting criteria and a summary of the arrangements in place. EY's report is appended in full to this paper.
- 1.2 The auditor did not identify any significant weaknesses in the Council's VfM arrangements and confirmed no significant risks were identified during the audit.
- 1.3 The auditor will summarise their final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.

2022/23 audit and opinion on the financial statements

- 1.4 Only 1% of local authorities met the target for publishing audited financial statements by the 30th of September 2023. The Department for Levelling Up Housing and Communities (DLHUC) have issued guidance aimed at clearing the audit backlog, and all financial statements relating to the 2022/23 financial year or earlier years must be published by 30th September 2024, requiring the auditors to issue an opinion to reflect the assurance that they have been able to acquire before that date.
- 1.5 Our understanding is that there will be no further work planned on the council's 2022/2023 financial statements; it is therefore likely that the auditors will issue a disclaimer opinion on the statements although the wording has yet to be discussed and agreed.

APPENDICES:

Appendix 1 – Value for Money report for the year ended 31 March 2023.



Winchester City Council
Value for Money report

Year ended 31 March 2023

February 2024



Winchester City Council
City Offices
Colebrook Street
Winchester
SO23 9LJ

08 February 2024

Dear Audit and Governance Committee Members
2022/23 Value for Money Report

We are pleased to attach our interim Value for Money report for Winchester City Council. The report summarises the findings from our 2022/23 value for money work. The report sets out the risks identified and the findings from our detailed assessment including a commentary on the three reporting criteria and a summary of the arrangements in place.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 29 February 2024.

Yours faithfully

Kevin Suter
Partner
For and on behalf of Ernst & Young LLP
Encl

Contents

01 Executive Summary



02 Value for Money Commentary



03 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit & Governance Committee and management of Winchester City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit & Governance Committee and management of Winchester City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Governance Committee and management of Winchester City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Page 18

BOARDROOM

01 Executive Summary



Executive Summary

Purpose

The purpose of the report is to set out the Value for Money (VFM) work undertaken up to and including the 2022/23 financial year. The report aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03).

The report sets out the following areas which have been assessed up to the point of issuing this interim report to the Audit Committee:

Page 19

- Risks of significant weakness and procedures planned to mitigate these
- Findings of our work against the three value for money reporting criteria and the sub-criteria
- Summary of arrangements in place over the period covered by this report.

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.



Executive Summary (continued)

Risks of Significant Weakness

Our value for money procedures are based on the judgements reached from a combination of:

- our cumulative audit knowledge and experience
- our review of Council committee reports,
- meetings with the Chief Financial Officer
- and evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we have no matters to report by exception in this report.

Executive Summary (continued)

Reporting

Our commentary for 2022/23 is set out over pages 9 to 12. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see table below) throughout 2022/23.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2021/22 Annual Auditors Report and have been updated for 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.



02

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

Winchester City Council have managed financial pressures in previous years including Covid-19 and more recently increases in energy and contract inflation. These pressures are not unique to the Council and are affecting all Local Government bodies. The Council have a history of being able to set a balanced budget and have delivered surpluses for several years, allowing them to build additional reserves in preparation for potential future deficits. Earmarked reserves have grown to £38.2m as at 31/03/2023 (£37.9m as at 31/03/2022). The Council has a policy of setting a minimum General Fund Reserve at £2m (currently maintained at £3.5m as of 31/03/2023).

Medium-Term Financial Plan for 2022/23 onwards was taken to Cabinet in October 2021. For 2022/23 the budget indicated a budget surplus of £0.136m with a further one year of £0.391m one off budget to support the delivery of the Council Plan to be funded from this allocation. As per the Outturn report in relation to 2022/23, the final net surplus of £0.952m was transferred to earmarked reserves.

A £1.0m deficit was forecast for 2023/24 but it was noted that this can be covered by the existing Transitional Reserve to ensure the Council can maintain a balanced budget through to March 2024. It was noted significant uncertainty remains in relation to future funding of local government and projections indicate the potential for longer term deficits, subject to Government funding announcements.

The Council set a balanced budget for 2022/23 and more recently for 2023/24. The 2023/24 medium term financial strategy forecast deficit positions of £1.037m, £1.962m and £3.592 in 23/24, 24/25 and 25/26 respectively. The most recent medium term financial strategy shows that these deficits have been reduced to a balanced budget for both 2023/24 and 2024/25 and a smaller deficit of £1.365m for 2025/26. This evidences that management have a process for identifying funding gaps and bridging these gaps as required.

In future years, financial challenges are expected to be mitigated through the Strategic Service Review process (Transformation challenge 2025 or TC2025 programme). This is a comprehensive and detailed review of the operating model for the delivery of all services to deliver necessary savings and protect core services for residents in the greatest need. An initial strategic budget review in relation to TC2025 identified 12 themes for consideration. TC2025 has been elevated to a tier one strategic project, sponsored by a new Transformation Board. The Board has clear terms of reference, setting out the transformation, financial, workforce and consultation principles of the programme. A Programme Lead and Programme Manager have also recently been appointed to drive the programme and ensure success can be achieved and measured.

The Council has borrowings of £162m. This is from the PWLB (part of the UK Treasury) and relates solely to the Housing Revenue Account. There is no other external borrowing. This level of borrowing is not considered unusual for a body of Winchester's size and housing stock.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

Primary oversight in relation to making decisions and managing risk lies with the Council's Cabinet or Full Council in accordance with the Council's constitution. Cabinet are supported by several other committees, who are informed by detailed reports produced by officers. There is an established Scrutiny Committee and Audit & Governance Committee which is the body formally charged with governance at the Council. The role of the Scrutiny Committee is to hold the Cabinet to account, review decisions made or actions taken in connection with the discharge of any of the Council's functions (including executive functions), and to monitor performance of the Council. The Audit & Governance Committee considers the work of both internal and external audit and the adequacy of risk management arrangements, and governance functions, for example promoting and maintaining high standards of conduct by Councillors and any co-opted members, and assisting the Councillors and co-opted members to observe the Members' Code of Conduct.

The budget is reviewed by the Scrutiny Committee before being put forward for Cabinet and Full Council for approval. While the budget scrutiny comes from top down, there is also a bottom up approach, with meetings held with managers where they put forward proposals for budget growth as they see appropriate, based on their knowledge and forecasts.

In order to make informed decisions with the latest information, the budget is reviewed quarterly. Trends and changes are then considered in the next budget setting.

There is a requirement to monitor expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis, as part of the Council's overall financial and performance management reporting process. The Council's financial performance (revenue and capital), savings delivery and business performance are formally reported quarterly through a quarterly Financial and Performance monitoring report.

The Council have a risk register that is regularly kept up to date to ensure risks are identified and mitigations are put in place to ensure the risks to the Council are reduced to an acceptable level. The Corporate Risk Register is managed by the Council's Executive Leadership Board (ELB) with an owner from the ELB assigned to each risk to ensure risk monitoring and actions are being implemented. There are a number of 'red' risks within the risk register for 2022/23 which we considered as part of our value for money risk assessment. These are risks that we would expect to see for the Council and are not an indication of a weakness in governance arrangements.

The Council have an Internal Audit function which tests whether the controls in place to manage risk are effective. During 2022/23, Internal Audit have issued an overall opinion of "reasonable" assurance, with one limited assurance opinion.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council produces a report of its Strategic Key Performance Indicators within their Quarterly Performance Reports. These KPIs are linked back to the key priorities within the Corporate Plan. The scorecard is used to flag areas of required improvement, devise actions to address any weakness identified and monitor progress. KPIs are given RAG ratings to clearly identify those items that are underperforming, or perhaps require closer monitoring.

The Council produces certain documents throughout the year which give the stakeholders, i.e. the public, employees etc an understanding of how the Council is performing, i.e. budget reports.

The Scrutiny Committee and Cabinet are responsible for considering reported performance against the KPIs and ensuring effective and efficient mitigating actions are taken to ensure targets set are being met. In order to give the performance reports detailed attention, the Scrutiny Committee have set up a Performance Panel to scrutinise the quarterly performance and financial monitoring reports on behalf of the Committee.

Page 26
There is a 'Transparency' section on the Council website, which gives the public the ability to review the Council expenditure, enabling the Council to be open to scrutiny. Winchester City Council purchases goods and services from a variety of suppliers. Details of procurements are documented on the Council website, which includes details on the terms and conditions and general procurement process. The Council also has a contracts management framework to ensure contracts are delivering best value and to foster long-term collaborative relationships with suppliers that strive for continuous improvement in service delivery and efficiencies.

The Internal Audit function tests whether the controls in place are effective. There are regular committee meetings to discuss the Council performance, and any issues can be raised here.

The Council are utilising the information above as part of its Transformation challenge 2025 (TC2025) programme in order to reduce £3m of baseline costs in the medium term.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



03 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23

Reporting Sub-Criteria

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Findings

Winchester City Council has various methods in place to ensure it can identify financial pressures, including keeping updated budget reports, to ensure the Council is on plan to meet budget requirements. The Council has a Narrative Statement which shows the annual comparison between budgeted and actual Income & Expenditure, which assists in showing whether there are financial pressures.

A going concern note is also prepared within the accounts, which details levels of cash and reserves which are currently strong.

Regular meetings are held, and minutes are available on the Council's website showing this, and any financial issues would be discussed here. A risk register is kept and updated, and one example from the risk register is Lack of sufficient funding and/or escalating costs over the medium term reducing financial viability and inability to achieve a balanced budget, and the potential impact this could have on Council Taxpayers and services that are provided.

There are ongoing financial pressures in the local government sector, which has resulted in several councils making significant commercial investments using cheap borrowing through the 'Public Works Loan Board' (PWLB). PWLB is part of the UK treasury and makes loans to local authority at 80BPS above the equivalent UK government Gilt rate. PWLB is also a non-discretionary lender. There is therefore no limit to the amount a local government body can borrow, risk premium attached to the level of borrowing, or covenants attached to the borrowing.

For Winchester, they have used PWLB Borrowing all of which is for the Housing Revenue Account (HRA) of £161.7m. The General Fund currently has no external/PWLB borrowing. As at 31/3/23 borrowing (all PWLB) stands at:

- Long term borrowing - £156.7m
- Short term borrowing - £5.1m

The Council has developed a reasonable portfolio of investment properties, and made some investments in order to generate a return on cash at greater levels than current bank rates. However, they have not pursued investments in riskier commercial ventures.

The assets of the Council, which reflect its more commercial activity were as follows at 31/3/23:

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23

Reporting Sub-Criteria

Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (cont.)

Significant account	Balance	Description of asset
Investment property	£71.03m	The council hold a significant portfolio of investment property, although the most significant of these are garages that have been transferred over from the HRA. The investment properties that would be considered the higher risk would be retail assets which stands at: - Retail- £28.6m
Long term investment	£5.4m	£5.3m relates to investment in the CCLA pooled property fund.
Short term Investment	£7.1m	All ST investments held as bonds or short-term fixed interest deposits with either banks or other Local Authorities.

We do not consider the above investments to be unusual for a Local Government Body and not indicative of a higher risk profile. There was a significant uplift in the amount of short-term investments in 21/22 (£21.2m) due to an increase in grant funding close to year end. In 22/23, these levels have reduced back down.

For 22/23 the Council's budget indicated a budget surplus of £0.136m with a further one year of £0.391m one off budget to support the delivery of the Council Plan to be funded from this allocation. A £1.0m deficit was forecast for 2023/24 but it was note this could be covered by the existing Transitional Reserve to ensure the Council can maintain a balance budget through to March 2024. The Council noted significant uncertainty remains in relation to future funding of local government and projections indicate the potential for longer term deficits, subject to Government funding announcements.

The Council have not flagged a material uncertainty in the going concern basis of preparation disclosure in its financial statements around its ability to continue providing the current level of services, this has been supported within the Going

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23

Reporting Sub-Criteria

Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (cont.)

Concern note itself as well as their supporting cashflow forecast.

The general assumptions underpinning the annual budget and MTFP include:

- District Council Tax increase of 3%
- Fees and Charges increase of 3%
- Income contingency of -10%
- Contractual inflation of 3%
- Employee Pay inflation of 2%

As per the Outturn report in relation to 22/23, the final net surplus of £0.952m was transferred to earmarked reserves.

How the body plans to bridge its funding gaps and identifies achievable savings

The Council has a policy of setting a minimum General Fund Reserve at £2m as per the risk register (currently maintained at £3.5m as of 31/03/2023). There are also a number of earmarked reserves with a total balance of £38.4m (at 31/3/2023) to meet specific liabilities when they fall due.

The Council set a balanced budget for 2022/23 and more recently for 2023/24. The 2023/24 medium term financial strategy forecast deficit positions of £1.037m, £1.962m and £3.592 in 2023/24, 2024/25 and 2025/26 respectively. The most recent medium term financial strategy shows that these deficits have been reduced to a balanced budget for both 2023/24 and 2024/25 and a smaller deficit of £1.365m for 2025/26. This evidences that management have a process for identifying funding gaps and bridging these gaps as required.

As noted previously, the budget has been balanced. In future years, there are additional budget shortfalls which are expected to be mitigated through the Strategic Service Review process (Transformation challenge 2025 (TC2025) programme). This is a comprehensive and detailed review of the operating model for the delivery of all services to deliver necessary savings and protect core services for residents in the greatest need. An initial strategic budget review in relation to TC2025 identified 12 themes for consideration. TC2025 has been elevated to a tier one strategic project, sponsored by a new Transformation Board. The Board has clear terms of reference, setting out the transformation, financial, workforce and consultation principles of the programme. A Programme Lead and Programme Manager have also recently been appointed to drive the programme and ensure success can be achieved and measured.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23

Reporting Sub-Criteria

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Findings

The annual budget and Medium Term Financial Strategy (MTFS) sit alongside and facilitate the Council's Corporate Plan for 2020-25. The Council Plan was developed collaboratively with elected members, staff, partners and other stakeholders to prioritise the most important areas the Council needs to focus on in the future. This is done for the Council's limited resources to be spent on the areas where it is needed most. It is considered in parallel with the budget. As it is aligned to the budget and MTFP, it is intended to act as the framework in which investment decisions can be made based on agreed priorities and the outcomes the Council wants to achieve.

The Council's overriding objective is to provide services to residents in the area. The corporate plan details the overall vision of the Council, with its main priorities being:

- Tackling the climate emergency and creating a greener district
- Homes for all
- Vibrant local economy
- Living well
- Your services. Your voice

The process of preparing the budget involves using the approved MTFS and updating with more detailed information as this becomes known. The financial and delivery performance against the Corporate Plan priorities is performed quarterly. This performance review also provides monitoring of the overall financial performance against budget, Capital spend and project management reports. Where this performance information suggests a financial impact, this is reflected within the proposed budget.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23

Reporting Sub-Criteria

Findings

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Please see above documentation in relation to the budget, MTFS and other financial planning documents on previous pages. Other plans work alongside the financial monitoring and these plans ensure that financial monitoring is incorporated into them so that the body works efficiently and effectively towards to same strategic objectives.

The Council has a Treasury Management strategy relating to the management of the council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the council's prudent financial management. Treasury risk management at the council is conducted within the framework of the CIPFA Code which requires the Council to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year. This report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. Hampshire County Council's Investments & Borrowing Team has been contracted to manage the council's treasury management balances since September 2014 but overall responsibility for treasury management remains with the council.

Treasury Management is monitored through the use of outturn reports which are presented at Cabinet at the end of each financial year. This annual report sets out the performance of the treasury management function during the year, to include the effects of the decisions taken and the transactions executed in the past year. The 2022/23 outturn shows £1,080,000 of income achieved against a budget of £284,000 delivering an additional £796,000 of income above budget. This was primarily due to much higher interest rates receivable than anticipated when the 2022/23 budget was set.

The Capital Investment Strategy sets out the council's capital spending programme and the principles which underpin this in order to deliver the desired priorities as set out in the Council Plan. The strategy details the overall programme for the next 10 years, how this will be financed, and the impact of the programme on the council's MTFS.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council has regular reviews and monitors potential risks to financial resilience. We consider there to be no specific risks to the Council that are outside the normal risks faced by all local government bodies. The main risks to the Council's financial resilience are driven by:

- Reduced Government funding
- Macro economy, including war in Ukraine, leading to higher energy prices and high inflation
- Reliance on strategic partners to deliver services and projects and inflationary pressures incorporated into contract prices
- Failure to achieve income targets

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23

Reporting Sub-Criteria	Findings
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans (cont.)	The Council maintains a Corporate Risk Register in which it highlights the risk of lack of sufficient funding and/or escalating costs over the medium term reducing financial viability. This risk register is monitored and updated regularly to incorporate any emerging issues on unplanned changes.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23

Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Findings

The Council has developed systems to identify, evaluate and mitigate risks which threaten its Council's ability to meet its objectives to deliver services to the public. To ensure that risks are appropriately mitigated, a Risk Register has been developed. These risks are regularly reviewed by management.

This details the risks facing the Council and the impact on critical services. The Corporate Risk Register is managed by the Council's Executive Leadership Board (ELB) and updated for newly stated risks and ongoing matters on a regular basis. Risk owners for corporate risks are generally a member of ELB. This risk register is included with the Risk Management Policy and formally agreed 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. The Council's methods to identify and manage risks, include:

- Service Lead 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.
- Strategic direction, policies and procedures are provided by the council's oversight functions (e.g. Finance, Legal Services, Procurement and HR). These teams are responsible for designing 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.
- 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

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23

Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud (cont.)

Findings

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.

There is an established internal audit function, performed by the Southern Internal Audit Partnership (SIAP) and programme of work and an annual opinion on internal control is given by the Head of Internal Audit. There is also an Internal Audit Charter which describes the purpose, authority and responsibility of internal audit activity. The Head of Internal Audit opinion for 2022/23 is as follows:

Annual Internal Audit Opinion 2022-23

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion, frameworks of governance, risk management and management control are **reasonable** and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

We have reviewed the risk register for March 2023 as taken to Cabinet. The key risks (red rated) identified in the risk register relate to:

- Availability of suitable sites to meet the strategic need for building new homes
- Failure to effectively respond to the Climate Change Emergency and reduce the council and district carbon emissions
- Nutrient neutrality - Phosphates

Risk areas within the remit of our VfM work, including effective partnership working, financial viability, business continuity and cyber security are all considered to be medium risks due to the mitigations the Council have been able to put in place, which includes the regular performance monitoring that occurs in each of these areas. Financial risks are rated as a medium risk in the s1515 Officers judgement due to the TC25 programme, and we would agree to the available mitigation of the Council's strong levels of reserves should unforeseen circumstances occur.

The Council has an established anti-fraud and corruption strategy, anti-money laundering policy and whistle-blowing arrangements that are accessible on its website.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23

Reporting Sub-Criteria

How the body approaches and carries out its annual budget setting process

Findings

The budget is derived both bottom-up and top-down. The original budget for 2021/22 plus any in year permanent budget approvals is rolled forward as a starting budget for 2022/23. Meetings are then held with managers where they make changes to the starting budget as they see appropriate, based on their forecasts. Changes are brought back to Finance for challenge, before scrutiny by the Scrutiny Committee. The budget is reviewed quarterly, and where significant changes are identified in year which result in the original budget no longer being reflective of the actual conditions in year, the budget is updated.

For the 2022/23 budget there was expectation of greater levels of stability in income and expenditure following the Covid-19 pandemic. However, high inflation has had a significant impact on expenditure. The original budget was not fully revised, with updates being instead made through quarterly reviews.

The Council have a policy/aim of maintaining the general fund balance at the minimum reserve level of £2m. In addition to the general fund balance, the Council also hold a number of earmarked reserves to cover unexpected liabilities/increases in costs. For example, they hold a transitional reserve to mitigate the risk of future budget shortfalls, and a 'Greener Faster' reserve be used to support the Council's response to the climate emergency, and their move towards being carbon neutral. The Councils aim, therefore, is to decrease the general fund balance to the minimum level whilst maintaining sufficient earmarked reserves to cover their risk exposure. During the year, they report internally on the performance of the general fund, and earmarked reserves.

As at 31/3/23 the Council's reserves position as recorded within its financial statements was:

- General Fund: £3,512k
- Earmarked Reserves: £38,248k

A further £18,029k was also held in the Capital Receipts Reserve which is available for use to support the future capital spending of the Council.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23

Reporting Sub-Criteria

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Findings

The s151 Officer is responsible for providing appropriate financial information to enable both the revenue budgets and the capital programme to be monitored effectively. There is a requirement to monitor expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis, as part of the Council's overall financial and performance management reporting process. It is the responsibility of Strategic Directors and Heads of Service to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Finance team. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Strategic Director (Resources) to any problems.

The Council's financial performance (revenue and capital), savings delivery and business performance are formally reported quarterly through a quarterly Financial and Performance Report'. The report combines both financial and service performance monitoring to provide a complete view of the Council's performance and includes:

- Council Plan 2020-25 progress update
- Financial update
- Strategic Key Performance Indicators
- Programme and Project Management - Tier 1 project highlight reports
- COVID-19 Council services demand data
- Notes from Performance Panel (part of the Scrutiny Committee)

As part of the process current and proposed corrective actions to address financial and performance risks are also reported. There is also an internal audit function which provides an interim report and a year-end report to confirm that control are in place properly.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23

Reporting Sub-Criteria

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Findings

Decisions are taken by the committees of the Council, and are informed by detailed reports produced by officers, with key decisions on Council Policy taken by the Cabinet or Full Council in accordance with the Council's constitution. There is an established Scrutiny Committee and Audit & Governance Committee which is the body formally charged with governance at the Council. The role of the Scrutiny Committee is to hold the Cabinet to account, review decisions made or actions taken in connection with the discharge of any of the Council's functions (including executive functions), and to monitor performance of the Council. The Audit & Governance Committee considers the work of both internal and external audit and the adequacy of risk management arrangements, and governance functions, for example promoting and maintaining high standards of conduct by Councillors and any co-opted members, and assisting the Councillors and co-opted members to observe the Members' Code of Conduct.

Decision makers are required to act within the Council's Standing Orders and scheme of delegation which makes provision for legal and constitutional advice to inform such decisions. The Council's Constitution contains a number of check points at which officers are able to identify whether decisions are being taken in compliance with the prescribed rules which ensure legal compliance.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The responsibilities and statutory requirements of all officers and members is embedded in the Constitution. All significant actions by the Council which may have legal implications either require authorisation by the Monitoring Officer or individuals specifically delegated to act on behalf of the Monitoring Officer as set out in the Council's decision-making rules.

The Council has adopted a Code of Corporate Governance (the Code) which is a framework based on guidance published in April 2016 by the Chartered Institute of Public Finance Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) around 'Delivering Good Governance in Local Government'. The Code is underpinned by the 7 core principles in the CIPFA/SOLACE framework, and is comprised of policies, procedures, behaviours and values by which the authority is controlled and governed. This Code provides the structures and guidance that members and employees require in order to ensure effective governance across the Council. It also sets out the Council's expectations and arrangements in place to help ensure that the Council conducts its business in accordance with the law and proper standards. One of its objectives is to ensure and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23

Reporting Sub-Criteria	Findings
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests) (cont.)	There is an established Employee Code of Conduct, Member Code of Conduct and Protocol for Member/Officer Relations. The Members' code of conduct is also set out in Part 5 of the Constitution . Both members and officers are also required to declare related party interests which we consider as part of our work to gain assurance over related party transactions. Member interests are publicly available on the Council's website.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23

Reporting Sub-Criteria

Findings

How financial and performance information has been used to assess performance and identify areas for improvement

The Council produces a report of its Strategic Key Performance Indicators within their Quarterly Performance Reports. These KPIs are linked back to the key priorities within the Corporate Plan. The KPIs are organised into five strategic themes: Tackling Climate Emergency; Living Well; Homes for all; Vibrant Local Economy; Your Services Your Voice. The scorecard is used to flag areas of required improvement, devise actions to address any weakness identified and monitor progress.

The Scrutiny Committee and Cabinet are responsible for considering reported performance against the KPIs and ensuring effective and efficient mitigating actions are taken to ensure targets set are being met. In order to give the performance reports detailed attention, the Scrutiny Committee have set up a Performance Panel to scrutinise the quarterly performance and financial monitoring reports on behalf of the Committee.

How the body evaluates the services it provides to assess performance and identify areas for improvement

As set out previously in this assessment, service performance against Council priorities is considered regularly throughout the year through the Quarterly Financial Monitoring Report. Monitoring arrangements therefore present a complete picture of both business and financial performance. This enables the Council to identify services or capital programmes that are not performing as expected by reference to KPI outcomes against targets which are based on the Council's strategic priorities as per the Corporate Plan. KPIs are given RAG ratings to clearly identify those items that are underperforming, or perhaps require closer monitoring. The Council continues to monitor and review its corporate priorities and MTFP to ensure that the plan and KPI's are aligned to the changing environment.

We have reviewed the Q4 performance report 2022-23 and note there were no red rated items.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council participates in regular committee meetings which are available to the public to review, and therefore stakeholders can understand what is happening. The Council produces certain documents throughout the year which give the stakeholders, i.e. the public, employees etc an understanding of how the Council is performing, i.e. budget reports.

The annual statements are also available once audited to the public, which include the narrative/governance statement, which provides transparency to the public. There is also a 'Transparency' section on the Council website, which gives the public the ability to review the Council expenditure, enabling the Council to be open to scrutiny.

Section 35 of the Constitution sets out that "no Partnership or Joint Venture Arrangement shall be entered into by the Council except with the approval of Cabinet or under the Portfolio Holder Decision Notice Scheme".

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23

Reporting Sub-Criteria

Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses with it is releasing the expected benefits

Findings

Winchester City Council purchases goods and services from a variety of suppliers. Details of procurements are documented at <https://www.winchester.gov.uk/about/access-to-data/procurement>. The website also includes details on the terms and conditions and general procurement process, seen at <https://www.winchester.gov.uk/business/opportunities-to-work-with-the-council/how-we-buy-a-supplier-s-guide/procurement-guidelines-for-suppliers>. The Council also has a contracts management framework to ensure contracts are delivering best value and to foster long-term collaborative relationships with suppliers that strive for continuous improvement in service delivery and efficiencies.

All procurement processes and contract awards must comply with the Council's Contract Standing Orders (CSOs) set out in Part 4.7 of its Constitution which also set out the limited circumstances and processes that need to be followed for those requirements to be waived.

The internal audit function tests whether the controls in place are effective. There are regular committee meetings to discuss the Council performance, and any issues can be raised here.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2022 Ernst & Young LLP. Published in the UK.

All Rights Reserved.

UKC-024050 (UK) 07/22. Creative UK.

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/uk

REPORT TITLE: INTERNAL AUDIT CHARTER 2024-25

29 FEBRUARY 2024

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 2024-25.

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 2024-25, 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 2024-25 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 £106,640.

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 2024-25.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None directly from this report.

8 EQUALITY IMPACT ASSESSEMENT

- 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
<i>Financial / VfM</i>	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 2024-25 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:-

AG100 Internal Audit Charter 2023-24

Other Background Documents:-

AG127 Internal Audit Plan 2024-25

APPENDICES:

Appendix A – Internal Audit Charter 2024-25

Internal Audit Charter – 2024-25

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:

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

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to *'senior management'* and *'the Board'*;
- reports functionally to *'the Board'*;
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team;
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements; and
- 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:

- The opinion;
- A summary of the work that supports the opinion; and
- 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:

- approving the internal audit charter (minimum annually);
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- 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:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit resource plan;
- 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;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;

- agreement of the scope and form of the external assessment as part of the quality management and improvement plan;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- 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

Annex 2

Assurance Services

- **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.
- **Developing systems audit:** in which:
 - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **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.
- **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.
- **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.
- **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.

REPORT TITLE: INTERNAL AUDIT PLAN 2024-25

29 FEBRUARY 2024

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 2024-25 together with an indicative plan for 2025-26 and 2026-27.

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 2024-25, 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 2024-25 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 £106,640.

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 2024-25.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None directly from this report.

8 EQUALITY IMPACT ASSESSEMENT

- 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
<i>Financial / VfM</i>	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:-

AG101 – Internal Audit Plan 2023-24 – 2025-26

Other Background Documents:-

AG128 – Internal Audit Charter 2024-25

APPENDICES:

Appendix A –Internal Audit Plan 2024-25



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**WINCHESTER CITY COUNCIL
INTERNAL AUDIT PLAN 2024-25
(APPENDIX A)**

Prepared by: Antony Harvey, Deputy Head of Partnership

February 2024

Contents

Section	Page
1. Introduction	2
2. Your Internal Audit Team	3
3. Conformance with Internal Audit Standards	3
4. Conflicts of Interest	3
5. Council Vision and Risk	4
6. Developing the Internal Audit Plan	5
7. Internal Audit Plan 2024-25	6-13

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

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 updated in December 2022, 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.

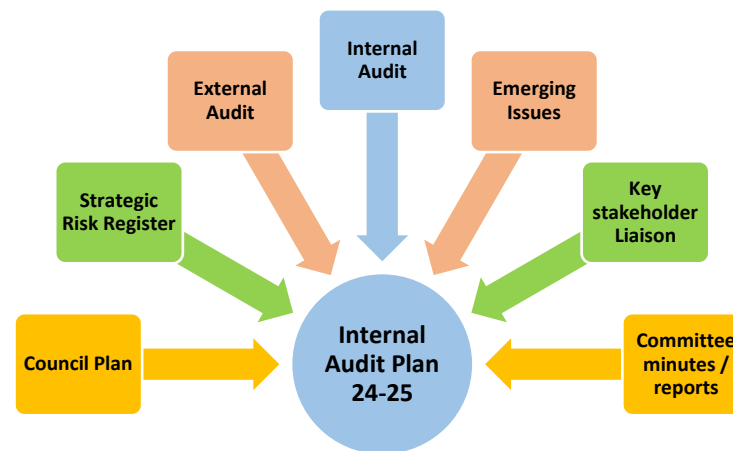
Code	Risk Description
CR001	Given competing demands and multiple complex priorities, the risk is that the Council does not maintain capacity to deliver services
CR003	Decisions made by the council are challenged due to a lack of a strong evidence base, customer insight and engagement with change or procedural errors
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	Breakdown of effective partnership working
CR007	Lack of sufficient funding and/or escalating costs over the medium term reducing financial viability and inability to achieve a balanced budget (General Fund and HRA)
CR008	Availability of suitable viable sites to meet the strategic need for building new homes (HRA)
CR009	Failure in cyber security leaving the council exposed to phishing and other attacks leading to compromised IT systems and data loss
CR010	Failure to effectively respond to the Climate Change Emergency and reduce the council and district carbon emissions

- CR011 Lack of preparedness and incapability to respond to events caused by climate change
- CR012 Nutrient neutrality – Phosphates

6. Developing the Internal Audit Plan

Based on discussions 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 (2024-25) together with an indicative plan for 2025-26 and 2026-27.

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 2024-25 to 2026-27

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
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: <ul style="list-style-type: none"> • Medium Term Financial Strategy • Budget planning/setting • Budget monitoring. 2024-25 focus on Transformation Challenge 25.	CR007	✓	✓	✓
Capital Programme and Monitoring	Assurances over the framework for agreeing the capital programme and monitoring of delivery of individual projects.	CR007	-	-	✓
Climate Emergency / Green Agenda	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). 2024-25 follow-up review.	CR004/7/10/11	✓	✓	✓

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
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. 2024-25 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.	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.	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'. 2024-25 focus on ID Verde & Wetton contracts and associated performance measures.	CR006/7	✓	✓	✓

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
Information Governance	Coverage over a three-year cycle to include: - <ul style="list-style-type: none"> • Records management and retention (2024-25 follow-up) • FOI / SAR • Transparency • Compliance with GDPR. 	CR003/9	✓	✓	✓
Corporate Governance Framework	Assurance over the corporate governance framework including Annual Governance Statement, decision making and accountability, ethical governance, codes of conduct, complaints, compliments etc.	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: - <ul style="list-style-type: none"> • Workforce strategy & planning • Training & development • Recruitment • Performance management • Wellbeing & absence management • Use of agency staff/volunteers. 	CR - All.	-	✓	✓

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
Housing rents		CR007	-	✓	-
Council Tax		CR007	-	✓	-
Accounts Payable		CR007	-	✓	-
Accounts Receivable / Debt Management		CR007	-	-	✓
Main Accounting and Reconciliations		CR007	-	✓	-
Treasury Management		CR007	✓	-	-
NNDR	Cyclical coverage of core systems to meet legislative requirements.	CR007	✓	-	-
Benefits		CR007	-	-	✓
Expenses		CR007	✓	-	-
Payroll		CR007	-	✓	-
Income collection and banking		CR007	-	-	✓

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
IT Governance	Coverage over the audit cycle to consider: <ul style="list-style-type: none"> • IT Strategy and Planning • IT Asset Management • Change Management • Software Licencing • Incident and Problem Management • Service Desk 2024-25 Focus on Microsoft Licensing	CR004/9	✓	TBC	TBC
Data Management	Coverage over the audit cycle to consider: <ul style="list-style-type: none"> • Data Storage and data backup • Data Centre Facilities and Data Security • Capacity Planning and Monitoring • Data Classification & Ownership • Data Quality. 	CR004/9	-	TBC	TBC
Information Security	Coverage over the audit cycle to consider: - <ul style="list-style-type: none"> • Cyber Security • Cloud • Remote Access • Public Facing Internet Security • IT Security Policy. 2024-25 focus on Cyber Security Roadmap	CR004/9	✓	TBC	TBC

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
Systems Development and Implementation	Coverage over the audit cycle to consider: <ul style="list-style-type: none"> • Application Reviews • Programme & Project Management. 	CR004/9	-	TBC	TBC
Business Continuity	Coverage over the audit cycle to consider: <ul style="list-style-type: none"> • IT Business Continuity Planning • Disaster Recovery Planning • System Resilience. 	CR004/9	-	TBC	TBC
Networking and Communications	Coverage over the audit cycle to consider: <ul style="list-style-type: none"> • Firewalls & Malware protection • Network Security and Access Control • Network Infrastructure Management & Monitoring • Virtualisation • Operating System / Patch Management • Secure Emails • Telecommunications. 	CR004/9	✓	TBC	TBC

2024-25 focus on Patch Management

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
Housing Management, Enforcement and Homelessness	<p>Assurance that there is effective control to deliver strategic objectives and legislative requirements. Coverage over a three year cycle to include: -</p> <ul style="list-style-type: none"> • Housing allocations • Homelessness obligations • Right to buy • HMOs/Enforcement <p>2024-25 focus on Private Sector Housing.</p>	CR003/10	✓	✓	✓
Housing Asset Management	<p>Assurance over process and delivery of repairs and maintenance, voids, Decent Homes Standard.</p> <p>2024-25 focus on Housing Retrofit programme.</p>	CR003/10	✓	✓	✓
Disabled Facilities Grants	<p>Assurance over the administration and awarding of grants in line with local / legislative requirements.</p>	CR003/10	✓	-	-
Building Control	<p>Review of policy and processes in line with legislative requirements.</p>	CR003/10	-	-	✓
Planning / Development Management	<p>Assurance over areas such as planning process, Community Infrastructure Levy, S106 agreements / developer obligations.</p>	CR003/8/10	✓	-	✓
Land Registry / Charges	<p>Assurance over processes to maintain and update the register and respond to search requests promptly, in line with legislative requirements.</p>	CR001	✓	-	-
Open Spaces / Tree Management	<p>Assurance over the maintenance and management of open spaces.</p>	CR001/10	-	✓	✓

Audit Review	Indicative Scope	Corporate Risk Register	24-25	25-26	26-27
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.	CR001/3	-	-	✓
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

REPORT TITLE: Q3 GOVERNANCE MONITORING

29 FEBRUARY 2024

REPORT OF CABINET MEMBER: CLLR BECKER – CABINET MEMBER FOR
COMMUNITY AND ENGAGEMENT

Contact Officer: Simon Howson Tel No: 01962 848 104

Email: showson@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 2023/24 financial year.

RECOMMENDATIONS

That the Audit and Governance Committee notes the content of the report including 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 arising from the content of this report.

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 There are no workforce implications arising from the content of this report.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 There are no property and asset implications arising from the content of this report.

6 CONSULTATION AND COMMUNICATION

- 6.1 Consultation on the content of this report has been undertaken with the Cabinet member for Community and Engagement and with members of the Executive Leadership Board (ELB) and Corporate Heads of Service (CHoS). 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 There are no environmental considerations arising from the content of this report.

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 There are no data protection impact assessments 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 2023/24 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 are highlighted in this report and the actions being taken to address them.

10.2 Members should note the related agenda item at this meeting AG122 - Annual review of Risk Management 24-25.

11 SUPPORTING INFORMATION

11.1 This report sets out the summary information in respect of the third quarter of the 2023/24 financial year concerning governance.

Annual Governance Statement

11.2 Progress against the actions included in the 2022/23 Annual Governance Statement is included in appendix 1 to this report.

Declarations of gifts and hospitality

11.3 During the period 1 October 2023 to 31 December 2023 there were five declarations of gifts and hospitality made by officers in accordance with the Employee Code of Conduct.

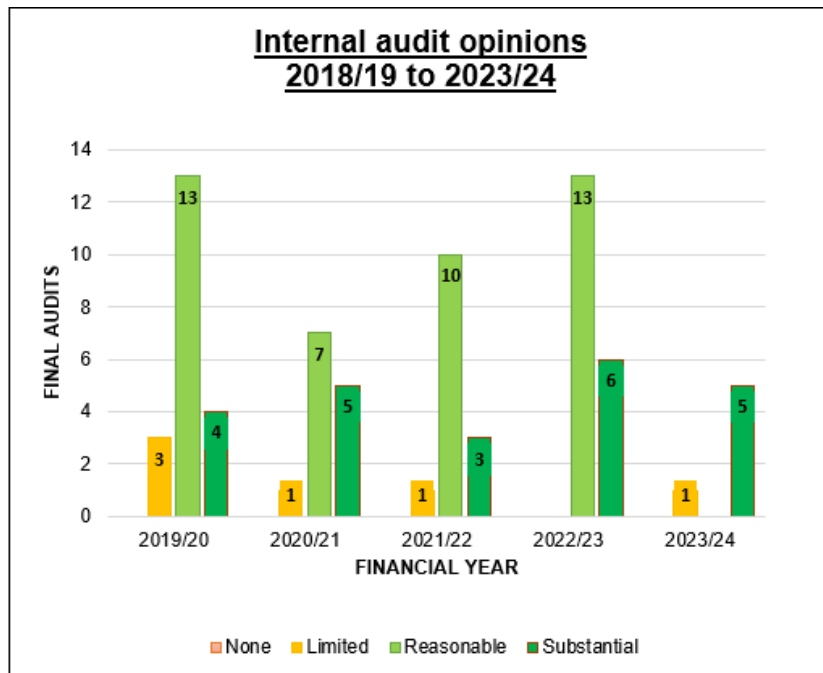
11.4 Members regularly update their register of interest forms and during the period 1 October 2023 to 31 December 2023, there were no declarations of gifts or hospitality over the value of £50 made by members in accordance with the Members Code of Conduct.

12 INTERNAL AUDIT ASSURANCE REPORTS

12.1 Internal audit provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal controls operating at the council. The internal audit plan for 2023/24 was approved by this committee on 2 March 2023, report [AG101](#) refers.

12.2 Since 1 April 2023 there were no audit review reports that concluded with a 'no assurance' opinion and one audit review report that concluded with a 'limited' assurance opinion.

- 12.3 Where reasonable or substantial audit opinions are offered following an audit review this gives assurance to senior management, external auditors and members of this committee that an appropriate system of governance, risk management and control exists with internal controls and processes operating effectively in the area audited.
- 12.4 Additional commentary can be found in paragraph 13 to this report where opinions are either limited or no assurance to support members in monitoring the progress of the actions in place to address the identified weaknesses found during the audit review.
- 12.5 The chart below shows the assurance opinions of the completed internal audits that were included in the audit plans in the years 2019/20 to the current year 2023/24.



- 12.6 Since the Q2 2023/24 Governance Monitoring report was presented to Audit and Governance Committee on 9 November 2023 there have been five internal audit reports finalised and issued before the 31 December 2023, four of which concluded with substantial assurance.

- Asset Management (Corporate Estate) (Limited assurance)
- Building Control (Substantial assurance)
- Housing Rents (Substantial assurance)
- Housing Benefits and Council Tax Reduction (Substantial assurance)
- Risk Management (Substantial assurance)

12.7 An update on the progress against the Internal Audit Plan 2023/24 is provided in the Internal Audit Progress Report in Appendix 2 to this report.

Internal Audit Management Tracking

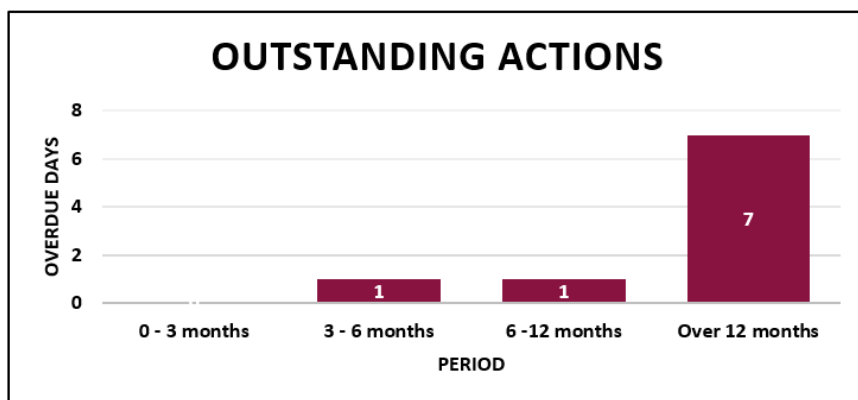
12.8 Corporate heads of service (CHoS), service leads, and Executive Leadership Board (ELB) regularly review the progress against the actions included in the internal audit reports.

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

12.10 To assist member’s understanding, an additional narrative is included in the table below to provide a brief explanation of the progress being made against the actions that have passed their target date and the reasons for the delay in completion.

12.11 There are currently 9 overdue actions with two being high priority. This is four fewer actions than reported as overdue at the last meeting of the committee on 9 November 2023.

12.12 The chart below provides an analysis of the overdue management actions by the length of time that has passed since the target completion date for each of the actions. There are seven actions overdue for over one year. Six of these actions relate to the Records Retention audit and one relates to the IT Business Continuity audit. An update on these actions can be found in the table in the next section of this report.



12.13 Further information relating to the current overdue management actions is shown in the table below:

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Reported	Not Accepted	Management Actions			LOW	MEDIUM	HIGH
						Pending	Cleared	Overdue			
IT Business Continuity & Disaster Recovery	06/07/2021	SDR	Reasonable	4 (0)	0	0	3	1		1	

Progress update: There is one medium priority overdue action remaining and that is to 'Complete IT only Disaster Recovery test with no user involvement.'

A test for the current system is being scheduled for the end of March.

Information Governance Records Retention	0303/2022	SDR	Limited	14 (4)	0	0	7(2)	7 (2)		5	2
------------------------------------------	-----------	-----	---------	--------	---	---	------	-------	--	---	---

Progress update: There are seven overdue actions, two of which are high priority.

Good progress is now being made on completing the actions with a review underway to update and approve the retention schedules for the various document types that the council has. This is expected to be completed in April when activities will commence to implement the retention schedules with disposal of documents that the council is no longer required to retain.

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Reported	Not Accepted	Management Actions			LOW	MEDIUM	HIGH
						Pending	Cleared	Overdue			

Paragraph 14.1 to this report provides further details.

There is one further action and relates to reviewing and updating the Information Asset Register (IAR). Work will commence on this after the Data Protection and Digital Information bill has been through parliament as this removes the requirement in the current data protection legislation to keep a Register of Processing Activity.

IT Asset Management	24/02/2023	SDR	Reasonable	8 (1)	0	4	3	1	1		
---------------------	------------	-----	------------	-------	---	---	---	---	---	--	--

Progress update: There is one low priority overdue action remaining ‘*Research Options for new KPI’s.*’

Some progress has been made but due to IT resources currently dedicated to major Citrix and VPN projects, further work has been delayed until April 2024.

- 13 The following section provides background and an update on the progress of management actions where an internal audit concluded with a limited assurance opinion and supports members in monitoring the progress of the actions in place to address the identified weaknesses found during the audit review.

13.1 Asset Management (Corporate Estate)

As part of the planned internal audit reviews for 2022/23, a review was undertaken of the council's arrangement for the maintenance and repair of non-housing corporate assets. The final report was issued on 16 October 2023 and offered a limited opinion.

The audit set out to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives:

- There are roles and responsibilities in place for the maintenance of corporate occupied properties and community assets, and these are supported by policies and procedures.
- A centrally controlled Asset Register database is in place and linked to maintenance programmes to enable effective monitoring of both planned works and reactive repairs and maintenance.
- Property maintenance is scheduled and actioned in line with statutory requirements and Council policy.
- Performance in respect of planned maintenance and reactive repairs is adequately monitored and reported.
- Appropriate Fire Safety arrangements are in place, in line with lease agreements and insurance arrangements.

There were a number of areas assessed where the current controls were found to be effective and working well. The Asset Management Strategy includes overall arrangements for property maintenance and there are clear roles and responsibilities in place. Risk assessments in relation to Asset Management are available. Statutory maintenance checks have been carried out in 2023 and included in the budget for facilities and maintenance. The edit/delete access to the Uniform platform is restricted to relevant users only.

However, the audit review observed that the system of governance and control to effectively manage risks could be improved. In response to the weaknesses identified, management actions have been agreed and when completed will mitigate the identified risks.

Three low priority management actions were agreed and included in the report. None of these actions were assessed as being overdue at the end of quarter three (31 December 2023). One action has already been completed.

Central system for logging statutory maintenance and repairs. The auditor observed that there is no single system in place to identify all relevant properties with their respective lease terms and when checks are due / completed or any diary system to highlight when they have become overdue.

Without this there is no robust system to ensure that statutory checks are being performed for all properties. Having a regularly maintained control spreadsheet that itemises those assets where an obligation to repair or carry out Health and Safety Inspections in place and will prevent further risks.

Procedures for Statutory Checks and Maintenance. The auditor found that although overall responsibilities in relation to the maintenance of council owned properties including statutory compliance checks are in place there are no procedures detailing the day-to-day operations. Without these, there is a risk that elements of safety checking and maintenance are missed or applied inconsistently. Agreeing a methodology for information capture in relation to statutory compliance contracts and procedures will mitigate this risk.

Condition surveys and visual inspections. The Asset Management Strategy and Asset Management Plan include a rolling programme of condition surveys are conducted included. It has been found that no written, documented schedule or daily entries to demonstrate the condition surveys have been documented. Without a demonstrable schedule of due and performed conditions surveys at defined intervals there is a risk the council may not meet its objectives as per the Asset Management Strategy and plan. To mitigate this risk the visual inspections should be included as part of the Control Document spreadsheet.

- 14 The following section provides an update on the progress against the actions included in audit review reports that concluded with a limited assurance opinion.

14.1 **Information Governance – Records Management**

The refreshed Retention and Disposal Policy which covers both digital and paper records, has been refreshed and adopted by Executive Leadership Board.

Officers in the Policy team have begun working with Service Leads from across the council to review and validate the retention periods for the documents that are held by their services. This is expected to be completed in April and will provide the council with an updated Document Retention Schedule.

The next stage of the project will be to begin implementing the schedule across systems and platforms enabling the council to delete records and documents that it is not required to retain.

This will continue until the end of the year with the bulk of documents being deleted in accordance with the schedule by early summer.

15 ***Risk Management***

- 15.1 The council's Risk Management Policy 2023/24 sets out a timetable for this committee to review the policy and corporate risks (section 11 of the Risk

Management Policy). The most up-to-date Corporate Risk Register is appended to report AG122 elsewhere on this committee's agenda. The latest formal quarterly review of the Corporate Risk Register by Executive Leadership Board (ELB) was carried out on 17 January 2024. All risks and their current controls were reviewed.

15.2 As a result of the review there were the following updates:

- CR003 Challenge of decisions – the risk owner has been updated from the Strategic Director and Monitoring Officer to the Monitoring Officer (MO)
- CR004 Business Continuity –the Risk Owner has been updated from the Strategic Director and Monitoring Officer to the Chief Executive to reflect current interim arrangements.
- CR007 Financial stability – Strategic Budget review mid-year removed as a control as this has completed.
- CR012 Nutrient neutrality – Phosphates – the residual risk likelihood has been reduced from 'highly likely' to 'likely' and the control updated to reflect that there is now a solution in place with delivery plan to follow.

15.3 With the exception of risk CR012, the original and residual risk ratings of all risks were considered appropriate and tolerated. Except for the above amends, the causes, consequences and controls for each risk were reviewed and assessed to be current and sufficient at the time of the review.

15.4 ELB did not identify any new or emerging risks to be added to the Corporate Risk Register.

15.5 Of the 73 Operational Risks managed by Corporate Heads of Service, three of these were presented to ELB for review as residual 'red' risks. For all of these ELB agreed that the current controls were sufficient, that the residual risk score was correct and accepted that escalation to the Corporate Risk Register was not required at this time.

16 ***Code of Conduct Complaints***

16.1 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.

16.2 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.

17 OTHER OPTIONS CONSIDERED AND REJECTED

17.1 None

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

AG116 Governance Monitoring Quarterly update Q2 2023/24, 9 November 2023.

Other Background Documents:

None.

APPENDICES:

Appendix 1 – Annual Governance Statement 2022/23 – progress update

Appendix 2 – Internal Audit Progress Report

Appendix 3 – Code of Conduct complaints

Annual Governance Statement 2022/23 – Action Plan update – December 2023

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
1.	<p>Records Retention and Disposal</p> <p>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.</p>	<p>ELB endorsement of the refreshed Retention Policy and Schedule</p>	<p>Refresh of Retention and Disposal Policy complete and adopted by ELB on</p>	<p>Senior Policy and Programme Manager</p>	<p>September 2023</p>	<p>Complete</p>
		<p>Map and align retention schedule to content/ indexing and values in business systems</p>	<p>Officers in the Policy team are meeting with service leads to review and agree the retention periods for each of the document types for their services.</p> <p>Once complete the schedules will be mapped to the business systems used in each team so that they can be applied.</p> <p>Anticipated deadline for completion and authorisation of full schedule is 26 April.</p>	<p>Senior Policy and Programme Manager/ Corporate Heads of Service</p>	<p>December 2023</p>	<p>In progress</p>

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		Retention schedule implementation and application across business systems completed	Implementation of retention schedule across business systems to commence once the final schedule is in place. Anticipate starting work in April with an aim to complete by end of the year.	Senior Policy and Programme Manager/ Head of IT	March 2024	Not yet started
2.	<p>Council Constitution</p> <p>Ensuring that the Council's Constitution is regularly reviewed and updated to take account of changes.</p>	Review and refresh of Constitution before sharing with Working Group.	Completed	Strategic Director & Monitoring Officer	June 2023	Complete
		Draft Constitution considered by ELB.	Comments and amendments to feed into final draft.	Strategic Director & Monitoring Officer	June/ July 2023	Complete
		Final draft share with Working Group	On schedule to be completed before consideration by Audit & Governance Committee on 9 November.	Strategic Director & Monitoring Officer	September 2023	Complete

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		Draft Constitution considered by Audit & Governance Committee.	Included on the agenda for Audit & Governance Committee meeting on 9 November.	Strategic Director & Monitoring Officer	September 2023	Complete
		Adoption of updated Constitution by Council.	Updated Constitution adopted at Full Council on 30 November 2023.	Strategic Director & Monitoring Officer	November 2023	Complete
3.	Complaint Handling Review of performance for dealing with and responding to customer complaints, particularly stage one complaints	Promote across the organisation the standards that the Council has adopted for handling complaints	Internal comms via City Voice staff newsletter with links to the Complaints Procedure Guidance document	Service Lead for Corporate Support	June 2023	Complete
		Review current performance and identify areas and services where the council's standard is not being achieved	Each Corporate Head of Service receives a monthly report of complaints within their business areas which includes the % of complaints responded to within 10 working days.	Senior Policy and Programme Manager	July 2023	Complete - Ongoing

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
			From May'23 this has also been shared with the relevant Director.			
		Ongoing review and reporting of performance	<p>There is a corporate KPI reporting overall % complaints responded to within 10 working days which is reported to PAC Board and Performance Panel (Scrutiny) and Cabinet.</p> <p>Performance by each Corporate Head of Service area is reviewed and reported as above</p>	Service Lead for Corporate Support	Ongoing	Ongoing

Internal Audit Progress Report 2023-24

December 2023

Winchester City Council



Page 90

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6-7
5.	Executive summaries 'Limited' and 'No' assurance opinions	7-8
6.	Planning and resourcing	9
7.	Rolling work programme	9-11
Annex 1	Adjustments to the plan	12

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:

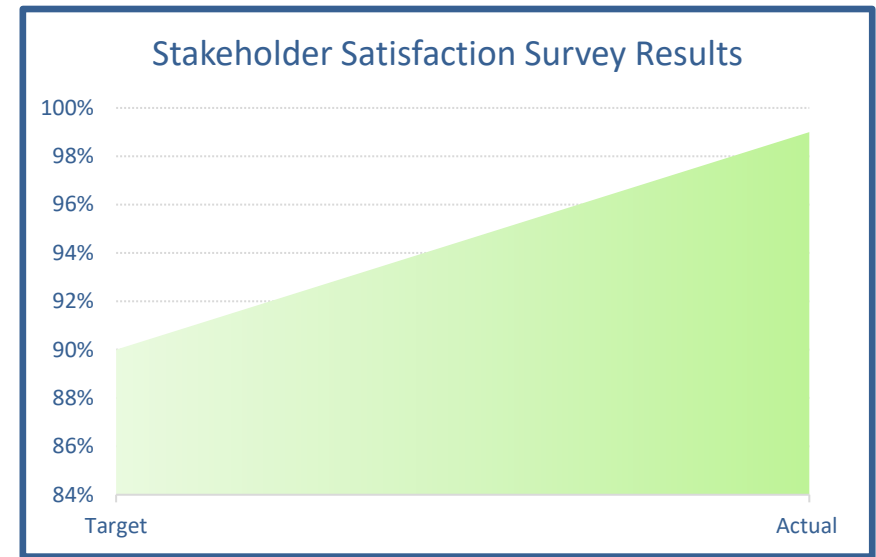
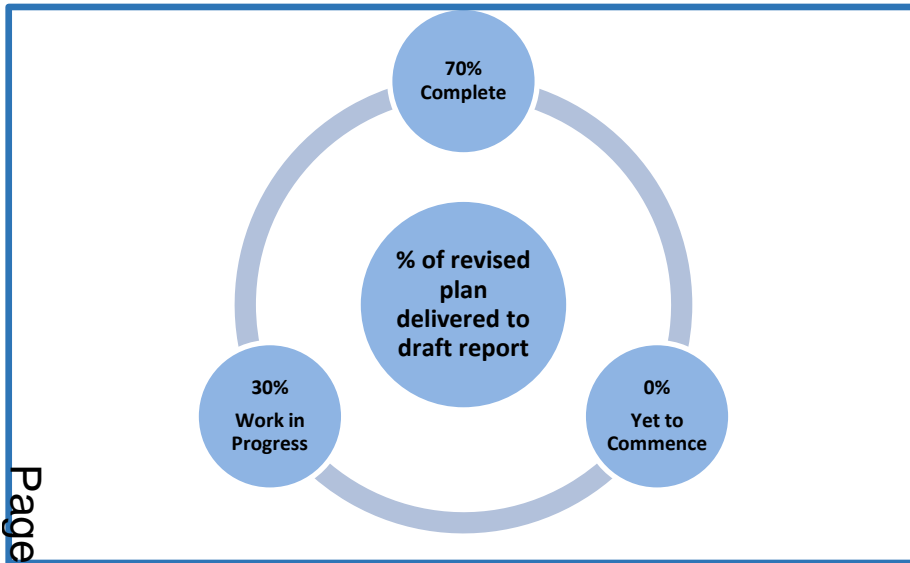
- The status of ‘live’ internal audit reports.
- an update on progress against the annual audit plan.
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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



Page 94

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
ICT Business Continuity and Disaster Recovery Planning	Jul 21	SDR	Reasonable	4	0	3		1	
Information Governance – Records Management	Mar 22	SDR	Limited	14	0	7		5	2
NNDR	Nov 22	SDR	Reasonable	4	1	3			
IT Asset Management	Feb 23	SDR	Reasonable	8	4	3	1		
Housing Asset Management – Responsive Repairs*	Apr 23	SDS	Reasonable	7	0	7			
Carbon Neutrality Action Plan *	Jul 23	SDP	Reasonable	8	0	8			
Human Resources – Policies and Procedures	Jul 23	SDR	Substantial	4	1	3			
Contract Management *	Jul 23	SDR	Reasonable	4	0	4			
Licensing	Aug 23	SDS	Reasonable	3	1	2			
Open Spaces – Play Areas *	Sep 23	SDP	Reasonable	10	0	10			
Asset Management (Corporate Estate)	Oct 23	SDP	Limited	3	3	0			
Housing Rents	Nov 23	SDR	Substantial	1	1	0			
Risk Management *	Nov 23	SDR	Substantial	1	0	1			
Total							1	6	2

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

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.

Asset Management – Corporate Estate		
Audit Sponsor	Assurance opinion	Management Actions
Corporate Head of Asset Management	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 2</div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;">Medium 1</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 0</div> </div>

Page 96

Summary of key observations:

The purpose of this audit was to review the Council’s arrangements for the maintenance and repair of non-housing stock corporate estate assets, including leased properties and community assets.

The overall arrangements for property maintenance are covered in the Asset Management Strategy and responsibilities in relation to the maintenance of Council owned properties, including statutory compliance checks, are clearly allocated within the Asset Management Team. However there are no procedures detailing the day-to-day operations of staff, such as those relating to contracting out inspections, performing condition surveys, or maintaining records (on Uniform).

The review identified that there is no single system in place to identify and set out all relevant properties with their respective lease terms and WCC obligations in relation to statutory checks or fire safety. Although the Uniform system is used as a record of all Council assets, it is not utilised for scheduling statutory checks or for the monitoring of these. We were able to confirm that various statutory maintenance checks had been performed in

2023 including annual risk assessment checks for Fire Safety, carried out by Benfield Fire Safety Ltd; annual checks for Lifts, carried out by Temple Lifts Limited, annual checks of Gas & Heating, carried out by Hamworthy Heating Ltd; and monthly checks for Legionella, carried out by Zeta. Whilst evidence was provided to support the individual arrangements in place to carry out each of the different types of statutory checks with various contractors, without a single reliable system in place, it was not possible to provide assurance for the completeness and timeliness of these arrangements. There was also no documented schedule to show when each of these checks were due, completed, or any diary system to highlight when they would become overdue. Although it was possible to obtain evidence of remedial works being identified and subsequently carried out, there was no formal method of documenting and tracking this for each type of statutory check. There is no documented schedule for 5 to 10 yearly condition surveys to be performed or records kept of previous checks, and no documented schedule for annual visual inspections or record of their completion. The current arrangements are reliant upon the knowledge of the officer involved and prevent effective monitoring and reporting in respect of checks and repairs being carried out. The reliance upon officer knowledge also presents a business continuity risk.

Responsibilities in relation to statutory checks are covered in the lease agreements with tenants, where appropriate and discussions with officers / sample testing confirmed that the majority of leases are on a full repair and maintenance basis where the tenant is responsible, with no direct WCC responsibilities in respect of fire safety or statutory maintenance checks. Specifically in relation to fire safety responsibilities, Council Officers confirmed that very few WCC properties are on an Internal Repairing Lease basis, the type which would involve Council fire safety responsibilities for multi-let properties. Sample testing only identified one property of this type and appropriate checks were being carried out, however in the absence of a definitive list of these properties, we cannot confirm all checks have been completed for all relevant properties.

We confirmed that there is a block insurance policy in place for all relevant WCC owned properties, covering total loss, with insurance requirements regularly reviewed across the property portfolio.

Following the review, the Team have confirmed they will develop a Control Document spreadsheet itemising those assets where WCC has an obligation carry out H&S inspections, condition surveys, visual inspections and repairs, which will be checked before data is entered onto Uniform. The Team will run monthly Building Maintenance reports and maintain the spreadsheet until they are satisfied that Uniform is producing accurate reports and new data is being entered on time. Day to day processes will also be documented. It is planned to complete all actions by 31st March 2024.

6. Planning & Resourcing

The internal audit plan for 2023-24 was agreed by the Council's Management Team and approved by the Audit and Governance Committee in March 2023. 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 2022-23 annual report and opinion								
Contract Management	SDR	✓	✓	✓	May 23	Jul 23	Reasonable	
Cyber Security – IT Response Planning	SDR	✓	✓	✓	Dec 22		Limited	
Open Spaces – Play Areas	SDP	✓	✓	✓	Jun 23	Sep 23	Reasonable	
Licensing	SDS	✓	✓	✓	May 23	Aug 23	Reasonable	
2023-24								
Strategic / Governance Reviews								
Asset Management (Corporate Estate)	SDP	✓	✓	✓	Sep 23	Oct 23	Limited	
Capital Programme and Monitoring	SDR	✓	✓	✓	Nov 23			
Green Economic Development Strategy	SDP	✓	✓					Q4
Business Continuity	SDR	✓	✓	✓	Aug 23	Aug 23	Substantial	
Risk Management	SDR	✓	✓	✓	Sep 23	Nov 23	Substantial	
Decision Making and Accountability	SDR	✓	✓					Q4
Fraud Framework - NFI	SDR	n/a	n/a	✓	n/a	n/a	n/a	On-going

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Human Resources - Absence Management	SDR	✓	✓	✓	Dec 23			
Human Resources - Recruitment	SDR	✓	✓					Q4
Core Financial Systems								
Housing Rents	SDR	✓	✓	✓	Oct 23	Nov 23	Substantial	
Accounts Receivable / Debt Management	SDR	✓	✓	✓				
Housing Benefits & Council Tax Reduction Scheme	SDR	✓	✓	✓	Nov 23	Dec 23	Substantial	
Income Collection and Banking – Central Offices	SDR	✓	✓	✓	Sep 23			
Income Collection and Banking - Guildhall	SDS	✓	✓	✓	Sep 23			
Income Collection, Banking and Stock Control – Visitor Information Centre	SDP	✓	✓	✓	Sep 23			
Information Technology								
Mobile Device Management	SDR	✓	✓	✓	Aug 23			
Virtualisation	SDR	✓	✓	✓	Sept 23			
Service / Operational Reviews								
Housing Management, Enforcement and Homelessness (New Homes scheme)	SDS	✓	✓	✓				
Building Control	SDP	✓	✓	✓	Sep 23	Oct 23	Substantial	
Tree Management	SDP	✓	✓	✓				
Food Safety Inspections – Recovery Plan	SDS	✓						Q4
Certification Audits								

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Bus Service Operator Grant	SDS	✓	n/a	✓	n/a	n/a	n/a	Certification audit.
Mayor's Charity Account	SDS	✓	n/a	✓	n/a	n/a	n/a	Certification audit.

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Asset Management (Corporate Estate) *	Carried forward from 2022-23 plan as work in progress at the time of the Annual Internal Audit Report and Opinion.
Housing Rents *	Carried forward from 2022-23 plan as work in progress at the time of the Annual Internal Audit Report and Opinion.
Income Collection and Banking *	Split the audit into three separate reports due to slightly different scopes and reporting lines. The three reports will cover Central Offices, the Guildhall and Visitor Information Centre.

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
Housing Company *	Defer the audit to future years due to limited activity to assess in this area.
Contract Management - BIFFA/ID Verde *	Defer the review due pending renegotiation of the contract(s).
O365 - data migration **	Defer the review to future years as the project to migrate data to O365 has not commenced – clear link between this audit area and the outstanding actions relating to Information Governance – Records Management.
Information Governance - Records Management and Retention (Follow-up) **	Defer the review to 2024-25 as officers are still actively progressing the outstanding actions to address the issues previously identified.
Housing Asset Management / Energy Management / Climate Emergency – Housing Stock Retrofit **	Defer the review to 2024-25 due to availability of officers to accommodate the audit / The Housing Stock Retrofit Programme is in the early stages and the governance arrangements are being developed so currently only a small evidence base to assess.

* Agreed November 23

** Proposed February 24

Code of conduct complaints

Code of Conduct Complaints received by the office of the Monitoring Officer since previous meeting of Audit & Governance Committee and update of those previously reported - as of **24 January 2024**.

Summary of current caseload:

- A. Number **Active Individual Complaints**: 4 complaints from 4 individual complainants (see current status/update below).
- B. Number Complaints **Not Commenced**: 0
- C. Number **individual complaints** relating to a City Councillor: 1
- D. Number **individual complaints** relating to a Parish/Town Councillor: 3
- E. Number of complaints received since last report: 4.
- F. Number of **complaints closed** since the last report: 2.
- G. Number of **Standards Sub Committees** held: 0.

Analysis of active cases:

Date received	Relating to Parish/ Town/ City Councillor	Current status/update	Approx time spent on this complaint since 01/07/23 (see note below)
January 2024	Parish Councillor	Three, connected complaints received from separate complainants. Responses received from subject member and a number of others relevant to the complaint. IP consulted and further evidence gathering stage prior to MO consideration in February 2024.	14 hours
November 2023	City Councillor	Response received from subject member. IP consulted prior to MO consideration.	28 hours

Officer Time Recording: Further to item 10 of the minutes of the Audit and Governance Committee on 12 June 2023, the Committee requested that the length of time spent by officers be recorded for future complaints. This process began on the 1 July 2023.

This page is intentionally left blank

REPORT TITLE: ANNUAL REVIEW OF RISK MANAGEMENT POLICY 2024/25

29 FEBRUARY 2024

REPORT OF CABINET MEMBER: Cllr Cutler – Deputy Leader and Cabinet Member
for Finance and Performance

Contact Officer: Liz Keys 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 CAB3453 which is to be considered by Cabinet at its meeting on 14 March 2024.

This page is intentionally left blank

REPORT TITLE: ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY
2024/25

14 MARCH 2024

REPORT OF CABINET MEMBER: Cllr Cutler – Deputy Leader and Cabinet Member
for Finance and Performance

Contact Officer: Liz Keys, Chief Finance Officer Tel No: 01962 848 226 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 2024/25.

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 amends to the key strategic risks that appear on the Corporate Risk Register over the course of 2023/24, 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 2024/25.

RECOMMENDATION:

1. That Cabinet approve the Risk Management Policy for 2024/25, the Risk Appetite Statement for 2024/25 and the current 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 Performance. Consultation has also taken place with the Executive Leadership Board (ELB).
- 6.2 [To be reviewed after the Audit & Governance Committee meeting] The council's Audit and Governance Committee reviewed the draft Risk Management Policy 2024/25 at their meeting on 29 February 2024 and their comments were noted by the Cabinet Member for Finance and Performance.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 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 and mitigate those risks would be identified in the relevant business case before being approved.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	None	None
<i>Community Support</i>	None	None
<i>Timescales</i>	None	None
<i>Project capacity</i>	None	None
<i>Financial / VfM</i>	None	None
<i>Legal – ensuring that the council has robust risk management in place protects the council from Legal challenges</i>	Ensure that the risk management policy is up to date, reviewed regularly and adhered to.	Identify and mitigate against risk which may assist the council with refuting legal challenges.
<i>Innovation – not realised</i>	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.
<i>Reputation – ensuring that the council has in place robust arrangements to manage its risks</i>	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 which could have a positive effect on the council's reputation.
<i>Other</i>	None	None

11 SUPPORTING INFORMATION:

11.1 This report presents the updated Risk Management Policy for 2024/25 (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.

11.2 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.

- 11.3 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.
- 11.4 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.
- 11.5 In Q3 23/24, Risk Management was audited by the Southern Internal Audit Partnership (SIAP) and received substantial assurance.
- 11.6 Report AG120 presented on 29 February 2024, contained details of the Q4 ELB review and the amends made to the Corporate Risk Register. The corporate risks are currently considered to be:
- Capacity to deliver services
 - Ensuring decisions are made based on a strong evidence base, 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
- 11.7 The Risk Management Policy reflects best practice and there have been no major updates, amends or additions as a result of this annual review.
- a) The main changes are summarised below:

Change Description	Reason
Update to the definition of Risk – Section 1	To align with the latest definition adopted by ALARM
Clarity on the role of Project Managers in risk management – Section 4 'Identification of risks'	To align to the council's project management methodology
Clarification that ELB receive notification of any escalated or new	To reflect the current process

Change Description	Reason
Operational Risks for review quarterly - Section 10	
Other Specific Responsibilities table updated – Section 12	To reflect amended organisational structure

11.8 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.

11.9 The Policy also includes the council's risk appetite statements (Section 8), which set out the level of risk the council is prepared to take whilst also making the most of opportunities and innovation when they arise. These have 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. The individual risks appetite levels by Council Plan priority are also considered to be appropriate for the coming year.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

None.

Other Background Documents:-

None.

APPENDICES:

Appendix 1 – Risk Management Policy 2024/25



Risk Management Policy

2024/25

Version Control – Risk Management Policy 2024/25			
Version	1.0	Approved by	Cabinet
Date last amended	15/01/2024	Approval date	14/03/2024
Lead officer	Liz Keys S151 Officer	Review date	01/04/2025

Version History			
Date	Version Number	Summary of Changes	Author
19/01/2024	1.0	Annual review and refresh in-line with best practice	Amy Tranah – Head of Programme – Transformation

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 defined as 'the effect of uncertainty on objectives' ('ISO 31000:2018, clause 3.1).

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 resources, 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.

¹ISO 31000:2018 - Risk management Guidelines

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 and resources 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:

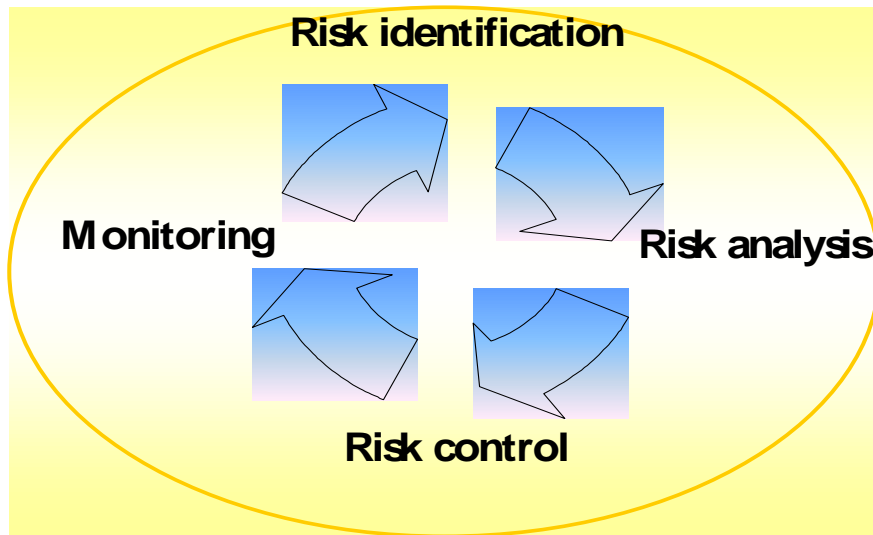
- A Risk Assessment Tool (section 4)
- Details of how risk management supports corporate planning and operational management (section 5)
- Risk appetite statement (section 8)
- Monitoring and review arrangements (section 10)
- A timetable linked to corporate governance programme (section 11)

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	<p>Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands.</p> <p>Business continuity – ability to continue operations / service delivery if unable to access systems, property or with limited staff (e.g. pandemic).</p>
<p>Commercial:</p> <p>Competition & markets</p> <p>Contracts & partnerships</p>	<p>Affecting the competitiveness (cost and quality) of the service and/or ability to deliver value for money and general market effectiveness.</p> <p>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.</p>
<p>People:</p> <p>Customer & Stakeholder – related</p> <p>People management & human resources</p>	<p>Satisfaction of citizens, users, central and regional government and other stakeholders. Managing expectations – consulting & communication on difficult issues.</p> <p>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.</p>
Financial:	<p>Risk of loss of capital or investment; or of committing the organisation to budgeted increased future costs.</p> <p>Risk of fraud or non-compliance with tax regulations.</p>
<p>Sustainability:</p> <p>Environmental</p> <p>Social Factors</p> <p>Financial (Economic)</p>	<p>Environmental consequences arising from option (e.g. in terms of energy efficiency, pollution, recycling emissions etc.)</p> <p>Effects of changes in demographic, residential and social trends on ability to deliver objectives.</p> <p>Costs, long term financial sustainability/ reliance on finite or vulnerable funding streams. Financial control, fraud and corruption.</p>

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 original 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 follows best practice frameworks including PRINCE2 and the Association of Project Management (APM). Incorporated within this methodology is a robust process for the management and reporting of project risks. Project managers are responsible for assessing risks and creating a risk register for each new project they lead and regularly reviewing the risks and updating the risk register throughout the project lifecycle.

Overarching project risks (for example, failure to deliver on a specific project) may be escalated to the corporate risk register if they are of sufficient importance at this level and/or the risks would have a significant impact on delivery of one or more Council Plan priorities. Tier 1 and Tier 2 projects 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, assessment and escalation of risks. The statement is produced annually following a review of the council's governance arrangements including 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 and actions to be undertaken to mitigate the risks. 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 team objectives and delivery of the priorities included in the Council Plan (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 business 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 business 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 de-escalated 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 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 Key Performance Indicators (KPI’s) which reflect 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.

RAG (Red-Amber-Green) ratings, also commonly known as 'traffic lighting,' are used to summarise risks (original and residual). At a basic level Green means low-risk or likelihood and that any risk is being well managed; while Amber and Red indicate progressively more significant or likely risks that require more action to manage down to a tolerable level.

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 this 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 2024/25

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: <ul style="list-style-type: none"> • 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.

Assessing Risk against 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 Officer’s in terms of assessing project and decision risk against the council’s risk appetite, the below table maps the risk appetite definitions above to the impact and likelihood set out 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

9. 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.

10. 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 be 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 quarterly ELB meeting for further consideration and approval of appropriate mitigation action and controls if required. This may include escalation to the Corporate Risk Register. ELB also receive notification of any other escalated or new Operational Risks for review quarterly.

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.

11. 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	<ul style="list-style-type: none"> Quarterly review of Corporate Risk Register Budget and Business 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Quarterly review of Corporate Risk Register and any escalated or new Operational Risks
	Audit and Governance Committee	<ul style="list-style-type: none"> Review the Corporate Risk Register and monitoring report In-depth update for significant corporate risks as requested
Autumn	Executive Leadership Board	<ul style="list-style-type: none"> Quarterly review of Corporate Risk Register and any escalated or new Operational Risks
	Audit and Governance Committee	<ul style="list-style-type: none"> Review the Corporate Risk Register and monitoring report In-depth update for significant corporate risks as requested

12. Risk Management roles and responsibilities

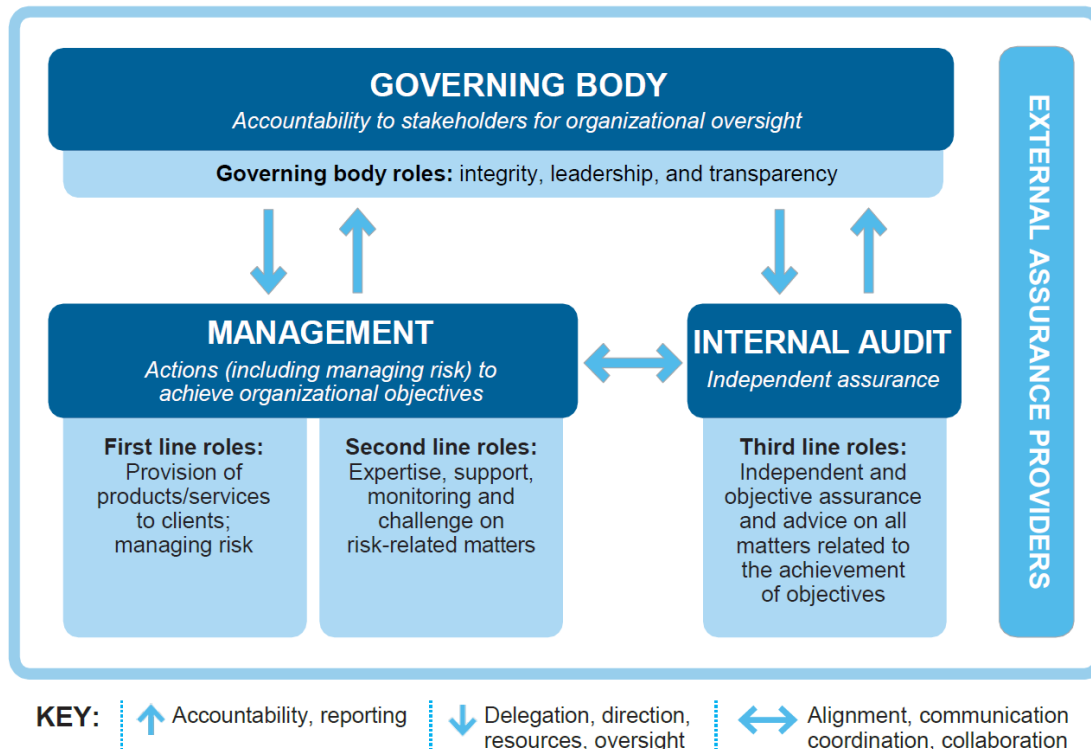
Assurance can come from many sources within an organisation. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model. By defining the sources of assurance in three broad categories, it helps to understand how each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



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

Who	What
	objectives and risks that the council faces and will be made aware of how these risks are being managed.
Cabinet	<ul style="list-style-type: none"> • 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)	<p>ELB is pivotal in promoting effective risk management and ensuring that it is embedded in the culture of the council.</p> <p>The key responsibilities for the Chief Executive, S151 officer and ELB are:</p> <ul style="list-style-type: none"> • 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 • Managing 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 Service, Heads of Programme, Service Leads and Senior Managers	<p>Senior managers have responsibility for minimising and managing risk within their teams. They will demonstrate their commitment to risk management through:</p> <ul style="list-style-type: none"> • Being actively involved in the identification and assessment of risks • Developing relevant action plans for the key risks and establishing relevant performance indicators to

Who	What
	<p>measure their performance through the performance management framework</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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
Head of Programme - Transformation	<ul style="list-style-type: none"> • 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	<p>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.</p> <p>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.</p>
Southern Internal Audit Partnership	<p>The role of the Southern Internal Audit Partnership who 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</p>

Who	What
	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.

Corporate Risk Register

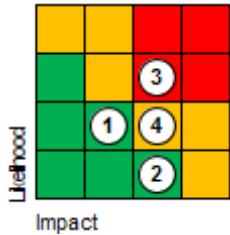
Significant risks have been reviewed by ELB and the following table provides details of the risks that are included on the Corporate Risk Register for 2024/25.

Corporate Risk Register 2024/25

As of 17 January 2024



Residual Risk Summary:



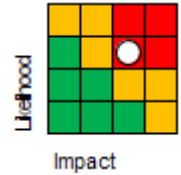
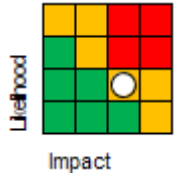
Page 135

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	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	<ul style="list-style-type: none"> • 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 the needs of residents and 	<ul style="list-style-type: none"> • 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 managers will be slow to redeploy resource to current priorities 		<ul style="list-style-type: none"> • 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 • 50/50 hybrid working policy agreed 	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
			<p>businesses affected by the pandemic</p> <ul style="list-style-type: none"> • Competition from the private sector for key staff roles e.g. planning, project management • Decision making can be slow • Tension between day-to-day and strategic priorities • Key skills not in the right place 	<ul style="list-style-type: none"> • 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 		<ul style="list-style-type: none"> • Maintaining communication • Annual business planning, with actions and projects aligned to Council Plan priorities • 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 • PAC Board reviews resources to deliver projects 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	Monitoring Officer (MO) L Kirkman	<ul style="list-style-type: none"> • 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 • Inconsistent and traditional approach to 	<ul style="list-style-type: none"> • Lack of a robust and evidence-based approach to customer engagement can lead to: <ul style="list-style-type: none"> - Reputational damage - Views that the council is too Winchester-centric - Decisions made are Inequitable 		<ul style="list-style-type: none"> • Engagement with ward and parish councillors (on matters within their ward or parish) encouraged • Risks with regard to significant projects are recognised and addressed separately via robust Project Management and regular reports to the 	

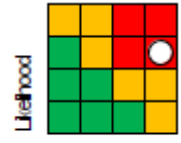
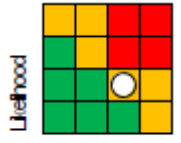
Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
			<p>customer engagement across the council</p> <ul style="list-style-type: none"> • Lack of awareness of the questions to ask • Lack of awareness of the 'right time' to engage • 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 	<ul style="list-style-type: none"> - 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 		<p>Programme and Capital Strategy Board</p> <ul style="list-style-type: none"> • Legal and Monitoring Officer consultation on decisions made • Residents' survey completed 2022 and results used to evidence decision making • A proactive open and transparent approach to communication based on Gunning Principles • Use of external specialist advice when appropriate • Commitment made in the refreshed Council Plan in terms of 'Listening Better' • Equality, Diversity and Inclusion Action Plan is being embedded across the organisation • Updated Constitution adopted at Council on 30 November 2023 	
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	Chief Executive	<ul style="list-style-type: none"> • Not maintaining an effective corporate wide Business Continuity Plan • Not regularly testing the plan and following-up learning • Key staff unavailable 	<ul style="list-style-type: none"> • Unacceptable delay and uncertainty in returning to normal working after an emergency • Adverse publicity and criticism • Reputation damage 		<ul style="list-style-type: none"> • Business Continuity Plans reviewed and tested in 2023 and report to be considered by ELB on 6 March 2024. 	

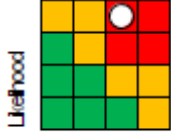
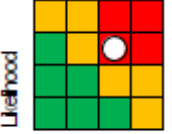
Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
			<ul style="list-style-type: none"> • Communication systems ineffective • Lack of awareness of Business Continuity Plan • Failure to assess business critical functions and have plans in place 	<ul style="list-style-type: none"> • Adverse social and/or economic impact 		<ul style="list-style-type: none"> • Annual testing of IT Disaster Recovery Plan scheduled • Business critical services identified with individual business continuity plans created, tested and approved • All staff able to seamlessly work from home, where job allows • 2023 internal audit review of business continuity offered substantial opinion and no identified weaknesses 	
R006	Breakdown of effective partnership working	Strategic Director D Adey	<ul style="list-style-type: none"> • 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 misunderstanding as to how and when they 	<ul style="list-style-type: none"> • Significant project delivery such as the major projects and the 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) 	<p>Impact</p> <p>Likelihood</p>	<ul style="list-style-type: none"> • Annual review by each CHoS of all partnerships undertaken to identify key strategic partners • Partnership register established. • Guidance documents available from Knowledge Hub. • Partnership Governance and Management Framework adopted. • Annual review to be considered by ELB on 6 March 2024 • Partnership scoring tool available to assess project tier. 	<p>Impact</p> <p>Likelihood</p>

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
			<ul style="list-style-type: none"> 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 			<ul style="list-style-type: none"> Management checklist available from Knowledge Hub 	
CR007	Lack of sufficient funding and/or escalating costs over the medium term reducing financial viability and inability to achieve a balanced budget (General Fund and HRA)	Corporate Head of Finance and s151 L Keys	<ul style="list-style-type: none"> 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 services Impact of a Pandemic 	<ul style="list-style-type: none"> 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 		<ul style="list-style-type: none"> 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 Scenario planning and sensitivity analysis of key risks Transformation Challenge 2025 (TC25) is now in the process of being implemented. Maintain General fund reserve of at least £2m Regular review of reserves Annual review of fees and charges 	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
						<ul style="list-style-type: none"> Monthly budget monitoring and regular HRA business plan updates 	
CR008	Availability of suitable viable sites to meet the strategic need for building new homes (HRA)	Strategic Director S Hendey	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<p>Likelihood Impact</p>	<ul style="list-style-type: none"> A variety of plans in place to deliver new homes Regular monitoring of projects Revised Housing Strategy and HRA Business Plan Cost benchmarking 	<p>Likelihood Impact</p>
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 L Keys	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<p>Likelihood Impact</p>	<ul style="list-style-type: none"> 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 	<p>Likelihood Impact</p>

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
Page 141						<ul style="list-style-type: none"> Operational daily checks and proactive monitoring of Firewalls and pattern updates Staff qualified in Cyber Scheme Professional standards and within GOV UK CESH guidelines Regular system health checks and vulnerability scans System and software maintained to supported levels. Email security managed by accredited 3rd party Insurance for potential losses of a cyber attack Third party review jointly with TVBC being undertaken 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 D Adey	<ul style="list-style-type: none"> Failure to achieve target for the council to be carbon neutral by 2024 and the district by 2030 Carbon emissions increase Air quality drops 	<ul style="list-style-type: none"> Reputational damage for failing to meet targets Increased risk of flooding - damage to property, disruption to business, health and wellbeing of displaced residents 		<ul style="list-style-type: none"> Revised CNAP plan put in place 13/09/2023. Actions leading towards carbon reduction are clearer in theme and size of reduction needed. Climate Emergency declared

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
			<ul style="list-style-type: none"> Insufficient project capacity in-house 	<ul style="list-style-type: none"> Increased risk of droughts - pressure on river system health, depleted aquifer/reservoir volumes, negative impact upon agriculture, fire risk Extreme heat and cold - health risk for vulnerable people, pressure on emergency and health services; Protests by lobby groups House price volatility 		<ul style="list-style-type: none"> Asset Management Strategy £15mil HRA 	
R011	Lack of preparedness and incapability to respond to events caused by climate change	Strategic Director D Adey	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	 <p>Lielihood Impact</p>	<ul style="list-style-type: none"> Multiagency Emergency Response Plan in place, reviewed and updated annually Emergency Planning exercise to test the Plan held annually with partners participating Completion of flood alleviation schemes Temporary flood defence barrier purchased and available to be used where there is a need The Emerging Local Plan has clear objectives to support the council priority of Tackling the climate 	 <p>Lielihood Impact</p>

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Original Risk Rating	Current Controls	Residual Risk
						emergency and creating a greener district <ul style="list-style-type: none"> Annual review of Flood Action Plan which includes contact details of parish flood coordinators. Gold and Silver commander training attended or to be by relevant officers at that level. Cold Weather Plan HOIW LRF Multi-agency Flood Plan in place 	
R012	Nutrient neutrality - Phosphates	Strategic Director D Adey and Corporate Head of Planning and Regulatory (J Pinnock)	<ul style="list-style-type: none"> Inability for developers to achieve nutrient neutrality specifically related to phosphates will delay housing and delivery of other forms of residential development within the affected area 	<ul style="list-style-type: none"> Adverse impact on economy Reduction in supply of new homes Inability to maintain a 5-year housing land supply leading to unplanned development being permitted Reputational damage 	 <p>Lielihood Impact</p>	<ul style="list-style-type: none"> DLUCH grant funding awarded to PFSH (Partnership for South Hampshire). Subject to approval funds allocated for phosphorous mitigation in the Itchen Catchment. Prospect of solution coming forward in next 6 months. 	 <p>Lielihood Impact</p>

REPORT TITLE: LOCAL CODE OF CORPORATE GOVERNANCE.

29 FEBRUARY 2024

REPORT OF CABINET MEMBER: CLLR BECKER - CABINET MEMBER FOR
COMMUNITY AND ENGAGEMENT

Contact Officer: Simon Howson Tel No: 01962 848 104 Email
showson@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 2024 as set out in Appendix 1.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 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 Equality 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 RISK MANAGEMENT

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 SUPPORTING INFORMATION:

- 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)/Society of Local Authority Chief Executives and Senior Managers (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 2 March 2023 (Report AG095 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 several 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 18 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 2024.

11.12 Since last year's report, in Appendix 2 minor updates have been made including the following:

- Principle 1 – has been updated to include reference to the council's 5 core cultural values and Anti-Fraud and Corruption and Whistleblowing policy,
- Principle 2 - reference included to Listening Better priority area and recently completed tenant satisfaction survey,
- Principle 3 – now included is reference to the Residents' Survey that supports definition of the council's outcomes and consideration of social and environmental matters as part of the procurement framework,
- Principle 4 – updated to include reference to the standard committee report template that captures information relating to consultation and engagement undertaken before every committee decision,
- Principle 5 – now includes reference to the corporate Learning and Development Policy and other HR policies that support development of the council's leaderships and individuals,
- Principle 6 – minor amendment to reflect that the Risk Management Policy sets out the framework for managing, allocating and reporting risk,
- Principle 7 – reference added that the council publishes its complaints policy and procedure online and publishes the results from its survey of tenants.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

AG095 Local Code of Corporate Governance 2023

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 2024

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:-

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 taxpayers 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

Optimising the achievement of intended outcomes

- 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 (e.g. 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

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	The constitution sets out the values and the behaviours that the council requires members and officers to adopt (5 core cultural values - we are empowering, innovative, act with integrity, adaptable, and collaborative). Good conduct and shared values are underpinned by: <ul style="list-style-type: none"> • Members’ Code of Conduct (Constitution Part 5.1) • Employee 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 employees and councillors informed by the cultural values of the organisation.

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	<p>Has in place approved arrangements for dealing with complaints that allege a councillor has breached the code of conduct (Constitution Part 5.3).</p> <p>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.</p> <p>Is able to monitor and investigate officer behaviour through its corporate practices and Disciplinary Procedure.</p> <p>Protects individuals making complaints through Anti-Fraud and Corruption and Whistleblowing policy.</p> <p>Manages an updated member register of interests and publishes this on the council's website.</p> <p>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.</p> <p>Has an audit committee with overall responsibility for governance and audit functions.</p> <p>Clearly defined roles and responsibilities between the Head of Paid Service, S151 Officer, and Monitoring Officer.</p> <p>Implements a Data Management policy if there is a breach and clear responsible officer.</p> <p>Complies with the Public Contract Regulations 2015 for the procuring of goods, works and services (Procurement & Contract Management Strategy 2020 – 2025). This strategy is based around the guiding principles of value, compliance, environment and social, and fairness.</p>

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
<p>Openness</p> <p>Engaging comprehensively with institutional stakeholders</p> <p>Engaging with individual citizens and service users effectively</p>	<p>The council's constitution sets out how the Council operates, how decisions are made and the procedures and codes of conduct that are followed.</p> <p>Public records (e.g. committee reports) provide clear reasoning and evidence for decision making and are clear about the criteria and rationale used.</p> <p>Council plan commitment to Listening Better highlights value of using both formal and informal consultation and engagement techniques to inform decision making.</p> <p>WCC website includes links to all open and upcoming council public consultations. Consultations conducted online (with alternative formats available) to allow diverse pool of residents to provide feedback.</p> <p>Undertook a residents' survey in 2022 that sought the views and opinions of the council and its services. Statistically valid using stratified random sampling to ensure views were inclusive of demographics of the district and went on to inform refreshed council plan priorities.</p> <p>Tenant Satisfaction Survey results published on website to demonstrate tangible actions as a result of formal consultation.</p> <p>Guidelines to allow public participation in committee meetings available on website along with calendar of upcoming meetings and option to view livestreams via YouTube.</p>

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	<p>Developing formal and informal partnerships to allow for resources to be used effectively and outcomes achieved efficiently, ensuring that partnerships are based on:</p> <ul style="list-style-type: none">• Trust• A shared commitment to change• A culture that promotes the value add from partnership arrangements <p>Committee decision reports provide clear reasoning and evidence for decisions and how they support the priorities set out in the council plan.</p> <p>Decisions are supported by evidence base outlined in documents such as Equality Impact Assessment.</p>

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
<p>Defining outcomes</p> <p>Sustainable economic, social and environmental benefits</p>	<p>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 informed by the Residents’ Survey. Monitors delivery of the objectives set out in the Council Plan through quarterly reports to member Performance Panel and The Scrutiny Committee.</p> <p>Annual departmental business plans provide the detail on how the council will deliver the priorities in the Council Plan.</p> <p>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.</p> <p>Regularly reviews risks at a corporate and operational level and ensures that appropriate plans are in place to manage or mitigate risks as far as possible.</p> <p>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.</p> <p>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.</p>

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	<p>Contract Management Framework is in place to ensure a consistent approach to Contract Management across the organisation, proportionate to the risk associated with a contract. This includes consideration of social and environmental matters as a key value.</p> <p>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.</p> <p>Undertakes Equality impact Assessments where appropriate and proportionate to identify how the needs of particular vulnerable groups have been considered to inform decision making.</p> <p>Ensures that that sustainability of the environment is at the heart of all decision making within the council.</p> <p>Medium Term Financial Strategy (MTFS) sets out the financial outcome for the council</p> <p>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.</p>

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
<p>Determining interventions</p> <p>Planning interventions</p> <p>Optimising the achievement of intended outcomes</p>	<p>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.</p> <p>Requires annual business plans to be aligned with Council Plan priorities.</p> <p>Performance is reported to and monitored by the Executive Leadership Board, cabinet and scrutinised by member led Performance Panel and The Scrutiny Committee.</p> <p>The council's budget is developed to reflect the council's priorities and the council has a clear financial strategy including a Medium-Term Financial Plan which contains realistic estimates of revenue and capital expenditure - budgets, plans and objectives which are aligned.</p> <p>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.</p> <p>Has a project management framework in place, including business case development.</p> <p>Approved risk management framework in place to ensure that risk management is embedded into the culture of the council.</p> <p>Implements the requirements of the financial management code to support sound practice in financial management and demonstrate financial resilience and sustainability.</p> <p>Ensures that bids for external funding comply with the financial regulations and meet council priorities.</p> <p>Arrangements in place to seek and respond to the views of the community. Standard committee report template includes details of consultation and engagement undertaken before every decision.</p>

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
<p>Developing the council’s capacity</p> <p>Developing the capacity of the entity’s leadership and other individuals</p>	<p>Comprehensive member induction training programme.</p> <p>Staff learning and development plans updated annually and dedicated corporate employee training budget supported by corporate Learning and Development Policy.</p> <p>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, with a mid-year appraisal procedure to track progress.</p> <p>Operates a robust recruitment and selection process and Capability Policy and Procedure.</p> <p>HR policies and procedures are in place and available to all employees on the intranet that ensure arrangements are in place to maintain the health and wellbeing of the workforce, including that of members. For example:</p> <ul style="list-style-type: none"> • Adopted and rolled out Flexible Working Policy across the organisation. • Comprehensive Employee Wellbeing Policy

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	<ul style="list-style-type: none"> • 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. <p>Clearly sets out roles and responsibilities of the Leader and Chief Executive within the constitution.</p> <p>Clearly sets out roles and responsibilities of senior members of staff and statutory officers in the constitution, including role descriptions and job specifications.</p> <p>Has a Scheme of Delegation to Officers in the constitution (Part 3.4).</p> <p>Requires members of the planning and licensing committees to undergo mandatory training prior to sitting on these committees.</p> <p>Regular senior managers' meeting, all managers' meeting and all staff briefings.</p> <p>Refreshed Public Sector Equality Duty (adopted in January 2022) and established Equality, Diversity and Inclusion Forum. Currently working towards the standards as set out in the Equality Framework for Local Government.</p>

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
<p>Managing Risk Managing Performance Robust internal control Managing Data Strong public financial management</p>	<p>Risk Management Policy The Risk Management Policy sets out the council's arrangements for managing, allocating and reporting risk and is integrated into the work of internal audit to provide a holistic approach to assurance aligned to corporate priorities.</p> <p>Business Continuity Framework Business continuity plans are in place for business-critical services and reviewed and updated annually.</p> <p>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.</p> <p>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.</p> <p>Retention and Disposal Policy and schedule Ensures that the council manages its data and information and not keep for longer than is required.</p> <p>Anti-fraud, corruption and whistleblowing policy</p> <p>Anti-bribery policy</p> <p>Financial Management Through the S151 Officer, members are advised on the robustness of estimates and the adequacy of reserves set within the budget process.</p> <p>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.</p>

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	<p>Ensures compliance with relevant laws and regulations, internal policies and procedures 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.</p> <p>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.</p> <p>Has in place Financial and Contract Procedure Rules.</p> <p>Has robust arrangements in place for:</p> <ul style="list-style-type: none"> • 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. <p>Has in place measures to respond to GDPR and Data Protection Act requirements, including a Data Protection Officer.</p> <p>Quarterly risk management reporting to Audit & Governance committee</p> <p>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.</p> <p>Has a project management framework with full business case development.</p> <p>External Audit of accounts and value for money opinion S151 officer appointed Quarterly Finance & Performance report</p>

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
Implement good practice in transparency Assurance and effective accountability Managing data Strong public financial management	<p>Ensures that the council manages its data and information and that data and information is not kept for longer than is required.</p> <p>Has in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer.</p> <p>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</p> <p>Operates under executive arrangements with an established overview and scrutiny committee.</p> <p>Adopts a presumption of openness and transparency and publishes key decisions on the council website.</p> <p>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.</p>

CIPFA/SOLACE supporting principles	Evidence that the council complies with these requirements
	<p>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.</p> <p>Has an effective corporate complaints system which is managed through Customer Services. Stage 2 complaints are monitored and evaluated by the Executive Leadership Board. Complaints policy and procedure published on council website.</p> <p>Ensures that all agendas, reports, and minutes are published on the council's website in accordance with statutory timescales. These are provided in alternative formats upon request.</p> <p>Agendas, reports, and minutes are published via the free Modern.Gov app to help strike the balance between transparency demands and making information easy to access and understand.</p> <p>The Chief Executive is responsible and accountable for all aspects of operational management.</p> <p>Records in the minutes of the proceedings of a "budget decision meeting" of council the names of the members who voted or abstained.</p>

This page is intentionally left blank

REPORT TITLE: RECRUITMENT OF INDEPENDENT PERSONS

29 FEBRUARY 2024

REPORT OF CABINET MEMBER: Councillor Kathleen Becker – Cabinet Member for Community and Engagement

Contact Officer: Daniel Toohey – Deputy Monitoring Officer and Service Lead: Legal
Tel No: 01962 848 155 or Ext 2155 Email dtoohey@winchester.gov.uk

WARD(S): ALL

PURPOSE

In order to ensure the effectiveness of the council's arrangements for dealing with complaints against councillors it is recommended that a recruitment process be commenced for the role of Independent Person ("IP"), in compliance with statutory requirements.

RECOMMENDATIONS:

The Audit and Governance Committee is recommended to agree;

1. To commence the recruitment, via advertisement, selection, and interview, of three Independent Persons in accordance with the process outlined in Appendix 2.
2. The interview panel to consist of four Councillors, including three members of this committee and the Cabinet Member for Community and Engagement, due to her Cabinet Member responsibilities, with the Monitoring Officer and/or Deputy Monitoring Officer to be present as adviser to the panel.
3. The interview panel should subsequently recommend to Council the appointment of up to three Independent Persons.

IMPLICATIONS:

1. COUNCIL PLAN OUTCOME

- 1.1. This committee is responsible for maintaining high governance standards within the Council pursuant to its duties under the Localism Act 2011. The committee has the role of ensuring that the ethical standards regime forming part of the governance framework of the Council is robust, thereby engendering public confidence that the Council can deliver upon its priorities within the Council Plan.

2. FINANCIAL IMPLICATIONS

- 2.1. The costs of the advertising and recruitment process will be met from existing resources. The IPs (three) receive an allowance, which is proposed to be set at £800 per annum (currently £400 per annum) which is commensurate with remuneration at other Councils. This is a total additional annual cost of £1,200 which can be funded within existing budgets.

3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1. Under section 28 of the Localism Act 2011 the council is required to appoint, at least one IP to give a view on complaints against members, including whether to investigate a complaint for alleged breach of the Councillor's Code of Conduct.
- 3.2. The council may not appoint a person (or close associate of a person) who has been an officer, member, or co-opted member of the council within the 5 years prior to the appointment.
- 3.3. The appointment of any IP must be approved by Full Council.
- 3.4. As a result of the Local authorities (Standing Orders) (England) (amendment) Regulations 2015 the IP will also have a role in relation to the dismissal of the Head of Paid Service, Monitoring Officer, or Chief Financial Officer. At least two IP's must be invited to join any disciplinary panel in this respect.
- 3.5. There is a statutory requirement to ensure that the post is brought to the attention of the public therefore the selection process should entail notice via public advertisement and a draft of the proposed advert is shown at Appendix 1.
- 3.6. As above, in order to meet the eligibility criteria and given the importance the role plays in good governance, an appropriately robust selection and interview process should be carried out.

4. WORKFORCE IMPLICATIONS

4.1. None from this report.

5. PROPERTY AND ASSET IMPLICATIONS

5.1. None from this report.

6. CONSULTATION AND COMMUNICATION

6.1. This process is being undertaken in consultation with:

- The Audit and Governance Committee
- The Cabinet Member for Community and Engagement, due to her Cabinet Member responsibilities.
- The Council's Statutory Officers, being the Chief Executive, the S151 Officer and the Monitoring Officer
- Legal Services
- Democratic Services

7. ENVIRONMENTAL CONSIDERATIONS

7.1. None from this report.

8. PUBLIC SECTOR EQUALITY DUTY

8.1. The recruitment will be carried out in accordance with council's duties under the Equality Act 2010 and in accordance with the principles in the Council's Corporate Equality, Diversity, and Inclusion Plan.

9. DATA PROTECTION IMPACT ASSESSMENT

9.1. None from this report.

10. RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure	Ensuring the Council always has the required complement of IPs to consider complaints or allegations against councillors or dismissal decisions re statutory officers, will ensure independent oversight and mitigate against improper decision-making which in turn protects the Council's strong financial arrangements.	Will meet the statutory requirements (set out in the body of this report) for independent oversight, strengthening governance and in turn ensuring reputation, and public confidence
Exposure to challenge	Appointment of IPs in accordance with statutory requirements removes the risk of non-compliance in that regard. In addition, the role of IPs aid in independent oversight therefore mitigating against poor decision making and inappropriate behaviours, aiding overall good governance.	Will meet the statutory requirements (set out in the body of this report) for independent oversight, strengthening governance and in turn ensuring reputation, and public confidence
Reputation	Appointment of IPs are required as this is a role which is part of the framework of independent oversight within the Council, which is key to maintaining trust and confidence in the good governance of the Council, and its reputation among residents and others.	Appointment of IPs, and the role they carry out, is an example of how the Council can demonstrate its engagement with independent oversight, to ensure good governance, in a reputable and appropriate manner.

Achievement of outcome	The Council is required by law to appoint IPs and the recommendations in this report achieve that critical outcome. In addition, the appointment of three IPs will mitigate against the risk of being below complement, in the event of illness or conflict arising with one of the IPs.	
Timescales	The Council should move to commence recruitment in a timely fashion to mitigate against the possibility of the existing IP resigning or becoming unavailable for whatever reason.	

11. SUPPORTING INFORMATION:

- 11.1. The Independent Persons (IPs) fulfil a statutory role in relation to Member conduct issues. There are also statutory provisions requiring that the Independent Persons will have a role in the event of a proposed dismissal of the Head of Paid Service, Monitoring Officer, or S151 Officer.
- 11.2. Independent Persons are appointed under section 28(7) of the Localism Act 2011. Their view is sought and taken into consideration before any decision is taken on whether a councillor has failed to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.
- 11.3. Two independent persons are also required to form an Independent Panel for the purpose of advising Council on the dismissal of any Statutory Officers.
- 11.4. The Audit & Governance Committee advises the Council on the adoption or revision of the Councillors' Code of Conduct and monitors the operation of the Code of Conduct, overseeing arrangements for dealing with complaints against councillors.
- 11.5. The Council currently has only one IP after the resignation of one and sadly the loss of another, and the Committee is being asked to approve the commencement of a recruitment process for the Council to increase its current complement to three IPs. This is the approach taken before and is considered

appropriate to ensure there is always availability among the pool of IPs, and to mitigate against the risk of being under complement, in the event of illness or conflict of interest arising with one or two of the IPs. This is in keeping with the approach adopted at other local authorities.

12. KEY ISSUES FOR CONSIDERATION

- 12.1. It is recommended that the interview panel consist of three members of this committee and the Cabinet Member for Community and Engagement, due to her Cabinet Member responsibilities. The Monitoring Officer and/or Deputy Monitoring Officer will also be present as advisers to the panel.
- 12.2. In line with the recommendations in the review of Local Government Ethical Standards by the Committee on Standards in Public Life the term of the appointments will be for two years with one extension allowed of up to two years.
- 12.3. Following interviews, the interview panel will recommend the successful candidates to be formally appointed at a subsequent Full Council meeting.

13. TIMETABLE

- 13.1. Subject to the Committee's approval, the timetable for the recruitment process will commence as soon as possible for appointment by Full Council at the earliest opportunity. The target date for Full Council is currently 11 July 2024.

14. OTHER OPTIONS CONSIDERED AND REJECTED

- 14.1. To not commence a recruitment process at this time. This would leave only one IP which could make dealing with complaints problematical and leaves the process open to delay. IPs are required for any Independent Panel required for the purpose of advising Council on the dismissal of any Statutory Officers

APPENDICES:

Appendix 1 – Draft Advertisement

Appendix 2 – Selection Procedure

Appointment of an 'Independent Person'

Winchester City Council invites applications from anyone who wishes to take on the role of 'Independent Person' to assist it in its duty of promoting and maintaining high standards of Councillor conduct.

By law, the council's procedures for handling complaints about the conduct of Councillors must include the involvement of at least one person independent of the council. That person, when appointed, will need to be ready to attend meetings, to participate in discussions and to give views during any formal hearing.

We are looking for someone who wants to be involved in securing probity and integrity in public life. Applicants will need to be independently minded, impartial, objective, possess good communication skills and be able to work as part of a team. The role will entail contributing independent views and comments to draft reports on complaint matters, and the successful applicant will be able to demonstrate the ability to absorb information in a detailed fashion, and exhibit fair-mindedness, and sound judgement in a succinct manner.

The successful applicant will need to be available to attend meetings from time to time during the day, amounting perhaps to one day every two months on average. In view of the requirement for daytime meetings the council has three Independent Persons any one of whom may be called upon to give a view on any given matter.

This role pays an annual allowance, in addition to the recovery of relevant expenses. The appointment will be for a fixed term of two years with the option of a two-year extension.

For an informal discussion please contact **XXXXXXXX**, on **XXXXXXXX**.

For an application form and information pack, please contact the Monitoring Officer on email monitoringofficer@winchester.gov.uk

Applications will need to be returned to us by **XXXXXX**.

Procedure for selection of Independent Persons

Introduction

This procedure note covers the appointment of the role of Independent Person, as follows:

- 1.1 The Independent Person is appointed under section 28 (7) of the Localism Act 2011. Their view is sought and taken into consideration before any decision is taken on whether a Councillor has failed to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.
- 1.2 Independent Persons are not members of the authority and are not a member of a committee although they may be invited to attend certain committee meetings.

Independent Person

1. An advertisement will be placed in local newspapers that cover the district and on the council's website. Under section 28(8)(c) (i) of the Localism Act 2011, the vacancy for an Independent Person must be advertised in such a manner as the authority considers is likely to bring it to the attention of the public.
2. Interested persons will be sent an information pack in order that they may make an application. The information pack will consist of:
 - Role and Functions of Independent Person.
 - Person Specification.
 - An application form.
 - The eligibility and selection criteria that will be used by the appointments panel.
 - A copy of the Code of Conduct and Arrangements for dealing with complaints.
3. An appointments panel will be held to interview applicants. The panel will consist of a minimum of three members drawn from the Audit & Governance Committee and will include the Monitoring Officer and/or Deputy Monitoring Officer as adviser to the panel.
- 4 The appointments panel will make a recommendation as to appointments to Council. A majority of Councillors must approve the final decision to appoint.