

REPORT TITLE: ANNUAL GOVERNANCE STATEMENT 2023/24

18 JULY 2024

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

Contact Officer: Simon Howson Tel No: Tel No: 01962 848 104

Email: [showson@winchester.gov.uk](mailto:showson@winchester.gov.uk)

WARD(S): ALL

PURPOSE

This report sets out the annual governance statement for 2023/24 and the actions that will be undertaken during the coming year to address the issues arising.

RECOMMENDATIONS:

1. That the Audit and Governance Committee approves the annual governance statement for 2023/24 as set out in Appendix 1 for inclusion in the Annual Financial Report 2023/24.
2. That the issues arising, and actions identified in Appendix 1 be noted and that progress against the actions be brought back to the Audit and Governance Committee as an appendix to the quarterly governance monitoring report.

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

The annual governance statement is a statutory document and integral to the governance framework at the council that supports the achievement of the outcomes included in the Council Plan 2020-25.

### 2 FINANCIAL IMPLICATIONS

There are no direct financial implications. Where further work is required to respond to the issues identified, any additional financial resources required to implement identified improvements will be raised separately or through the budget process.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

The annual governance statement is a statutory document which explains the processes and procedures that are in place to enable the council to carry out its functions effectively. Local authorities in the UK are required to prepare the statement in accordance with proper practices and the council has followed the CIPFA/SOLACE Delivering Good Governance 2016 framework which is still the most current documentation in this area.

The necessity to conform with these regulations and the governance framework is recognised accurately in this report.

There are no legal and procurement implications arising directly in this report. Where further work is required to respond to the issues identified these will be subject to review by Legal Services and Procurement, and in particular will require consideration of the council's Contract Procedure Rules and Public Contracts Regulations 2015 (PCR2015) and governance where required.

### 4 WORKFORCE IMPLICATIONS

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

### 5 PROPERTY AND ASSET IMPLICATIONS

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

### 6 CONSULTATION AND COMMUNICATION

The report has been reviewed by the Executive Leadership Board and Statutory Officers.

### 7 ENVIRONMENTAL CONSIDERATIONS

There are no environmental considerations arising from the content of this report.

8 PUBLIC SECTOR EQUALITY DUTY

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 arising from the action plan.

9 DATA PROTECTION IMPACT ASSESSMENT

There are no data protection impact assessments required.

10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
Financial Exposure - none	n/a	n/a
Exposure to challenge	The annual governance statement (AGS) is a statutory document required by the regulation of the Accounts and Audit Regulations 2015.	The annual review of the effectiveness of the system of internal control supports the council to identify and correct control weaknesses.
Innovation – none	n/a	n/a
Reputation	The preparation and publication of the AGS is a fundamental element of the council's governance framework.	Having a robust AGS and governance framework provides the assurance that the council is delivering good governance.
Achievement of outcome - none	n/a	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	n/a	n/a

## 11 SUPPORTING INFORMATION:

The council's constitution delegates responsibility to the Audit and Governance Committee to approve the annual governance statement (AGS) taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

This report presents the AGS for the year 2023/24 for consideration by the committee.

The AGS is a statutory document which explains the processes and procedures that are in place to enable the council to carry out its functions effectively.

This AGS provides an assurance to the council and its stakeholders that good governance procedures and requirements are in place and is produced following a review of the governance arrangements by Corporate Heads of Service and Service Leads. The AGS includes an action plan to address any significant governance issues that have been identified.

The council must at least annually conduct a review of the effectiveness of its systems on internal control and report its findings in the annual governance statement. The annual review of governance arrangements was completed by Corporate Heads of Service and Service Leads during April 2024.

The AGS must be prepared in accordance with proper practices and the council has followed the CIPFA/SOLACE Delivering Good Governance 2016 framework, the most up to date guidance in this area.

In preparing the 2023/24 AGS, the S151 officer has reviewed the CIPFA Financial Management Code 2019 (FM Code) which sets out the principles of sound financial management; introduces an overarching framework of assurance; and sets out standards to ensure a local authority is financially sustainable. The council's governance arrangements for budgeting; the accounts; financial decision making; and compliance with codes of practice and legislation are in accordance with the financial management standards set out in the FM Code.

The AGS is a valuable means of communication. It enables the council to explain to its residents, service users, council taxpayers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure to deliver its outcomes and priorities.

The following issues were included in the previous year's AGS for addressing during 2023/24:

- **Records Retention and Disposal** – ensuring that the Records Retention and Disposal Policy and Schedule are refreshed and embedded into the organisation so that records are stored in accordance with the agreed schedule.
- **Council Constitution** – review and refresh of the Council's Constitution.

- **Complaint handling** – review of performance for dealing with and responding to customer complaints, particularly stage one complaints.

Regular progress updates have been provided during the year to members of this committee in the quarterly governance monitoring reports.

Actions relating the Constitution are complete and referred to in the AGS Action Plan update in the Q4 Governance Monitoring report (Appendix 1, report AG124 refers). A full and detailed review was undertaken with the engagement of a cross-party Constitution Working Party assisting with the review. The 2024 Constitution was adopted by Full Council on 30 November 2023. Further work is required to adopt the Model Code of Conduct for Councillors by December 2024 but is not proposed to register this on the AGS.

Further work to address actions relating to complaints have been completed or are ongoing with processes having been reviewed and increased monitoring in place.

Records Retention and Disposal has a completion deadline of 30 September 2024 for paper and digital records. Due to the scale of this work, this work is retained in the 24/25 AGS.

- **Records Retention and Disposal** – ensuring that the Records Retention and Disposal Policy and Schedule are refreshed and embedded into the organisation so that records are stored in accordance with the agreed schedule.

Accordingly, this issue is included in the AGS for 2023/24 which is attached as appendix 1 to this report. A plan setting out the actions to address these issues is included in Appendix 2 and progress against these will be included in future quarterly governance monitoring reports.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 As a statutory requirement no other options have been considered.

BACKGROUND DOCUMENTS: -

Previous committee reports: -

AG105 Annual Governance Statement 2022/23

Other background documents:

None

APPENDICES:

Appendix 1 Annual Governance Statement 2023/24

Appendix 2 Annual Governance Statement 2023/24 Action Plan

## **ANNUAL GOVERNANCE STATEMENT 2023/24**

### **1. Scope of Responsibility**

- 1.1 Winchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Winchester City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Winchester City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Winchester City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016*.
- 1.4 This governance statement explains how Winchester City Council has complied throughout 2023/24 with the council's adopted code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations 2015 in relation to the review of its system of internal control in accordance with best practice.
- 1.5 The council undertook a full and detailed review of its constitution between 2017 and 2019 and was adopted by Full Council in March 2019.
- 1.6 A full and detailed review to ensure the Constitution remains fit for purpose was undertaken during 2023 with a cross-party Constitution Working Party assisting with the review. Eleven meetings of the working party were held in total. Consideration and outcomes of the final meeting of the Constitution Working Party was held on 16 November 2023 to consider the recommendations from Audit and Governance Committee. Special regard was also had to existing and emerging legislation as well as how decisions are taken as this is a key part of the Constitution which sets the tone for the culture the Council wishes to operate. The updated Constitution 2024 was adopted by Full Council on 30 November.

### **2 The purpose of governance framework**

- 2.1 The purpose of the governance framework is to ensure that the council directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes ensuring these work effectively. It works with the council's Performance Management Framework to ensure that the council has in place strategic objectives reflecting the needs of the community and is monitoring

the achievement of these objectives through delivery of appropriate, cost-effective services.

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Winchester City Council's policies aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Winchester City Council for the financial year ended 31 March 2024 and remains in place up to the date of approval of the Statement of Accounts.

### **3 The principles of good governance**

- 3.1 The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:

**Principle 1** – Behaving with integrity, demonstrating strong commitment to ethical values.

**Principle 2** – Ensuring openness and comprehensive stakeholder engagement.

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

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

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

**Principle 6** – Managing risks and performance through robust internal control and strong public financial management.

**Principle 7** – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

### **4 Methodology for preparing the Annual Governance Statement.**

- 4.1 The annual governance statement has been prepared using a process similar to that used in previous years, including.
- Service leads completing a statement of assurance providing details as to the extent and quality of internal control arrangements operating within their teams during the previous year. Furthermore, they were also asked to declare any weaknesses in the governance arrangements in their service areas, including overdue and significant internal audit actions.



- An internal control checklist is provided to Service Leads to support the completion of their statement of assurance. The checklist requires the manager to self-assess the arrangements in their team against a number of criteria including risk and performance management, financial control and staffing.
- Review of the Annual Internal Audit report and Opinion 2023/24 report and quarterly internal audit progress reports.
- The council's Audit and Governance Committee considers the draft governance statement at its meeting in early summer and before approving it determines whether it accurately reflects the council's internal control environment.
- The approved governance statement is signed off by the Chief Executive and Leader of the council.

## **5 The Governance Framework**

- 5.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements and these are underpinned by the core principles of good governance which are: -
- Focusing on the purpose of the council and on outcomes for the local community and creating and implementing a vision for the local area.
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
  - Developing the capacity and capability of members and officers to be effective.
  - Engaging with local people and other stakeholders to ensure robust public accountability.
- 5.2 The council's constitution explains existing policy making and delegation procedures and the matters which must be dealt with by Full Council. It documents the role and responsibilities of Cabinet, each committee and members and officers. The council has approved a protocol governing relationships between members and officers as part of its constitution and has adopted codes of conduct for both officers and members which facilitate the promotion, communication and embedding of proper standards of behaviour. All officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.
- 5.3 The council's constitution incorporates clear guidelines to ensure that business is dealt with in an open manner except in circumstances when issues should be kept confidential. Meetings are open to the public except where personal or confidential matters are being discussed. All cabinet

/committee agendas, minutes and cabinet member decisions are published promptly on the council's website. In addition, senior officers of the council can make decisions under delegated authority. The over-arching policy of the council is decided by the Full Council.

- 5.4 The Scrutiny Committee and Audit and Governance Committee hold cabinet members to account for delivery of the council's policy framework within the agreed budget, and protocols are in place for any departure from this to be properly examined.
- 5.5 The council engages with its communities through a number of channels, including community planning, consultation events, surveys and campaigns relating to specific initiatives.
- 5.6 The Council Plan 2020-25 was adopted at Council on 15 January 2020 and is reviewed annually to provide the opportunity to refine the actions that the council will be undertaking in the coming year and was last reviewed at the end of 2023. During the year, Cabinet can make amendments to the Council Plan to ensure that it remains fit for purpose and in December 2022 added four new areas of enhanced focus that included Listening Better, Green Faster, Cost of Living and Pride in Place with significant revenue and capital investment allocated to these areas. The coming financial year will be the final year of the current Council Plan and over early summer the council will undertake a district wide Residents' and Young Persons Survey which will capture the views and opinions of our residents' and young people. The results from the survey will provide valuable evidence that will be used to support the shaping of the priorities and objectives to be included in the next Council Plan
- 5.7 The Council Plan is supplemented by more detailed information on the key projects and programmes of work that the authority will be delivering during the year – with actions to achieve priority outcomes set out in more detailed business plans which are drawn up by teams across the council, with objectives set for individual members of staff through the annual appraisal process. This process also looks at the development and training needs of staff, with a programme of training then put in place to meet these needs.
- 5.8 Progress against the Council Plan priorities and budgets is monitored regularly by the Executive Leadership Board and members of the cabinet. The Scrutiny Committee reviews and scrutinises the performance of the council in relation to policy objectives and performance targets, focusing on delivery of key projects and programmes of work that deliver the priorities in the Council Plan, drawing attention to other areas where progress is exceeding, or falling short of targets. Members of cabinet also monitor progress in delivery.
- 5.9 The council has arrangements in place to regularly monitor financial performance, service performance, the progress of key corporate projects and risk management and to oversee the implementation of recommendations from internal audit reports.
- 5.10 The council publishes annually a financial report (incorporating the Statement of Accounts) within the statutory timescales. The Annual Financial Report

incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

- 5.11 The council is subject to independent audit by Ernst and Young and receives an annual audit letter reporting on findings. The council supplements this work with the Southern Internal Audit Partnership and ad hoc external peer reviews. The Audit and Governance Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.
- 5.12 The council has set out the arrangements for managing risk in its Risk Management Policy (approved by Cabinet 14 March 2024, report CAB3453 refers) which also includes a Risk Appetite Statement and is reviewed annually.

## **6 Review of effectiveness**

- 6.1 The authority has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Strategic Leads who have responsibility for the development and maintenance of a sound governance environment.
- 6.2 Mandatory awareness training for all staff has been undertaken to ensure the council complies adequately with the provisions of the General Data Protection Regulation (GDPR) and Freedom of Information Act 2000 requirements.
- 6.3 The council has appointed the Corporate Head of Finance as the Section 151 officer with the statutory responsibility for the proper administration of the council's financial affairs. CIPFA/SOLACE advises that the Section 151 officer should report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. The Corporate Head of Finance has a direct reporting line to the Chief Executive for matters concerning the statutory officer role and attends Executive Leadership Team.
- 6.4 The council has appointed the Strategic Director and Monitoring Officer as the statutory "Monitoring Officer" and has procedures to ensure that the Monitoring Officer is aware of any issues which may have legal implications.
- 6.5 All cabinet reports are reviewed by the S151 Officer and Monitoring Officer and are required to demonstrate how the subject matter links to the Council Plan and highlight resource implications. Report authors are also asked to draw out risk, equality, environmental, management and legal considerations as required. Similar procedures are in place for the scrutiny and regulatory committees.
- 6.6 The council has whistle-blowing and anti-fraud and corruption policies. It has a formal complaints procedure and seeks to address and learn from complaints. The council's Audit and Governance Standards Sub-Committee deals with complaints relating to the conduct of Members.
- 6.7 Members' induction training is undertaken after each election. Members also receive regular briefings and training on developments in local government.

## 6.8 Key roles in maintaining and reviewing the effectiveness is undertaken by:

<b>The Council</b>	Collectively responsible for the governance of the council and Full Council is responsible for agreeing the Constitution, policy framework and budget. Manages risk in making operational and governance decisions together with proposing and implementing the policy framework, budget and key strategies.
<b>The Cabinet</b>	Makes key decisions as defined, formulate the annual budget in accordance with the budget and policy framework, implement the policy framework and receive regular monitoring reports on revenue and capital expenditure and performance.
<b>Audit and Governance Committee</b>	Approves the annual audit plan, monitors the internal control environment through receipt of audit reports and opinions and periodic progress reports, approves the annual governance statement and keeps an overview of arrangements for risk management. It also approves this governance statement and the Statement of Accounts.
<b>External Audit</b>	External audit is provided by Ernst Young. Whilst the external auditors are not required to form an opinion on the effectiveness of the council's risk and control procedures, their work does give a degree of assurance following the annual audit of the council's financial accounts.
<b>Internal Audit</b>	<p>The Southern Internal Audit Partnership provide the council with an internal audit service which includes the council's entire control environment. The Head of the Southern Internal Audit Partnership takes account of the council's assurance and monitoring mechanisms, including risk management arrangements, for achieving the council's objectives.</p> <p>The Internal Audit Plan is based on the Corporate Risk Register and identifies Internal Audit's contribution to the review of the effectiveness of the control environment. Progress reports for the Audit and Governance Committee on progress of audits refer to the opinion assigned to each internal audit review and include a summary of findings for reviews that give 'Limited Assurance' together with data on the implementation status of all recommendations. Internal audit provides an annual opinion on the internal control environment and issues that should be included in this governance statement.</p> <p>There is a requirement for internal audit to undertake an annual self-assessment and independent external assessment every five year. Any areas of non-conformance must be reported as part of their annual report and opinion.</p>

	Based upon the work completed to date the Internal Audit Opinion for 2023/24 is that the council's framework of governance, risk management and management control is reasonable, and that audit testing carried out during the year has demonstrated controls to be working in practice.
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## 7 Significant governance issues

7.1 Set out below are the significant governance issues that have been identified that will require consideration and action as appropriate over the coming year:

- **Records Retention and Disposal** – the work continues to ensure that the Records Retention and Disposal Policy and Schedule is refreshed and embedded into the organisation so that records are stored in accordance with the agreed schedule.

7.2 An action plan is attached to this Statement and details the actions to be undertaken during the next 12 months that will address these issues. Each action is assigned to a senior officer who has responsibility for delivering the relevant actions.

## 8 Assurance summary

8.1 Good governance is about operating properly. It is the means by which the council shows that it is taking decision for the good of its residents, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the council would find it difficult to operate services successfully.

8.2 We have discussed with the Chief Internal Auditor who has indicated, based upon the work completed to date the Internal Audit Opinion for 2023/24 is that the council's framework of governance, risk management and management control is reasonable, and that audit testing carried out during the year has demonstrated controls to be working in practice.

8.3 The auditor's Annual Internal Audit Report and Opinion 2023/24 will be presented to Audit & Governance Committee at its meeting on 18 July 2024.

## 9 Conclusion

9.1 We propose, over the coming year, to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

Laura Taylor  
Chief Executive  
Winchester City Council

Dated:

Signed:

Councillor M. Tod  
Leader of the Council  
Winchester City Council

Dated

**Annual Governance Statement 2023/24 – Action Plan**

No	Issue	Actions	Lead Officer	Target Date	Method of Assurance
1	<b>Records Retention and Disposal</b> – 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.	Adoption of updated Retention & Disposal Schedule by Executive Leadership Board (ELB)	Senior Policy and Programme Manager/ Corporate Heads of Service	June 2024	Document prepared and approved that sets out how the schedule will be applied to council systems and document types.
		Map & align retention schedule to content/indexing and values in system(s)	Senior Policy and Programme/ Service Lead for IT	June 2024	System reports showing that the retention and disposal schedule is being successfully applied and records not being kept longer than required.
		Create implementation plan for roll out Policy & Schedule for adoption at ELB	Senior Policy & Programme Manager	June 2024	Document prepared and approved that sets out how the schedule will be rolled out across the council.
		Implementation of Retention & Disposal schedule across business applications and systems	Senior Policy and Programme Manager/ Corporate Heads of Service	Commence July 2024 for completion 30 September 2024	Roll out of Retention and Disposal schedule, including deletion of physical and digital documents in accordance with the schedule.