AG188
AUDIT AND GOVERNANCE COMMITTEE

REPORT TITLE: Q4 GOVERNANCE MONITORING

16 JULY 2026

REPORT OF CABINET MEMBER: CLLR BECKER – CABINET MEMBER FOR HEALTHY COMMUNITIES

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 fourth and final quarter of the 2025/26 financial year.

RECOMMENDATIONS:

1. That the Audit and Governance Committee note the contents of the report, including the progress made against the actions in the Annual Governance Statement. The Committee is requested to raise any issues or concerns on the content of the report with the Cabinet Member.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

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

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

3 LEGAL AND PROCUREMENT IMPLICATIONS

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

4 WORKFORCE IMPLICATIONS

There are no 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

Consultation on the content of this report has been carried out with the Deputy Leader and Cabinet Member for Finance and Transformation, the Cabinet Member for Healthy Communities as well as members of the Executive Leadership Board (ELB) and Corporate Heads of Service (CHoS).

Additionally, officers have provided updates on the progress made against their actions included in internal audit reports and referred to in this report.

7 ENVIRONMENTAL CONSIDERATIONS

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

8 PUBLIC SECTOR EQUALITY DUTY

There are no Public Sector Equality Duties arising from the content of this report. However, 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 for noting and raising issues only and does not make any decisions.

9 DATA PROTECTION IMPACT ASSESSMENT

There are no data protection impact assessments required.

10 RISK MANAGEMENT

This report provides a summary update on the council's performance against the governance arrangements outlined in the Risk Management Policy 2026/27 and the Local Code of Corporate Governance.

Independent assurance from the council's internal and external auditors identifies weaknesses in the council's governance arrangements and supports the assessment of the adequacy of measures in place to manage the council's risks.

11 SUPPORTING INFORMATION:

11.1 This report provides summary information regarding governance for the fourth and final quarter of the 2025/26 financial year.

Internal Audit

11.2 The Annual Internal Audit Conclusion 2025-26 (Report AG187 elsewhere on this Committee's agenda) provides a summary of the work of the Southern Internal Audit Partnership and covers the period to 31 March 2026. The report also provides the Chief Internal Auditor's opinion on the effectiveness of the framework of governance, risk management and control and summarises audit work from which that opinion is derived.

11.3 The Chief Internal Auditor in his Annual Internal Audit Conclusion 2025/26 has shown that he is satisfied that sufficient assurance and advisory work have been carried out to allow him to form a conclusion on the adequacy and effectiveness of the internal control environment. It is the opinion of the Chief Internal Auditor that the framework of governance, risk management and control are 'reasonable', and audit testing has demonstrated controls to be working in practice.

11.4 Detailed information relating to the completed audit reviews is provided in the Annual Audit Conclusion 2025-26 report, however, there has been a higher than usual number of reviews concluding with limited assurance opinions with a further audit of Housing Asset Management – Repairs and Maintenance concluding with no assurance opinion.

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

11.6 The areas of weakness identified during the audit reviews with either limited or no assurance opinion can be categorised as falling within the following themes: outdated processes and procedures, standards and policies and competencies and training. Agreed appropriate corrective actions and a

timescale for improvement has been drawn up with responsible managers. A significant percentage of actions had been completed before the end of the quarter.

11.7 The draft Annual Governance Statement (AGS) references the weaknesses identified during audit reviews that concluded with limited or no assurance and included as an area of focus during 2026/7 is the review and updating of relevant policies, processes and procedures.

11.8 Progress against the actions included in the AGS Action Plan will be provided with future quarterly governance monitoring reports.

Annual Governance Statement

11.9 Progress against the actions included in the 2024/25 Annual Governance Statement is provided in Appendix 1 of this report.

11.10 Elsewhere on this Committee's agenda is the Annual Governance Statement (AGS) 25/26 (Report AG188 refers) which provides a review of the effectiveness of governance during 2025/26. Details of significant governance issues arising during the year are given and will be the focus of consideration and action over the coming year.

11.11 Progress against the actions in the 2025/26 AGS will be included in future quarterly Governance Monitoring reports.

11.12 In accordance with statutory accounting regulations, on the 30 June the council published its draft Annual Governance Statement 2025/26 with the (unaudited) annual statements of accounts.

Declarations of gifts and hospitality

11.13 During the period 1 January 2026 to 31 March 2026, there were no declarations of gifts and hospitality made by officers in accordance with the Employee Code of Conduct.

11.14 Members regularly update their register of interest forms. During the period from 1 January 2026 to 31 March 2026, there were no declarations of gifts or hospitality over the value of £50 made by members in accordance with the Members Code of Conduct.

Risk Management

11.15 The council's Risk Management Policy 2026/27 sets out a timetable for this committee to review the policy and corporate risks (section 11 of the Risk Management Policy). The latest quarterly review by Executive Leadership Board (ELB) of the Corporate Risk Register was carried out on 13 May 2026. All corporate risks and their current controls were reviewed with the current Corporate Risk Register shown at Appendix 3.

11.16 During the review, ELB considered the emerging risks (and opportunities) arising from the Devolution agenda and Local Government Reorganisation (LGR) timetable. It was agreed that the risks arising from LGR would continue to be captured as a cause that might impact existing corporate risks, specifically CR001 and CR007. A comprehensive risk management strategy specifically addressing devolution and LGR is in place and regularly reviewed ensuring that the council remains well-prepared to manage any potential changes and their impact on governance, service delivery, and resources.

11.17 As a result of the ELB quarterly review there were the following updates:

- CR001 – Capacity to deliver services – minor amends including the reordering of the current controls and highlighting the consequences of failing to plan and make decisions ahead of the new unitary council.

- CR010 – Failure to effectively respond to the Climate Change Emergency and reduce the council and district emissions – during consideration ELB agreed that this risk was being responded to via a number of business-as-usual activities and should therefore be deescalated to the Operational Risk Register. Project risk registers are managed for each of the Tier 1 projects and reviewed quarterly.

- CR011 – Lack of preparedness and incapability to respond to events caused by climate change – following consideration of the comprehensive plans and processes in place to respond to an emergency incident, which had recently been refreshed ELB agreed that this was no longer a Corporate Risk but would now be included as an Operational Risk. Regular monitoring would remain with the risk escalated to the Corporate Risk Register if required in the future. Internal Audit had recently reviewed the council's preparedness to respond to an emergency incident and concluded with a Substantial Opinion with no weaknesses identified.

11.18 Other than the updates set out above, the original and residual risk ratings of all risks were considered appropriate and tolerable. The causes, consequences and controls for each risk were reviewed and deemed to be current and sufficient at the time of the review.

11.19 ELB continues to monitor the potential impacts to existing risks and any new or emerging risks that might require inclusion on the Corporate Risk Register.

11.20 At the same time as the review of Corporate Risks, ELB considers the risks included on the Operational Risk Register with a particular focus on the risks with a residual risk score was rated as being in the red area of the risk matrix. ELB agreed that the current controls were sufficient to mitigate the risks and that the residual risk score was correct. ELB agreed that these risks did not require escalation to the Corporate Risk Register at this time.

12 ***Code of Conduct Complaints***

12.1 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 referred to it by the Monitoring Officer.

12.2 Appendix 2 provides brief details of the Code of Conduct complaints received, in progress, and closed, as well as enquiries made to the Office of the Monitoring Officer.

13. ***Dispensation Requests***

13.1 The Audit and Governance Committee meeting on 25 February 2025, members requested that the Monitoring Officer provide a quarterly update to the committee, detailing all dispensations granted or refused during the quarter.

13.2 During the period from 1 January 2026 to 31 March 2026, there was one individual dispensation granted by the Monitoring Officer and this was to Councillor Becker who is a property owner with a connection to a council sewage treatment works for which they pay an annual fee.

14. OTHER OPTIONS CONSIDERED AND REJECTED

14.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG182 Governance Monitoring Quarterly Update Q3 2025/26, 5 March 2026

Other Background Documents:-

None

APPENDICES:

Appendix 1 - Annual Governance Statement 2024/25 – Action plan update

Appendix 2 - Code of Conduct complaints

Appendix 3 - Corporate Risk Register

Annual Governance Statement 2024/25 – Action Plan update – March 2026

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
1.	**Landlord Health and Safety Compliance –** to ensure that our responsibilities under the consumer standard for Safety and Quality are being met, specifically in relation to regulatory compliance for gas, electrical, asbestos, fire, water, and lift safety.	Establish an appropriate Governance and assurance structure	To enable oversight of performance against the Big 6, KPI information is provided at a corporate level; the compliance scorecard is reviewed, signed off and scrutinised by Housing DMT; it is then scrutinised by TACT Board for further oversight. Reporting of these KPIs is included in the quarterly Finance and Performance report, considered by Scrutiny and Cabinet.	Simon Hendey Karen Thorburn	Feb 2025	Complete.
		Undertake a data validation exercise across our asset data, compliance areas and inspection records	A monthly compliance scorecard is in place reporting across all areas of compliance and data validation continues on a monthly basis. This work will be supported by the implementation of the 'True Compliance' system. Feedback from regular meetings with the Regulator for Social Housing (RSH) is positive as we evidence our improvement journey delivering against the 'Big 6.'	Adrian Wilgoss Sarah Hobbs Heather Gibson	Sept 2025	Complete

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		Compliance reporting review	Compliance reporting is produced monthly, via the scorecard. Going forwards, the 'True Compliance' system will enable this data and related reporting to be produced automatically. Through the landlord service restructure, and the creation of one centralised data team, will enable internal data assurance interrogation and monitoring. Reporting to TACT Board, Cabinet member, Scrutiny and Cabinet via a highlight report is also reported quarterly.	Adrian Wilgoss	June 2025	Complete.
		Undertake a policy principle and strategic direction workshop for each compliance area and develop and finalise each policy	The review of the 'Big 6' compliance policies (gas, electrical, water, asbestos, lift and fire safety) working with a sector specialist and tenants is complete and these were presented to Cabinet Committee Housing on 4 November 2025 These will then be disseminated across the service through the new policy assurance framework. A review frequency is in place and updated policies considered and adopted by future Cabinet Committee: Housing.	Sarah Hobbs Adrian Wilgoss	Sept 2025	Complete

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		Review and update our procedures	The revised and updated compliance policies have been disseminated across housing and webpages updated for tenants to access details on these 6 policies. Landlord Services No Access Policy 2025-28 was agreed by the Cabinet Member for Good Homes on 17 June 2026 decision day. We have a robust policy, procedures and guidelines (PPG) framework for all housing policies with oversight at a senior management level, Board and Cabinet where this is required. Tenants have opportunities to review and provide feedback on policies through this framework.	Adrian Wilgoss	June 2026	In progress.
2.	**Local Government Reorganisation - c**apacity to deliver services to our residents and customers while working collaboratively with our local authority partners to deliver	Establish an appropriate governance structure and clearly define the programme scope, including emerging workstreams and designated lead officers.	Post April governance structure drafted to be agreed once partner local authorities are confirmed. Preparatory activities underway, working with KPMG to initiate 10 LGR workstreams across partners, who meet weekly and report to the LGR Rep Group.	Liz Keys	June 2025	Ongoing

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
	local government reorganisation at pace	Prepare for change with the council organising itself to achieve as much as possible and ensures that staff, services and assets that are being transferred are in the best possible position to be integrated into the new authority.	The LGR Transition Plan to be unitary ready focusses on delivery of council priorities over the next two years, ensuring service stability and driving continuous improvement building on the success of our transformation plan. Preparation of our systems, processes and services for a smooth transition and continuing our digital transformation journey. Developing and supporting colleagues, so we're in the best position and confident to thrive in change.	Liz Keys	Ongoing	Ongoing

Code of Conduct Complaints

The following is a summary of Code of Conduct complaints received by the Office of the Monitoring Officer for the period **1st January 2026 through to 31 March 2026**, along with updates on complaints previously reported.

Summary of caseload for this period:

A. Number Active Individual Complaints in this period: 1 complaint from 1 individual complainant (see update below).
B. Number Complaints Not Commenced: 0
C. Number individual complaints relating to a City Councillor: 0.
D. Number individual complaints relating to a Parish/Town Councillor: 1.
E. Number of New complaints received in this period: 0.
F. Number of complaints closed in this period: 1.
G. Number of Standards Sub Committees held in this period: 0.
H. Number of complaints carried over to next period: 0.

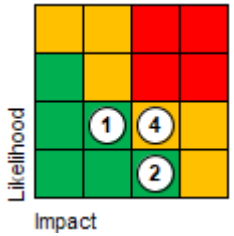
Analysis of recent active case:

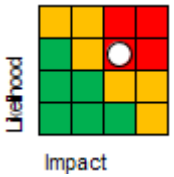
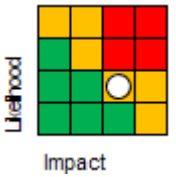
Date received	Relating to Parish/ Town/ City Councillor	Current status/update	Approx time spent on this complaint
28/10/2025	Parish	Complaint closed on the 12 January 2026 due to the resignation of the Subject Member.	28 Hours

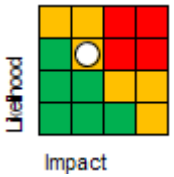
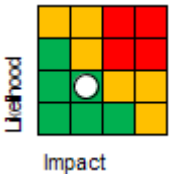
Corporate Risk Register 2026/27

As of 1 April 2026

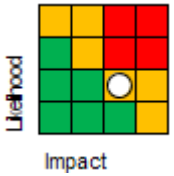
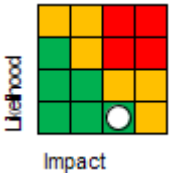
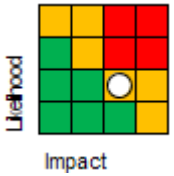
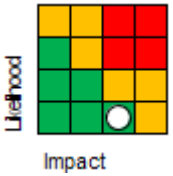
Residual Risk Summary:

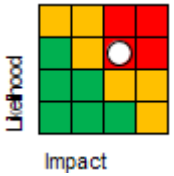
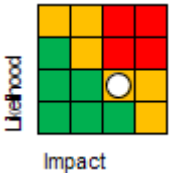


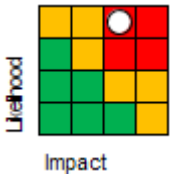
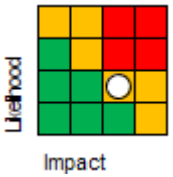
Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
CR001	Given competing demands and multiple complex priorities, the risk is that the council does not maintain capacity to deliver services	Chief Executive	• Ambitious council plan with multiple strands of activity • Staff resources are lean, and teams are working at capacity to deliver services at current levels of demand • Preparing for Local Government Reorganisation • Competition from the private sector for key staff roles e.g. planning, project management	• LGR is a significant national and local priority requiring the establishment of a new Mid Hampshire Council • If decision making is slow, matters and delays occur, national controls on established councils may become difficult to deliver key priority projects without referral to the future LA. • Reputation is damaged as the council is not seen to be able to deliver projects		• The council plan 2025 – 2030 sets the strategic direction for the council. • Annual service plans are prepared, and careful consideration has been given to the council's ambition balanced with the likely resource required to deliver LGR • Proactive approach to internal and external communication • 50/50 hybrid working policy agreed and embedded into the organisation • Maintaining communication	

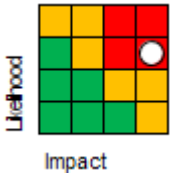
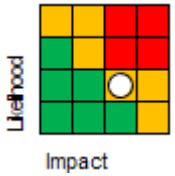
Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
			• Outbreak of a pandemic that increases the pressure to continue to provide critical services as well as respond to the needs of residents and businesses affected by the pandemic • Tension between day-to-day and strategic priorities • Key skills not in the right place • Budget uncertainty	• 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 • If staff are diverted, then can't deliver on other lower-level priorities or day-to-day work • Local members are not always kept informed of activity in their area • Unable to deliver key council services		• 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 regularly reviews resources available to deliver projects • Substantial assurance opinion following internal audit review of corporate planning and performance monitoring. • Close monitoring of the impacts of LGR on council capacity and delivery of services and reflected in future service plans	
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	• Lack of skill and/or time to identify evidence to support decision making • Lack of consultation with ward members and/ or parish councils over local issues • Procedural error in statutory process	• Lack of a robust and evidence-based approach to customer engagement can lead to: - Reputational damage - Views that the council is too Winchester-centric - Decisions made are Inequitable		• 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? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
			• Inconsistent and traditional approach to customer engagement across the council • Lack of awareness of the questions to ask • Lack of awareness of the 'right time' to engage • Lack of public awareness of the opportunity to engage • Council is not aware of the full range of interested stakeholders • Council may only hear the loudest voices and not the silent majority or those that do not readily engage	- 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		Programme and Capital Strategy Board • Legal and Monitoring Officer consultation on decisions made • 2024 Residents' survey undertaken in June'24 and results used to evidence Council Plan priorities and 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 • Where possible and appropriate, digitalisation will be utilised to mitigate against procedural errors • Substantial assurance opinion following internal audit review of decision making	

Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
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	• Not maintaining an effective corporate wide Business Continuity Plan • Not regularly testing the plan and following-up learning • Key staff unavailable • Communication systems ineffective • Lack of awareness of Business Continuity Plan • Failure to assess business critical functions and have plans in place	• Unacceptable delay and uncertainty in returning to normal working after an emergency • Adverse publicity and criticism • Reputation damage • Adverse social and/or economic impact		• Business Continuity Plans reviewed and tested in 2024 and approved by ELB • IT Disaster Recovery Annual Test held on 8 June 2026. • Business critical services reviewed in 2025 with individual business continuity plans created, 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. • Work programme in place for 2026 to review, update and test business continuity plans	
CR006	Breakdown of effective partnership working	Chief Executive	• 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	• 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		• Annual review by each CHoS of all partnerships undertaken to identify key strategic partners • Partnership Governance and Management Framework adopted with scoring tool available to assess partnership level • Management checklist available from Knowledge Hub	

Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
			• Incorrect application of the procurement regulations due to a misunderstanding as to how and when they apply to partnership working • Partnerships may be unsuccessfully commissioned due to lack of skills and poor scoping • Significant local, regional, or national partners may close down, affecting the council	• Lack of value for money (VfM)		• Guidance documents available from Knowledge Hub • Partnership register established and endorsed by ELB on 6 March.	
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)	Director of Finance	• 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	• 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		• 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 embedded into the organisation and quarterly progress reported.	

Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
			• Impact of a Pandemic • Additional financial costs preparing for Local Government Reorganisation that are unbudgeted for. • Uncertainty over total cost of preparing for LGR			• Maintain General fund reserve of at least £2m • Regular review of reserves • Annual review of fees and charges • Monthly budget monitoring and regular HRA business plan updates • Substantial assurance opinion following internal audit of the council's financial stability (including TC25). • Cabinet approved MTFS on 19 November 2025 setting a balanced budget to the end of 2027/28	
CR008	Availability of new homes to meet the strategic need via a variety of means (build or buy).	Strategic Director S Hendey	• Increasing demand for new houses • High cost of housing, including private rented sector • Unable to identify new sites for new houses • Increasing infrastructure demands on new sites • Higher build costs • Increasing inflation and interest rates affecting supply	• Increased housing waiting list numbers • Increasing homelessness • Difficulty accessing housing markets • Outward migration of younger residents • Adverse publicity • Government intervention • Ability to meet the business plan target which will have a negative effect on income		• A variety of plans in place to deliver new homes • Regular monitoring of projects • Revised Housing Strategy and HRA Business Plan • Cost benchmarking	

Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
CR009	Failure in cyber security leaving the council exposed to phishing and other attacks leading to compromised IT systems and data loss	Director of Finance L Keys	• Malicious attack by Hackers for financial gain • Malicious attack by Hackers to disrupt business and ability to deliver services • Viral code attack in order to data mine information and identities	• Possible complete shutdown of Council IT Systems and Infrastructure • Business\service delivery disruption • Significant Financial loss • Credibility and confidence lost in engaging with digital services and e-payments		• Mandatory Cyber Security awareness training held for all staff • IT Systems and processes administered to PSN (Public Services Network) standards and protocols • ITILv3 Methodology adoption for ITSM • Comprehensive and regular reviews of ISP (Information Security Policies) and IT Network Access Policies • Operational daily checks and proactive monitoring of Firewalls and pattern updates • Staff qualified in Cyber Scheme Professional standards and within GOV UK CESG guidelines • Regular system health checks and vulnerability scans • System and software maintained to supported levels. • Email security managed by accredited 3rd party • Insurance for potential losses of a cyber attack • Third party review jointly with TVBC completed to identify actions the councils	

Code	Risk Description	Risk Owner	What might go wrong? (cause)	What will happen? (consequence)	Original Risk Rating	Current Controls	Residual Risk
						can pro-actively take to mitigate this risk further	