ANNUAL GOVERNANCE STATEMENT 2025/26

1. Executive Summary

1.1 Good governance is about operating properly. It is how 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.

1.2 This annual governance statement has been prepared in accordance with statutory regulations and is consistent with the principles of good governance set out in the Delivering Good Governance in Local Government: Framework (Governance Framework). This statement includes the result of a review of the effectiveness of our internal control and provides assurance on whether the council's governance arrangements are fit for purpose.

1.3 During the year, the council has maintained a sound system of internal control, supported by a well-established risk management framework, strong financial management, and clear decision-making processes.

1.4 The council has shown strong financial stewardship demonstrating resilience by setting a balanced budget for 2026/27 against the ongoing financial pressures and service demands. The focus has been maintained on delivery against priorities in the Council Plan 2025-30 while preparing for Local Government Reorganisation.

1.5 Where areas for improvement have been identified, targeted action plans have been developed and are subject to regular monitoring by the Senior Leadership Team.

1.6 We have discussed with the Chief Internal Auditor who has confirmed, based upon the work completed to date the Annual Internal Audit Conclusion for 2025/26 on the adequacy and effectiveness of the internal control environment, is that the council's framework of governance, risk management and control are reasonable, and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, the auditor has worked with management to agree appropriate corrective actions and a timescale for improvement.

1.7 The auditor's Annual Internal Audit Conclusion 2025/26 (report AG187 refers) will be considered by members of Audit & Governance Committee at its meeting on 16 July 2026.

1.8 The council is satisfied that its governance arrangements remain fit for purpose and that it is in a good position to continue to meet current and future challenges.

2. Scope of Responsibility

2.1 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.

2.2 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.

2.3 The 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.*

2.4 This governance statement explains how Winchester City Council has complied throughout 2025/26 with the council's adopted code and 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.

3. The purpose of the governance framework

3.1 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 they 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.

3.2 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.

3.3 The governance framework has been in place at Winchester City Council for the financial year ended 31 March 2026 and remains in place up to the date of approval of the Statement of Accounts.

4. The principles of good governance

4.1 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.

4.2 Winchester City Council's Local Code of Corporate Governance, approved by the Audit & Governance Committee at its meeting on 5 March 2026, sets out and describes the council's commitment to corporate governance and identifies the arrangements that have been made to ensure the effective implementation and application in all aspects of the council's work. Aligned to each of the principles is evidence of how the council complies with the requirements of each of the principles.

5. Methodology for preparing the Annual Governance Statement.

5.1 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 several criteria including risk and performance management, financial control, and staffing.
- Review of the completed statements of assurance by the S151 Officer, Monitoring Officer and Senior Policy and Performance Manager to identify the significant governance issues to be included in the Annual Governance Statement.
- Review of the Annual Internal Audit Conclusion 2025/26 report and quarterly internal audit progress reports.

- Audit and Governance Committee review the draft governance statement at its meeting in early summer and considers whether it accurately reflects the council's internal control environment, before approving.
- Once approved the governance statement is signed by the Chief Executive and Leader of the council.

6. The Governance Framework

6.1 There are several 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.

6.2 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.

6.3 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.

6.4 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.

6.5 The council engages with its communities through several channels, including community planning, consultation events, surveys and campaigns relating to specific initiatives.

6.6 The Council Plan 2025-30 was adopted at Council on 15 January 2025 and sets out what the council wants to achieve and informs other strategies and plans including the Local Plan and individual service plans. A range of consultation and engagement took place during 2024 in support of developing the new Council Plan and included businesses, members, council staff and parish councils. A district wide residents' survey was undertaken to better understand the opinions and views of our residents 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

6.7 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.

6.8 Progress against the Council Plan priorities and budgets is monitored regularly by 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.

6.9 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.

6.10 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.

6.11 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.*

6.12 The council has set out the arrangements for managing risk in its Risk Management Policy (approved by Cabinet 13 March, report CAB3548 refers) which also includes a Risk Appetite Statement and is reviewed annually.

7. Our assessment of effectiveness

7.1 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.

7.2 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.

7.3 The council has appointed the Director 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 Director of Finance has a direct reporting line to the Chief Executive for matters concerning the statutory officer role and attends Executive Leadership Team.

7.4 The council has appointed the Director (Legal) as the statutory "Monitoring Officer" and has procedures to ensure that he is aware of any issues which may have legal implications.

7.5 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 priorities and highlight resource implications. Report authors are also asked to draw out risk, equality, environmental, management and legal and procurement considerations as required. Similar procedures are in place for the scrutiny and regulatory committees.

7.6 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 considers investigation reports in respect of Code of Conduct complaints that are referred to it by the Monitoring Officer.

7.7 Members' induction training is undertaken after each district election. Members also receive regular briefings and training on developments in local government.

7.8 In July 2024, an LGA Peer Challenge took place, where the review explored several core themes, including the council's organisational and place leadership, governance and culture, financial planning and management and capacity for improvement. Following the review the Peer Team's view was that strong governance is in place at the council.

7.9 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.

7.10 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.

8. How we have improved our governance arrangements in 2025/26

8.1 Following the C3 judgement by the Regulator for Social Housing in March 2025, significant governance enhancements have been implemented to strengthen oversight, transparency and service performance.

These enhancements include:

- **Enhanced Regulatory Oversight** through regular meetings with the Regulator for Social Housing to monitor progress against the housing compliance improvement plan. Reflecting strong progress and improved service delivery, these have been transitioned to bimonthly meetings from Spring 2026

- **Strengthened officer and Member Scrutiny** via regular report updates to Programme and Capital (PAC) Board, TACT Board meetings, including tenant members and quarterly progress reports submitted to Cabinet Committee Housing.

- **Improved Performance Monitoring**, both senior management and the Portfolio Holder for Good Homes receive monthly service performance scorecards. Service performance is published monthly on the council's website and highlighted in tenant communications, reinforcing transparency.

- **System and Reporting Enhancements**, implementation of the True Compliance system is improving data-driven reporting across the "Big 6" compliance areas along with strengthened internal controls for data management.

- **Robust Policy and Governance Framework.** A comprehensive policies, procedures and guidelines (PPG) framework has been introduced, with clear governance approval processes and embedded tenant scrutiny.

Overall, these improvements demonstrate a more structured, transparent, and accountable governance framework, with stronger regulatory engagement, enhanced tenant involvement, and more reliable performance reporting.

8.2 The council has adopted the CIPFA model terms of reference for Audit Committees and produced an annual report of the Audit and Governance Committee setting out a factual review of the committee's work during the 2025/26 municipal year.

8.3 The year also saw changes to the internal audit reporting arrangements as a result of the of the new Global Internal Audit Standards which came into force from 1 April 2025. Internal audit arrangements are in conformance with the

Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit.

8.4 In May 2025, CIPFA introduced an addendum to the Delivering Good Governance in Local Government Framework covering the annual review of governance and the annual governance statement. The updated guidance would apply to governance statements for 2025/26 onwards. The council refreshed its statement of assurance template completed by senior managers to conduct their annual review of the effectiveness of governance in their service area. The scope of the annual review was broadened to assess how effective their arrangements meet the principles of good governance, if and how improvements had been made during the previous year and improvements that would be undertaken during the coming year.

8.5 An improvement plan has been developed to address the weaknesses and non-compliance relating to housing asset repairs and maintenance following an internal audit earlier in the year. Progress of the corrective actions is reported and monitored regularly by the officer Programme and Capital (PAC) Board.

9. Where our governance needs to improve

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

- **Regulator of Social Housing Consumer Standards for Landlords**

  Following self-referral to the Regulator of Social Housing, a Regulator Judgment was issued that found serious failings in how the council is delivering the outcomes of the consumer standards in relation to the Safety and Quality Standard and the Transparency, Influence and Accountability Standard.

- **Review and update of policies, processes and procedures** – material weaknesses in governance, control and oversight across several internal audit reviews completed during the year resulting in either no or limited assurance. These weaknesses are compounded by outdated guidance, incomplete record keeping and insufficient monitoring.

9.2 During 2025/26 there have been a higher-than-usual number of internal audit reviews have concluded with limited assurance opinions with a further audit of Housing Asset Management – Repairs and Maintenance concluding with no assurance opinion.

9.3 The service areas where a limited assurance opinion was issued were:

- Clean Streets Enforcement and Fly-Tipping
- Building Control – QMS Framework
- Cyber Security – Thrive Actions Implementation

- Human Resources – Use of Agency Staff and Consultants

9.4 The areas of weakness identified during the audit reviews can be categorised as falling within the following themes; outdated policies, processes and procedures and competencies and training.

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

10. Forward look on governance

10.1 Local Government Reorganisation presents a significant structural change to local government and this council. As we prepare for the new council in 2028, we recognise the transition will have a substantial impact on the organisation and we will remain focussed on maintaining the robust governance arrangements that we have.

10.2 Working with the Corporate Head of Housing, we are strengthening further the governance oversight for Housing Services by introducing a Housing Assurance Board with key stakeholders. This is recognised as best practice across the social housing sector to inform governance and assurance.

10.3 We will also be improving our systems and data management in Housing Services through the implementation of new IT systems. Improved data management we are aiming to deliver real time performance dashboards.

10.4 We propose, over the coming year, to take steps to address the issues highlighted in this annual governance statement 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:	Signed:
Laura Taylor	Councillor M. Tod
Chief Executive	Leader of the Council
Winchester City Council	Winchester City Council
Dated:	Dated

Annual Governance Statement 2025/26 – Action Plan

No	Issue	Actions	Lead Officer	Target Date	Method of Assurance
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	Develop and adopt policies that support the council's statutory responsibilities, protect public housing assets and promote fair access to social housing.	Karen Thorburn	March 2028	Results of Housing Quality Network (HWN) Mock Inspection (June 2026). Completion of data validation reconciliation process Adopted policies and procedures required by Regulator Continued engagement with tenants and residents Completion of stock condition programme
2	Positive response to significant gaps, weaknesses or non-compliance relating to outdated policies, processes and procedures as well as competencies and training identified during internal audit reviews that	Deliver actions in the Housing Asset Management – Repairs and Maintenance Action Plan that address the issues identified within the audit	Karen Thorburn	August 2026	Completion of the Repairs and Maintenance Action Plan leading to new repairs and maintenance contract commencing in August 2026.
		Building Control QMS – implement a structured improvement plan to address noncompliance, strengthen governance and improve service performance	David Ingram	December 2026	Positive conclusion to the LABC QMS annual management review meeting that will evaluate performance indicators, compliance, feedback and complaints, audit results and resource allocation.

No	Issue	Actions	Lead Officer	Target Date	Method of Assurance
	led to No or Limited Assurance opinions	Human Resources – Use of Agency Staff	Manjit Sandhu	31 December 2026	Updated policy for engaging agency staff, with attached template and guidance for staff to follow, ensuring consistency and compliance.