

**Stratford-on-Avon District Council**  
**Annual Governance Statement 2014/15**

**1. Scope of Responsibility**

Stratford on Avon District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the 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.

The Council has approved and adopted a code for corporate governance, which is consistent with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, [2012 edition]. This statement explains how the Council have complied with the code and it also meets the requirements of the Accounts and Audit Regulations 2011, in relation to the publication of a statement of internal control.

**2. The Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services.

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 the 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.

The governance framework has been in place at the Council for the year ended 31 March 2015.

**3. The Governance Framework**

**Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

The Council's vision has been reviewed as part of the new Corporate Strategy that was approved by full Council on 23 February 2015. The Council's vision is:

*"Stratford-on-Avon District will be recognised as a place of opportunity and economic prosperity in order to provide a better quality of life for all who live, work and visit."*

The Council has well developed Performance Management arrangements to ensure that the items of the most strategic importance are identified and can be measure in terms of the delivery of the aims and objectives.

### **Reviewing the authority's vision and its implications for the authority's governance arrangements**

The Council adopted a corporate governance code based on the CIPFA/SOLACE model in 2008, which has been reviewed against the 2012 edition. The Code itself is an express commitment to high standards of corporate governance and acknowledges the relationship between the vision and the corporate strategy.

### **Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring they represent the best use of resources**

A detailed action plan for the delivery of the Corporate Strategy during 2015/16 was developed alongside the overall Strategy document. This action plan provides further information in relation to the specific activities which will be undertaken, date for their completion, identification of any resource requirements and which senior officer is responsible for the implementation. These actions will be monitored every six months by the Cabinet.

The new detailed action plan for the Corporate Strategy replaces the arrangements which were in place during 2014/15. Under the previous arrangements High Level Actions and associated Performance Management Arrangements and Measures were prepared by members of the Management Team in conjunction with the relevant Portfolio Holder. These documents set out the previous corporate strategy targets and the high level actions arising from service plans. These targets are managed by the relevant member of Management Team, and overseen by Portfolio Holders with performance reports produced for the Leader of the Council and the Cabinet.

The Council has a medium term financial strategy (MTFS) which is reviewed annually. This strategy was approved alongside the new Corporate Strategy to ensure that the resource requirements were fully identified and incorporated into the financial plan. Service budgets are delegated to the relevant member of the Management Team with revenue monitoring being undertaken by the Cabinet.

### **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

The roles and responsibilities of the executive, non-executive, scrutiny and officer functions, along with the delegations from Cabinet and the Council are set out in the Council's constitution. With the reduction in the number of Councillors from 11 May 2015 from 53 to 36, a fundamental review of the constitution has been completed during 2015/16.

Under the arrangements in place for 2014/15 there are member role profiles and an officer/member protocol that sets out the respective responsibilities and relationships of officers and members. The constitution is kept under regular review under the supervision of the Audit and Standards Committee and the document is fully reviewed every three years. The version of the constitution applicable to 2014/15 was amended in May 2012 to take account of the split Audit Committee into separate committees.

The detailed review of the constitution has been completed and the revised draft was reported for comment to the meeting of Council on 20 April 2015. The new Council at their meeting on 20 May 2015 approved the revised constitution.

**Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The Council has set out in the both versions of the Constitution a code of conduct for members and officers and also a member/officer protocol that sets out the expected behaviours and responsibilities of both. Extensive training has been provided on the code of conduct and all members are aware that the Monitoring Officer and other statutory officers will provide advice as and when required.

**Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure transparency of decision making. The constitution is kept under regular review under the supervision of the Audit Committee (now Audit & Standards Committee).

The financial regulations have not been amended as part of the current review of the constitution. The Council is working in partnership with Cherwell District Council and South Northamptonshire Council to implement a new financial management system. The review of the financial regulations will be undertaken when this project has been completed with the view of harmonising such regulations across the three authorities as far as possible.

A risk management framework has been established and in the last year has been supplemented by expert advice from the County Council. The provision of such advice is now built into the service level agreement for audit services. Operational risks form part of the service plans and high level risks are identified in the strategic risk register, which is periodically reviewed by the Management Team. The Cabinet considered the Risk Management Strategy at its meeting on 12 May 2014, and approved this and the current version of the Risk Register.

**Ensuring the authority's financial arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)**

The Assistant Chief Executive, as the nominated section 151 officer, has the delegated responsibility for ensuring there are arrangements in place

for the proper administration of financial affairs. The Council meets the five principles laid out in the CIPFA statement.

**Undertaking the core functions of an audit committee as defined in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

As discussed above the Council's Audit Committee operates to agreed terms of reference, which define its functions and responsibilities. These are published in the Constitution.

For the municipal year 2015/16, the responsibilities of the Audit Committee will be merged with the Standards Committee and a new Audit and Standards Committee formed. The fundamental terms of reference in relation to governance matters are consistent with the current arrangements.

**Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful**

Key compliance roles are played by the Monitoring Officer and Assistant Chief Executive. All reports with legal or financial implications are checked by a member of the legal and finance teams, and those with the most significant implications are checked by the Monitoring Officer and the Assistant Chief Executive.

The Council has improved its resilience through its internal audit function being provided by the County Council. A programme of risk based audits is carried out by the Risk and Assurance Service and a summary of work and the detail of unsatisfactory audits are reported to the Audit Committee.

**Whistleblowing and receiving and investigating complaints from the public**

The Council has a whistleblowing code that has been benchmarked against the best practice recommended by Public Concern at Work. This is publicised throughout Elizabeth House. A confidential register of complaints received and their outcome is held by the Monitoring Officer and an annual report is considered by the Standards Committee, any such reports during 2015/16 will be considered by the Audit & Standards Committee.

Complaints from members of the public are addressed according to the corporate complaints procedure and a summary of complaints made to the Ombudsman are reported to the Standards Committee, any such reports during 2015/16 will be considered by the Audit & Standards Committee.

**Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

Although no longer in existence the Council performs to the standards of the West Midlands Local Government Association Member Charter as a reflection of the high quality of training. Each member undergoes an induction programme and there is a programme of training structured to meet member needs in their different roles.

The Chief Executive receives an appraisal from a cross party member panel. All of the Heads of Service (except the Head of Legal and Democratic Services) receive appraisals from the Assistant Chief Executive which set out their development needs for the forthcoming year. Key training needs are set out in the corporate Training Plan.

The Chief Executive undertakes the annual appraisal for the Assistant Chief Executive and the Head of Legal and Democratic Services.

**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The Council has mapped its stakeholders and forms of consultation through the Community Engagement Strategy. The Council also runs specific consultation programmes to ascertain the views of residents and the business sector, and targeted consultation programmes on matters such as tourism.

Structured engagement is undertaken through the Community Fora. In 2013/14 the Council has withdrawn support for the Local Strategic Partnership. The Council continues to support the development of the Health and Wellbeing agenda within the district and county, and is represented on the County board.

The Council also has a Forward Plan, which complies with the legal requirements, that allows interested parties to express views on Key Decisions. The arrangements were reviewed as a result of the legislation implemented by Central Government in September 2013.

**Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements**

Any partnership that involves a financial commitment or a formal decision making arrangement is reviewed by legal and financial officers, and any proposal to delegate decision making is reported to the Leader of the Council (in his report to Annual Council) or the Cabinet. However the Council does not apply the Audit Commission guidelines in their entirety and further consideration is needed as to whether this is feasible within the resources available to the Council.

**4. Review of Effectiveness**

The Council has responsibility for conducting at least annually a review of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the members of the Management Team who have responsibility for the development and maintenance of the governance environment, internal audit reports and reports from the external auditor and other review agencies and inspectorates.

The review of effectiveness was co-ordinated by the members of the Management Team who assessed the following:

- (i) The approach of the Council to establishing its principal statutory obligations and organisational objectives;
- (ii) The approach of the Council to identifying principal risks to the achievement of those obligations and objectives;
- (iii) The key control frameworks that the Council has in place to manage its principal risks;
- (iv) The results of external and internal audits and inspections;
- (v) Identified areas of weakness stemming from the above analysis.

In carrying out their review the management team considered the following:

- (1) Internal Audit reports for 2014/15 with a 'limited' opinion (there were none in the year)
- (2) Annual Audit Letter 2013/14 (November 2014)
- (3) Strategic Risk Register
- (4) Emerging Corporate Strategy
- (5) Major Change Initiatives

## **5. Analysis**

At its meeting in September 2014 the Audit Committee considered an updated Annual Governance Statement for 2013/14. This identified areas for improvement in regards to governance matters which needed to be addressed during 2014/15. As part of producing the 2014/15 governance statement these areas of improvement have been reassessed. Where addressed these areas can be removed from the annual governance statement. Any issues which are still valid are carried forward and included within the draft statement for 2014/15

### **a) Issues Removed from the Annual Governance Statement**

#### Development of Corporate Strategy

At the meeting of Council on 23 February 2015 the new Corporate Strategy covering the period 2015/19 was approved. This strategy included a fully costed action plan which was incorporated into the Medium Term Financial Plan which was approved at the same meeting. The implementation of the Strategy will be monitored by the Cabinet during the year and an action plan for 2016/17 will be considered alongside the budget process for the same year.

#### Internal Governance Review

The review has been completed and Council has approved the revised constitution. It will be necessary to review the implementation of the new constitution in the next year, and when appropriate consider the financial regulations, however, the fundamental review has been completed.

#### Emergence of Unauthorised Gypsy and Traveller Sites

Although there are outstanding issues within the Core Strategy to be addressed in relation to Gypsy and Traveller sites, during the last year there has been very little enforcement action required and therefore this issue can be removed from the Annual Governance Statement.

## b) New Issues

There are new issues to address identified in the plan. Further details are set out in the draft statement in relation to:

- Review of the Strategic Vision for Shared Working;
- Determining approach to Combined Authorities and,
- Transfer of Greig Site to Council Ownership.

## c) Emerging Issues

There are a number of emerging issues which are not sufficiently developed for the Council to determine the extent to which they represent areas for improvement in governance. These are:

### Financial Management System

A replacement Financial Management System has been procured in partnership with Cherwell District Council and South Northamptonshire Council. Funding for the joint system has been secured from DCLG through the Transformation Challenge Award for 2014/15. The implementation date for Stratford on Avon District Council will be 1 October 2015, and for the other two authorities 1 April 2016. A project board has been established to oversee the implementation of the system with the Chief Executive at Stratford being the overall project sponsor.

### Financing of Local Government

The Council has seen a reduction of over 50% of the funding which it receives from central government over the last four years. The Council has moved quickly to make necessary reductions in expenditure, which were identified as part of the Spending Review 2013 which place even greater pressure upon the on-going sustainability of the Council, this will be reviewed following the budget announced for July 2015. The development of the Finance and Service Planning process and necessary decisions will be made in line with the agreed budget procedures.

## d) Litigation

The Council settled a high value legal dispute with Orbit Heart of England. This issue had been of significance to the Council due to the potential eventual legal costs that could be associated with full trial and any award of damages. This issue was resolved at the end of June 2014, other than this note there is no need to reflect this issue within the Annual Governance Statement for 2014/15.

## 6. 2014/15 Governance Issues

Issues to Address	Plans and Progress	Responsible
<b>(i) Development of Core Strategy</b>		<b>Chief Executive</b>
The Council submitted the draft Core Strategy to the Planning Inspector in September 2014. An examination in public (EIP) was undertaken during January 2015. The draft report produced by the inspector following the EIP identified that	It was originally hoped that the Core Strategy could be approved by Council in July 2015. Due to the inspectors report there will be a delay. Further reports are expected in June/July 2015 that identifies the revised timetable of activity. This timetable will include a target date for the overall adoption	

Issues to Address	Plans and Progress	Responsible
<p>further work was required in a few areas including most significantly a re-evaluation in relation to overall Housing Need to support economic growth and a review of the evidence in relation to the Sustainability Appraisals for potential new settlement(s).</p>		
<p><b>(ii) Impact of Planning Appeals</b></p>		<p><b>Management Team</b></p>
<p>Following the delay in the approval of the Core Strategy and in the absence of an approved document and a five year supply of housing (as required by the NPPF) the Council has had difficulty in defending planning appeals. During the last year the Council spent £734,000 on external legal support and costs awarded against the Council amount to £85,750.</p>	<p>It is recognised that the Council has a responsibility to identify valid planning reasons for refusal (if appropriate) of planning applications that meet the national criteria for sustainable development.</p> <p>A Cabinet sub-Group has reviewed the situation and is continuing to meet to help ensure that the Council makes reasonable decisions thereby ensuring costs are not awarded against the Council.</p> <p>The amount of costs awarded against the Council has reduced to £85,750 in 2014/15 against the £459,818 in 2013/14.</p>	
<p><b>(iii) Impact of Welfare Reform</b></p>		<p><b>Head of Housing and Enterprise</b></p>
<p>The Government is committed to reforming the welfare system including issues such as the under occupation charge, Universal Credit and Council Tax Reduction scheme.</p>	<p>This area will continue to remain under review. The Head of Enterprise, Housing and Revenues is monitoring the position and reporting regularly to the Management Team. Particular attention will be paid to announcements expected on reform over the coming months.</p>	



Issues to Address	Plans and Progress	Responsible
<b>(iv) Review of Strategic Vision for Shared Services</b>		<b>Chief Executive</b>
Proposals for establishing the vision for developing shared services were prepared and presented to Council in December 2014. Whilst Cherwell and South Northamptonshire approved further investigations on establishing Local Authority Trading companies, Stratford did not make a decision in this area	<p>Following consideration of a Task &amp; Finish Group a number of recommendations on this issue have been approved by Council;</p> <ul style="list-style-type: none"> <li>(1) Council should make a decision on this issue as soon as possible following the elections;</li> <li>(2) Briefings be made available to Councillors before Cabinet/Council consideration;</li> <li>(3) Alternative solutions to provide savings be considered alongside the proposals</li> </ul> <p>Council has approved that consideration of the approach be undertaken by Council on 20 July 2015.</p>	
<b>(v) Determining approach to Combined Authorities and Devolution</b>		<b>Chief Executive</b>
Examine opportunities for the development of an Economic Prosperity Board or a Combined Authority.	The Council will continue to work with the Local Enterprise Partnership and partner local authorities in reviewing the options available to the Council and agree a preferred strategic approach.	
<b>(vi) Transfer of Greig Site to Council Ownership</b>		<b>Assistant Chief Executive</b>
Following a decision by Cabinet to seek the managed transfer of the site to Council ownership the Council has been working closely with the Greig Trustees. Should an orderly transfer prove not possible to deliver the Council will be required to enforce a charge on the site.	Decision pending from the Greig Centre Trustees, however, Council will be forced to take legal action to recover charge if decision not made by Trust. £57,000 of support has been paid to date, however, no further payments will be made until progress towards the transfer is achieved.	

**7. Conclusion**

It is proposed 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 as part of our next annual review.

**Signed**.....

Cllr Chris Saint, Leader of the Council

**Signed**.....

Paul Lankester, Chief Executive