

**Stratford-on-Avon District Council**  
**Annual Governance Statement 2013/14**

**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 2014.

**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 review of the Corporate Strategy that was approved by full Council on 28 February 2011.

During 2013/14 the Council has further developed its Performance Management arrangements to ensure that the items of the most strategic importance and can measure the delivery of the aims and objectives are monitored. These new arrangements will be implemented during the coming year.

### **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**

The 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 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) and the corporate strategy has been reviewed in accordance with the finance available over the period of the MTFS. 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. In addition, 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 Committee and the document is fully reviewed every three years. The constitution was amended in May 2012 to take account of the split Audit Committee into separate committees. The Audit Committees Terms of Reference were considered and adopted by the Council AGM on 16 May 2012.

A detailed review of the constitution is currently being undertaken to coincide with the change in electoral arrangements to all out elections and reduction in Council size in May 2015.

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

The Council has set out in 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.

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.

**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.

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.

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

The Council holds 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. During the last year 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.

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. (Nb. These Regulations may be subject to further change in June 2014.)

### **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 evaluation team considered the following:

- (1) Internal Audit reports for 2013/14 with a 'limited' opinion (there were none in the year)
- (2) Annual Audit Letter 2012/13 (November 2013)
- (3) Strategic Risk Register
- (4) Emerging service plans
- (5) Major Change Initiatives

#### **5. Analysis**

At November 2013 meeting the Audit Committee considered an update report on progress against the 2012/13 governance statement areas of improvement. As the process is an annual one, the draft statement for 2013/14 has involved a review of the existing areas for improvement, removal of those where the issues have been addressed, the carry forward of those that require improvement and the identification of new issues. The 2012/13 action plan is appended to this report so that the Audit Committee can cross reference the proposed changes (Appendix 2).

##### **a) Issues Removed from the Action Plan**

###### Core Strategy

At the meeting of Council on 19 May the Submission Core Strategy was approved. This is a significant step in the overall approval of the Core Strategy and will now lead to a period of statutory representation. Sufficient progress has been made in relation to this item to suggest its

removal from the Action Plan, however, it is accepted that there remains further work before the Strategy is finally adopted.

#### Electoral Review of Stratford on Avon

The proposals in relation to the review for Stratford on Avon have now been finalised by the Local Government Boundary Commission for England. The proposals result in a reduction from the current 53 councillors to 36. These proposals are subject to parliamentary approval with is expected to be gained in the coming months. All out elections will be held in May 2015. This issue can therefore be removed from the action, however, a governance review is in the process of being undertaken and is included within the proposed action plan for the coming year.

#### Implementation of a Sourcing Strategy/Shared Service

The Council has entered into a shared service for the provision of ICT services across Cherwell District Council, South Northamptonshire Council and Stratford on Avon District Council. Council has also approved the policy position that Stratford is committed to developing and implementing shared services with these two authorities. A review is being undertaken in examining how such joint working opportunities can be maximised and expedited. It is expected that the result of this review will be presented to Council in July 2014.

In addition the Council has entered into an arrangement to share management of ICT with South Staffordshire DC for a period of one year.

#### Information Governance

During 2012/13 the Council received an internal audit report, which concluded that there was only "limited" assurance in relation to the Council's arrangements for Information Governance. During the last year there have been significant improvements in the internal arrangements and policies. This area was re-considered by the internal audit section, who have now concluded that there is now "substantial" assurance of the arrangements. This item can now be removed from the action plan.

#### Partnership Governance

The Council has reviewed the partnerships, which it has the capacity to support. During the last year the Council has withdrawn from the Stratford District Partnership as a result of the abolition of the fundamental reasons for the existence of this group. However, the Council is refocusing resources on engaging at a local and county level with the Health and Wellbeing agenda to ensure that the interests of the Council and its communities are delivered.

#### Performance Management

Following significant discussions with senior councillors, including the Cabinet, the internal arrangements for Performance Management have been amended during the last year. There are now agreed measures in place, which are regularly reported to Cabinet/Portfolio Holder and Management Team. Such reports are focussed upon the audience to ensure that the right individuals receive the level of information required in order for them to fulfil their roles effectively.

### **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:

- Stratford on Avon Governance Review; and,

- Development of new Corporate Strategy 2015-2019

### 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

Failing to secure a robust and reliable finance system, either a new system or an upgrade to a new version of the current system is likely to lead to potential service failures, not least in the provision of reliable and appropriate financial information. In this area work is progressing on jointly procuring a financial system in partnership with Cherwell and South Northamptonshire Councils.

#### Financing of Local Government

The Council has seen a reduction of almost 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. The position will be reviewed as part of the Finance and Service Planning process and necessary decisions will be made in line with the agreed budget procedures.

### d) **Litigation**

The Council has recently 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 July 2014, whilst it is acknowledged that the settlement is post the balance sheet date, given the scale of the issue the accounts reflect the settlement position and therefore other than this note there is no need to reflect this issue within the Annual Governance Statement for 2013/14.

## 6. **2013/14 Governance Issues**

<b>Issues to Address</b>	<b>Plans and Progress</b>	<b>Responsible</b>
<b>(i) Emergence of Unauthorised Gypsy and Traveller Sites</b>		<b>Paul Lankester</b>
A number of sites across the district have been purchased by Gypsy and Traveller families and some have become occupied as Gypsy Traveller sites without the benefit of planning permission. The Council has taken enforcement action against these sites and this has included injunction action where intelligence has been	This area will now be addressed following the approval of the Submission Core Strategy. The plan is to submit the Gypsy and Traveller Site Allocations Development Plan Document in January 2015 and commence its independent examination in February 2015.	

Issues to Address	Plans and Progress	Responsible
received indicating the likelihood of imminent occupation.		
<b>(ii) Impact of Planning Appeals</b>		<b>Management Team</b>
It is accepted that Council has approved the Submission Core Strategy. However, 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 almost £700,000 on external legal support and costs awarded against the Council.	Progress has been made in relation to planning appeals. However, 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.  Members and officers must ensure the Council makes reasonable decisions thereby ensuring costs are not awarded against the Council.	
<b>(iii) Impact of Welfare Reform</b>		<b>Dave Webb</b>
The Government is committed to reforming the welfare system including issues such as the under occupation charge, Universal Credit and Council Tax Reduction scheme.	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.	
<b>(iv) Internal Governance Review</b>		<b>Monitoring Officer</b>
A review of the Council's Constitution and Committee structure is required following the final recommendations decision from the Local Governance Boundary Commission for England in relation to the Electoral review for Stratford on Avon	An internal group has been formed chaired by the Leader of the Council and facilitated by the Monitoring officer. The group is scheduled to make recommendations to the last meeting of the current Council in April 2015 for these to be subsequently recommended to the first meeting of the new Council in May 2015.	
<b>(v) Development of a new Corporate Strategy 2015-2019</b>		
The current Corporate Strategy ends in 2015. Work has commenced on developing proposals for a replacement Corporate	Initial workshops have been held informally with the Cabinet in order to initially prioritise the areas of consideration within the new strategy.	

Issues to Address	Plans and Progress	Responsible
Strategy, which would be recommended to the new Council.	It is expected that a draft Corporate Strategy will be consulted upon during the summer of 2014, for it to subsequently inform resource allocations in 2015.	

**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