

Stratford-on-Avon District Council Annual Governance Statement 2012/13

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*. This statement explains how the Council has complied with the code and it also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, (as amended) 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 2013.

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 2012/13 the Council 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. 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 Heads of Service 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 Heads of Service, and overseen by Portfolio Holders with performance reports produced for 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 each Head of Service 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 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 Committee's Terms of Reference were considered and adopted by the Council AGM on 16 May 2012.

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 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.

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 and Ethics 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 and Ethics Committee.

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

The Council holds the LGA 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. All Heads of Service receive appraisals from the Chief Executive which set out their development needs for the forthcoming year. Key training needs are set out in the corporate Training Plan.

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.

The Council also has a Forward Plan that allows interested parties to express views on Key Decisions.

Incorporating good governance arrangements in respect of partnerships and other groups 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 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. A review of partnership arrangements will be included in the work programme for 2013/14.

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 Heads of Service 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 Heads of Service 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 2012/13 with a 'limited' opinion
- (2) Annual Audit Letter 2011/12 (November 2012)
- (3) Strategic Risk Register
- (4) Emerging service plans

5. Analysis

At November 2012 meeting the Committee considered an update report on progress against the 2011/12 Governance Statement areas of improvement. As the process is an annual one, the draft statement for 2012/13 has involved a review of the existing areas of improvement, removal of those where the weaknesses have been addressed, the carry forward of those that require improvement and the identification of new issues. The 2011/12 action plan is appended to this report so that the committee can cross reference the proposed changes (Appendix 2).

a) Issues Removed from the Action Plan

Parking Services

This service has been the subject of two "limited" audit opinions in the last two years. However, during 2012/13 significant improvements to the control environment have been implemented along with improvements in reconciliation procedures. Although still an extremely important issue the improvements mean that it can now be removed from this action plan.

Audit of Accounts – Housing Benefits

There have been improvements in relation to the performance of the service with new performance indicators being implemented with a view of ensuring that claims are processed "right first time". Although the Benefits claim for 2011/12 was still qualified there were no major issues of concern and the sums of money involved were modest.

Robustness of Business Continuity Arrangements

Following a review of the arrangements it was found that the procedures related to previous structures and were out of date. An updated plan was approved by Management Team in July 2012 with on-going work to ensure that all operational plans are updated. A full ICT system restore has been undertaken to check the Council's procedures are effective.

Section 106 Funding

New arrangements for the management and implementation of section 106 agreements were considered by the The Cabinet at its meeting on 16 July 2012. Ward members are now far more involved within the process to

ensure that local priorities are met. These arrangements seem to be working effectively and therefore can now be removed from the action plan

Development of Middle Management

Following the review and the de-layering of the Council a number of specific and mandatory training areas have been identified for the middle managers with increased responsibilities. Such courses have been included within the overall training programme and cover issues such as report writing, budget management, and Political Awareness and commissioning skills.

Asset Management Strategy

It was recognised within last year's action plan that a revised Asset Management Strategy was required for the Council to ensure that the land and property holdings were managed effectively. A revised strategy was considered and approved by Cabinet on 16 July 2012, and is now being adhered to.

Treatment of Capital Assets in Sourcing Strategy

This issue will be reviewed on a case by case basis. In the first instance the Council's support services are being considered for shared service opportunities which do not have significant Capital Asset implications. In relation to the major activities of Refuse, Recycling and Street Cleansing, the Council does not maintain the capital assets in these areas. It is therefore recommended that this item is removed from the action plan for 2012/13.

b) New Issues

There are new areas for improvement identified in the plan. Further details are set out in the draft statement, in relation to:

- Performance Management arrangements;
- Information Governance Policy and Procedures;
- Electoral Review of Stratford-on-Avon District
- Impact of Welfare Reform

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:

Claim from Orbit

As is reported within the Financial Statements the Council is facing legal action from Orbit Housing Association in relation to a dispute relating to the alleged condition of the housing stock at the time of the Large Scale Voluntary Transfer in 1996. The Council continues to contest liability and will vigorously defend its position against such action. The Council has resourced this issue and will regularly report back on progress.

Financing of Local Government

The Council has seen a reduction of around 37% of the funding which it receives from central Government over the last three years. The Council has moved quickly to make necessary reductions in expenditure, however, it is anticipated that the Spending Review 2013 will 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.

6. 2012/13 Governance Statement

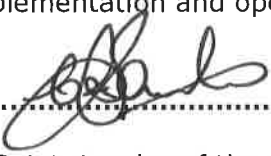
Issues to Address	Plans and Progress	Responsible
(i) Core Strategy		Paul Lankester
<p>It is recognised that there have been significant delays in the progress made relating to the development of the Core Strategy. This has been affected by a number of external issues such as the Shottery appeal, along with internal issues surrounding staffing issues for the function. It was previously expected that the submission would be scheduled for November 2012; however, this deadline was not achieved.</p>	<p>Additional resources for the function were allowed within the 2013/14 Budget. Additional evidence has been obtained to support Housing numbers and Council at its meeting on 15 May 2013, approved a number of key recommendations. A new timetable was also endorsed at that meeting which identifies that Council will be asked to approve the draft submission of the Core Strategy in July 2013, with the overall adoption now expected in November 2014.</p>	
(ii) Electoral Review of Stratford-on-Avon		Paul Lankester
<p>At the meeting of Council on 17 December 2012 it was agreed that the Local Government Boundary Commission for England (LGBCE) be requested to undertake a review based upon:</p> <ul style="list-style-type: none"> • All out elections in 2015; • A reduction to 35-40 Councillors; and • Move towards single member wards of around 2,500 electors 	<p>At the meeting of Council on 25 February 2013 it was agreed that the actual number of Councillors should be 36, the position which was endorsed by the LGBCE following consultation. During the coming year there will be further consultation from the LGBCE in relation to specific ward boundaries with final recommendations being published by March 2014</p>	
(iii) Emergence of Unauthorised Gypsy and Traveller Sites		Paul Lankester
<p>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</p>	<p>This item was included within the action plan for 2011/12 and has been the subject of significant debate within the Council. The Council's guidance note still remains in place and consultation on the draft Gypsy and Traveller Policy in the draft Core Strategy</p>	

Issues to Address	Plans and Progress	Responsible
<p>permission. The Council has taken enforcement action against these sites and this has included injunction action where intelligence has been received indicating the likelihood of imminent occupation.</p>	<p>was undertaken last year. A revised timetable for the development of the Gypsy and Traveller Site Allocations Development Plan Document (DPD) was approved at Council on 15 May 2013. This identifies that further consultation will be undertaken during 2013/14, with the adoption now planned for December 2014.</p>	
<p>(iv) Impact of Welfare Reform</p>		<p>Dave Webb</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>The Council will continue to monitor the position. In relation to Universal Credit this is likely to commence implementation in SDC during 2014. The Cabinet will consider its position and proposals in relation to the Council Tax Reduction Scheme at the meeting scheduled in July 2013.</p>	
<p>(v) Implementation of a Sourcing Strategy/Shared Services</p>		<p>Cabinet/ Management Team</p>
<p>The Council has a commitment to pursuing a sourcing strategy including shared services. The success of the initiative will require co-ordinated effort from members and officers.</p>	<p>The annual progress report will be presented to the meeting of The Cabinet on 17 June 2013. During the last year significant procurement gains have been achieved by joint exercises with Cherwell and South Northants Councils. Detailed business cases will be investigated for a range of shared service proposals including legal and ICT in 2013/14.</p>	
<p>(vi) Information Governance</p>		<p>David Buckland & Tony Perks</p>
<p>During 2012/13 an internal audit report concluded that there was only "limited" assurance in this area. There were significant issues in relation to the compliance with the Information Governance Policy and security of the building.</p>	<p>The deficiencies identified within the audit were accepted and immediate action implemented. The policy itself is being re-written and improvements in the internal security arrangements implemented. Further "test" of policy will be undertaken during 2013/14 to assess level of compliance.</p>	
<p>(vii) Partnership Governance</p>		<p>David Buckland</p>
<p>The Council has not</p>	<p>During the last year the County</p>	

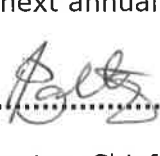
Issues to Address	Plans and Progress	Responsible
<p>implemented all the Audit Commission standards on partnership governance and does not have a systematic framework of evaluation. This is an area that requires further consideration.</p> <p>Furthermore, the Council is now running at 50% of its senior management capacity from 2010/11. This will require the Council to have a more robust approach to determining the partnerships that it can realistically support and engage with by assessing their value added contribution to the work of the Council.</p>	<p>Council has reviewed its partnership arrangements and implemented efficiencies in this area. The Council is currently reviewing its own partnership arrangements including the Stratford District Partnership. The review will be concluded and the findings incorporated within the annual "State of the District" debate.</p>	
<p>(viii) Performance Management</p>		<p>Balvinder Heran</p>
<p>Implementation of revised Performance Management arrangements</p>	<p>Following the fundamental review of the Council's Performance Management arrangements proposals will be presented to the June 2013 Cabinet seeking approval for the performance measures and High Level Actions for services in 2013/14. Further investigation is also being undertaken on relation to the emerging Customer Satisfaction Index results which will be reported in the next few months.</p>	

7. Conclusion

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

Signed..........

Clr Chris Saint, Leader of the Council

Signed..........

Paul Lankester, Chief Executive

