

Stratford-on-Avon District Council
Annual Governance Statement 2019/20

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 that it is 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 must put in place proper arrangements for the governance of its affairs and facilitate the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared this Annual Governance Statement (AGS) in accordance with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, [2016 edition]. In doing so, the Council has had regard for seven key principles of good governance:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

A formal review in relation to the Council's compliance against of the CIIPFA/SOLACE framework was commenced during 2019/20 and is due to report to the Audit & Standards Committee on 23 November 2020. This review concludes that the Council has achieved significant progress and has been awarded a "substantial" opinion.

2. COVID-19

Towards the end of the 2019/20 reporting period relating to this AGS, the Council was required to initiate an emergency response to the COVID-19 pandemic. By necessity, this involved significant changes and disruption to the way the Council's services are normally delivered. Some services were suspended, others have been under immense strain due to increased demand, and some new services have been established with pace and urgency to respond to the needs of our citizens, communities and businesses in need.

As a direct result of this, changes to existing strategic and operational governance arrangements, along with some new governance arrangements, have been deployed as part of our response. This has included special and robust measures to support proper decision making and continued democratic accountability. A number of aspects of the impact of our response to COVID-19 are, therefore, reflected in this AGS.

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The global pandemic was declared on 11 March 2020 by the World Health Organisation, and England went into lockdown, with severe restrictions, on 23 March 2020. As a result there was very little impact in 2019/20, but there are significant implications for 2020/21.

Following lockdown, it was no longer appropriate to hold meetings, however, all Cabinet meetings up to the end of March were held as scheduled. An extraordinary meeting of Council was held on 26 March 2020 to remove the executive decision-making delegations to Cabinet, and allow the Leader of the Council to make such decisions on behalf of the Council, and the postponement of Cabinet meetings. The decisions made by the Leader were based on formal reports, were logged and published.

The regulations in place at the start of lockdown meant that members had to be physically present and meetings were required to attend to take part in the debate, and make decisions. The revised regulations to permit virtual meetings were not in place until May 2020. A further extraordinary Council was held on 27 May 2020 to adopt the principles contained in the Coronavirus Act 2020 to allow virtual meetings of all Council Committees and Council itself.

In order to support the local area, the Council paid grants, on behalf of the Government, of over £38m to those businesses that were forced to close during lockdown. These payments were made under direction of the Government, where speed of payments was the essence, indeed league tables were produced on this basis. These payments did not comply with the Council's financial procedures, but these were superseded by Government guidelines.

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3. CIPFA Better Governance Forum Briefing Note - 7 April 2020

This AGS has been completed in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This guidance specifically relates to the composition of an AGS in relation to the pressures that councils are facing as a result of the coronavirus pandemic. Succinctly, the Briefing Note advises the following:

- Conducting an annual review of effectiveness may not be possible so use existing reports, assessments and knowledge.
- The Chief Audit Executive's (CAE) annual audit opinion may be delayed but should be completed and considered before the final publication of the AGS.
- Be clear about any limitations of assurance.
- The AGS assesses governance in place for 2019/20, so the majority of the year will be unaffected by COVID-19, the impact commencing mid-March. It needs to be ensured, however, that the AGS is current at the time of publication. The impact on governance as a result of COVID-19, therefore, needs to be considered up to the date of final publication.
- English authorities should sign off their draft accounts by 31 August, instead of 31 May. The draft AGS should be produced at the same time.
- The date for final publication of the accounts and the AGS has been put back to 30 November.
- Lessons learnt may be a significant governance issue, particularly if this exercise has not been completed by the date of final publication.

In light of the advice given within this Briefing Note, it was suggested that an interim (draft) AGS be produced alongside the Council's Statement of Accounts. Between the interim and the final AGS, a full review of the document should be undertaken. During that period, the Council's direction of travel in relation to the recovery phase of COVID-19 would be established.

The pandemic has developed, however, and a second wave has hit the UK. Several areas of the country have had to establish "local lockdowns" and a second national lockdown was announced from 5 November to 2 December. As a result, neither a local nor a national recovery programme have been established. The AGS has been prepared as late as possible prior to the audit completion to take account of the latest implications of COVID-19.

4. 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 a continuous 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 arising and the impact should they be realised and, in that case, to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2020.

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5. The Governance Framework

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

The Council's vision was reviewed during 2019 and approved by The Cabinet on 7 October 2019. The following vision was approved:

In 2030 we want Stratford-on-Avon District to....

...be well-known internationally for the culture, heritage and countryside across the District, and for the quality of its visitor experience, as well as for being Shakespeare's birthplace.

...have used its international reputation to support and sustain the development of future technologies and innovative businesses of all sizes.

...be one of the UK's first carbon-neutral districts supporting zero carbon innovation, technology and construction and be at the forefront of climate change adaptation.

...benefit from the most advanced connectivity and accessibility across the District (including the best possible communications infrastructure) and an integrated transport system with excellent links to Birmingham, Oxford and London.

...enable all its residents to live safe and healthy lives, work, raise children and grow old in an excellent District for leisure, education and sport.

...have high quality, appropriate and affordable housing across the District.

In 2030 we want local government in Stratford-on-Avon to....

...put residents and communities across the District at the heart of what it does: providing high quality services in innovative ways, seizing opportunities and addressing challenges facing the District.

...have achieved long-term financial sustainability.

...make better use of technology to underpin new ways of working and new relationships with residents, businesses and local institutions.

...drive partnerships across all sectors and deliver seamless services with its local government partners.

Reviewing the Council's vision and its implications for the Council's governance arrangements

The Council adopted a corporate governance code based on the CIPFA/SOLACE model in 2012. This was reviewed by Internal Audit against the 2016 edition and improvements implemented.

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

A detailed Performance Management Framework and Council Plan Year 1 Tasks were approved at The Cabinet on 9 March 2020. Less than two weeks later, however, the country was placed in national lockdown. The full implications of this are still to be established, but there is no doubt that a full review of the Council Plan and the annual tasks will be required in 2021.

The Council has a Medium Term Financial Strategy (MTFS) which is reviewed annually. This Strategy was approved in February 2020 allowing for the new Council Plan to ensure that the resource requirements were fully identified and incorporated into the financial plan. This is currently being reviewed through the budget process to produce the 2021/22 budget and a MTFS through to March 2026. This will inevitably inform the review of the Council Plan in 2021 as the level of resources and finance available is established.

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 The Cabinet and the Council, are set out in the Council's Constitution. The Council has 36 Councillors who were elected on 2 May 2019 for four years.

Under the current arrangements, 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 with supervision from the Audit and Standards Committee. The document is fully reviewed every three years.

The Council's Constitution is under on-going review by the Council's Monitoring Officer, who seeks approval from Council for any necessary changes to keep the document up to date..

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. A revised code of conduct was approved by Council during 2018/19. 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.

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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 and Standards Committee. The financial regulations have not been amended as part of the current review of the Constitution.

A risk management framework has been established. In the last year it has been supplemented by expert advice from Warwickshire 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. This is periodically reviewed by the Management Team.

Ensuring the Council'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 Interim Head of Resources & Transformation, 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 referred to above, the Council's Audit and Standards Committee operates to agree terms of reference which define its functions and responsibilities. These are published in the Constitution.

The Audit and Standards Committee's terms of reference in relation to governance matters are consistent with the arrangements outlined in the CIPFA guidance.

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 the s151 Officer. All reports with legal or financial implications are checked by a member of the legal and the finance teams. Those with the most significant implications are checked by the Monitoring Officer and the s151 Officer.

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

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Complaints from members of the public are addressed according to the corporate complaints procedure. A summary of complaints made to the Ombudsman are also reported to the Audit and 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 members' needs in their different roles.

Following a review in 2019, the Council's structure moved from two Executive Directors for the organisation to a Chief Executive and a Deputy Chief Executive and five Heads of Service.

For 2019/20 the Chief Executive received an appraisal from a member panel. All of the Heads of Service receive appraisals from the Deputy 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 conducts specific consultation programmes to ascertain the views of a samples of residents and from the local business sector. Targeted consultation programmes are conducted on selected matters such as tourism.

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 the 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 Council's overall governance arrangements

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

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6. 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 has been 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 its review, the Management Team considered the following:

- (1) Internal Audit reports for 2019/20 with a 'limited' opinion;
- (2) Annual Audit Letter 2018/19;
- (3) Strategic Risk Register;
- (4) Corporate Strategy Priorities;
- (5) Major Change Initiatives.

7. Analysis

At its meeting in June 2019 the Audit and Standards Committee considered the Annual Governance Statement for 2018/19. This identified areas for improvement with regard to governance matters which needed to be addressed during the following year. As part of producing the 2019/20 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 2020/21.

a) Issues Removed from the AGS

Implementation of Peer Challenge Findings

The Council has implemented the findings of this review. A fully funded, sustainable Medium Term Financial Strategy and a revised Council Plan for 2019 – 2023 have been developed and approved.

Executive Director (Head of Paid Service) Recruitment

This has been revised and a new management structure has been approved by the Council: A Chief Executive, Deputy Chief Executive and five Heads of Service are now in place.

Induction of New Councillors

Councillor Code of Conduct training sessions took place for all councillors shortly after the all-out elections in May 2019. A training video dealing with the Code of Conduct has also been produced and is accessible via YouTube. General guidance on the Code, including practical examples, is also available to all members.

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Review into Allegations of Sexism

The external investigation into allegations of sexism found that two councillors had breached the Code of Conduct. Both councillors accepted the findings and agreed to undertake specialist training which has since been delivered. To address concerns of a wider culture of sexism, the Council arranged a series of equality, diversity and inclusion training sessions for all staff and councillors, which has now been completed. The Council has also established an officer/member group, the role of which is to champion these values across the Council.

Our ambition is that the Council becomes the most inclusive local authority employer in the UK. To achieve this we will create a welcoming, inclusive workplace where we are all able to bring our whole selves to work and perform at our best. Trust, integrity, approachability and adaptability will be encouraged and valued.

Resolution of the Alcester Greig Centre Litigation

The litigation relating to the Greig Centre has been resolved. The Council now has ownership of the site and the leisure centre has now re-opened as part of the Council's leisure provision. The Greig Hall will shortly be let on a long term basis to Alcester Town Council that will run the Hall as a community facility.

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:

- Development of a sustainable Medium Term Financial Strategy following the pandemic;
- Review of the Council Plan Tasks following the pandemic;
- Pursue the joint working agenda with Warwick District Council.

c) Emerging Issues

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

Financing of Local Government

It was expected that a Comprehensive Spending Review covering a four year period would be conducted by the Government with the results informing the level of financial support that would be provided to local government. Due in the main to parliamentary time concentrating on the UK exit from the European Union, little progress has been made in this area. Whilst the Council has responded to consultation papers, it now appears evident that the Government will be only providing a one year settlement for 2020/21.

The Comprehensive Spending Review is expected to be postponed again in 2020, owing to the COVID-19 pandemic. This will mean a further one year settlement for 2021/22

Response to Internal Audit Reports

During 2018/19 there were "Limited" assurance internal audit reports in relation to procurement and car parking.

d) Litigation

There were no new significant litigation issues affecting the Council during 2019/20.

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8. 2019/20 Governance Issues

Issues to Address	Plans and Progress	Responsible
(i) Car Parking Function Audit		Head of Community & Operational Services
A further limited assurance audit was received in 2018/19 This will be subject to review again in 2019/20.	Disappointingly further areas of concern were identified in the audit undertaken during 2018/19. These findings have been fully implemented. The 2019/20 audit was postponed until 2020/21 and it will assess the revised service.	
(ii) Matters arising from the Procurement Audit		Head of Resources & Transformation
To implement the findings from the Procurement Audit which was undertaken during 2018/19	A number of specific recommendations have been identified as part of the review. Improvements have been implemented to address these concerns. A further audit will take place in 2020/21 to assess the improvements.	
(iii) Development of a Sustainable Medium Term Financial Strategy following the COVID-19 pandemic		Head of Resources & Transformation
To ensure that the Council maintains its stable financial position	The Council was forecast to use a significant proportion of its reserves in supporting the budget over the next five years. It is important that this position is addressed and that the Council can ensure that it is sustainable. This is particularly true following the COVID-19 pandemic which has exacerbated the problem, a review in 2020 for 2021/22 and 2021 for 2022/23 are required.	

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Issues to Address	Plans and Progress	Responsible
(iv) Review of the Council Plan following the COVID-19 pandemic		Chief Executive
The Council Plan Year 1 tasks for 2020/21 were approved in March 2020. Shortly before, the first national lockdown was announced.	Reassess the Council Plan Tasks in line with the revised Medium Term Financial Strategy and with the resources available to deliver the objectives.	
(v) Recovery following COVID-19 pandemic		Chief Executive
The Council needs to facilitate recovery following the pandemic.	The Council needs to facilitate recovery following the pandemic, both in terms of the Council itself, and also in terms of the local economy.	
(vi) Work with Warwick District Council on Joint Working and Local Government Review		Chief Executive
Pursue joint working initiatives with Warwick District Council and to prepare for the expected white paper in relation to devolution	The Council is committed to the development of joint working to maximise the use of resources and gain economies of scale. In addition, the Council has been working with all other Warwickshire District Councils to prepare an evidence base for wider local government review. Whilst the white paper has been delayed work is still progressing, this included commissioning a high-level options appraisal by Deloitte's	
(vii) Preserving ongoing aviation activity at Wellesbourne Mountford Airfield		Deputy Chief Executive
A priority within the Core Strategy is to maintain the ongoing aviation activity at the airfield.	The Council has made a strong commitment to retain aviation at Wellesbourne and, if necessary, to use CPO powers. A fund in excess of £1m has been made available to support this initiative.	

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9. 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. We will monitor their implementation and operation as part of our next annual review.



Signed.....
Councillor Tony Jefferson, Leader of the Council



Signed.....
David Buckland, Chief Executive