

Stratford-on-Avon District Council
Annual Governance Statement 2021/22

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 CIPFA/SOLACE framework was reported to the Audit & Standards Committee on 23 November 2020. That review concluded that the Council had achieved significant progress and it was awarded a "substantial" opinion.

2. COVID-19

Following the initial emergency responses in 2020/21 to the COVID-19 pandemic, Council services in 2021/22 continued to meet the challenges and their on-going effects.

Services continued to operate throughout the year. Some were under immense strain due to increased demand whilst others had to adapt to respond to the needs of our citizens, communities and businesses in need.

The new governance arrangements seen in 2020/21 and the regulations that allowed virtual meetings of all Council Committees ceased on 6 May 2021. All meetings since that date have required members to be physically present at meetings, to attend to take part in the debate and to make decisions.

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In order to support the local area, the Council continued to pay grants on behalf of the Government to businesses that were still affected by COVID-19 restrictions. These payments were made under the direction of the Government, where again, the speed of payments was imperative.

3. Joint Working with Warwick District Council

During 2021/22 the Council continued to work towards “creating a single statutory South Warwickshire Council covering all of the activities currently carried out by Stratford-on-Avon District Council and Warwick District Council by 1 April 2024” and as part of the process submitted a formal request in December 2021 to the Government seeking support of the merger.

The integration of services continued with the implementation of a joint Management Team working across both authorities in August 2021. Stratford’s legal service was engaged by Warwick to provide the legal service previously undertaken by Warwickshire County Council from the 1 April 2022. The new joint refuse contract was also awarded with a commencement date of 1 August 2022.

Following a disagreement surrounding the timing of additional due diligence in relation to the wholly owned Housing Company and Warwick DC and a wider review of finances, it was agreed between the two parties that the merger will not now go ahead. The two authorities continue to work collaboratively on a number of projects, including spatial planning and new waste arrangements. A number of shared arrangements, including Business Rates and Legal Services, will continue.

4. Energy Bills Rebate

In late 2021/22 the Government announced a package of support to help households with rising energy bills. This included a £150 non-repayable rebate for households in England for properties in council tax bands A to D, known as the Council Tax Rebate. Eligibility and the processing of payments was passed to the billing authorities.

5. Ukraine Conflict

February 2022 saw a major escalation of the war in the Ukraine with Russia. There have been global, financial and humanitarian consequences that have led to additional support being requested from councils in regard to Homes for Ukraine Scheme and help with new arrivals, including social housing and homelessness assistance.

6. 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 but 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 their impact should they be realised and, in that case, to manage them efficiently, effectively and economically.

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The governance framework has been in place at the Council for the year ended 31 March 2022.

7. The Governance Framework

Identifying and communicating the Council's vision of its purpose and intended outcomes for residents 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.

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

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The Performance Management Framework report presented to the Overview and Scrutiny Committee on 31 March 2021 considered the Measures and Monitoring arrangements for 2021/22. It presented the Council Plan Year 2 tasks, proposed key performance indicators and the monitoring arrangements for 2021/22. The Council Plan mid-year performance report was presented to The Cabinet in December 2021.

The Council has a Medium-Term Financial Strategy (MTFS) which is reviewed annually. This Strategy was approved in February 2021 allowing for the new Council Plan to ensure that the resource requirements were fully identified and incorporated into the financial plan. This was reviewed throughout 2021/22 and the budget process to produce the 2022/23 budget and a MTFS through to March 2027. This resulted in a review of the Council Plan for delivery in 2021/22. The result of this review was a delivery plan which is consistent with the level of resources and finance available. This plan was approved by The Cabinet on 12 April 2021 and endorsed by Council at its meeting on 19 April 2021.

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 to serve 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 reviewed fully 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 a code of conduct in the Constitution for members and officers together with a member/officer protocol that sets out the expected behaviours and responsibilities of both. All members are aware that the Monitoring Officer will provide advice as and when required. In April 2021 the Council formally adopted the Local Government Association Model Councillor Code of Conduct. This was revised on the 1 May 2022 having regard to the LGA Model Code which has its own LGA Guidance.

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

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The Constitution sets out how the Council operates, how decisions are made and the procedures to be 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)

From March 2021, the Head of Finance for Warwick District Council became a shared head of service covering both authorities, with the Interim Head of Resources & Transformation retiring. As the nominated Section 151 Officer, the Head of Finance 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 on the Role of the Chief Finance Officer, with the exception of responsibility for Asset Management. Under the new Head of Service arrangements with Warwick District Council, this fell under the remit of joint Head of Assets. The joint Head of Finance retired April 2022 and, with the subsequent dissolution of merger arrangements, the deputy s151 Officer employed by Stratford has taken this Interim Head of Resources role.

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

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

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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.

Complaints from members of the public are addressed according to the corporate complaints procedure. A summary of complaints made to the Local Government and Social Care 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.

The Council's structure for the organisation moved from a Chief Executive and a Deputy Chief Executive and five Heads of Service to a more integrated structure under the joint working arrangements. This created a Management Team during 2021/22 that consisted of two Chief Executives, two Deputy Chief Executives and twelve Heads of Service. Following the cessation of merger arrangements, the organisational structure has returned to the model that preceded joint working.

For 2021/22 the Chief Executive received an appraisal from a member panel. All of the Heads of Service received appraisals from the Deputy Chief Executive which set out their agreed 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 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 and allows interested parties to express their 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

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Any partnership that involves a financial commitment or a formal decision making arrangement is reviewed by the Council's 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 to 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.

8. Review of Effectiveness

The Council has responsibility for conducting a review of the governance framework at least annually, 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 2021/22 with a 'limited' opinion;
- (2) Strategic Risk Register;
- (3) Corporate Strategy Priorities;
- (4) Major Change Initiatives.

9. Analysis

At its meeting in July 2020, the Audit and Standards Committee considered the Annual Governance Statement for 2020/21. This identified areas for improvement with regard to governance matters which needed to be addressed during the following year. As part of producing the 2021/22 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 2022/23.

a) Issues identified in the 2020/21 Annual Governance Statement

The 2020/21 Annual Governance statement identified the following new issues to be addressed:

- Limited Procurement Audit;
- Development of a sustainable Medium Term Financial Strategy following the pandemic;
- Review of the Council Plan Tasks following the pandemic;
- Recovery following the pandemic;
- Work with Warwick District Council on Joint Working and Local Government Review;
- Preserving aviation activity at Wellesbourne Mountford Airfield.

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With the aftereffect of the pandemic continuing, items two to four of these issues continue to receive the priority attention of councillors and officers.

The joint work with Warwick District Council progressed throughout 2021/22. With the creation of the Joint Management Team from August 2021, and a Service Integration and Accommodation report considered by members in October 2021, a proposal to create a South Warwickshire District Council was presented to The Cabinet 9 December 2021.

c) Financing of Local Government

The Comprehensive Spending Review of Government spending, previously delayed due to lack of parliamentary time due to the Government having to concentrate on the UK's exit from the European Union, was again delayed due to the pandemic. As a consequence, local government has had one year Finance Settlements for 2019/20, 2020/21, 2021/22 and 2022/23. With one year settlements, there continues to be much uncertainty over future funding. This makes it very difficult to plan for the Council's finances. The Council's Medium Term financial Strategy is based on prudent assumptions.

Response to Internal Audit Reports

During 2021/22 there were two "Limited" assurance internal audit reports issued for Procurement and Business Continuity.

- Procurement was being addressed by the s151 Officer who had a procurement team at Warwick. Now that arrangement has ceased, an alternative approach needs to be established at Stratford.
- Business Continuity is being reviewed now that the merger has ceased. Since May 2022 there have been extensive reviews of Business Continuity Plans and Emergency planning.

d) Litigation

There were no new significant litigation issues affecting the Council during 2021/22.

10. 2021/22 Governance Issues

| Issues to Address | Plans and Progress | Responsible |
|--|--|---|
| (i) Matters arising from the Procurement Audit | | Chief Executive/ Management Team |
| Following the limited Procurement Audit which was undertaken during 2018/19, the service was audited during 2020/21, again with a limited assurance. A further Audit concluded in July 2021 also gave limited assurance. | Whilst work had commenced on creating a joint procurement team with Warwick DC to address the limited assurance audit issues, this work will now be undertaken independently during 2022/23. | |

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| Issues to Address | Plans and Progress | Responsible |
|--|---|---------------------------------|
| <p>(ii) Development of a Sustainable Medium Term Financial Strategy following the COVID-19 pandemic</p> | | <p>Head of Resources</p> |
| <p>To ensure that the Council maintains its stable financial position</p> | <p>The Council is 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. The MTFS and savings plan were updated as part of setting the 2022/23 Budget. The position needs to be closely monitored with potentially further savings agreed for future budgets as inflationary pressures increase costs in all areas of the Council's activities. Significant savings were forecast from the proposed merger with Warwick DC. Alternative savings will now be required to be identified in the subsequent budget process.</p> | |

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| Issues to Address | Plans and Progress | Responsible |
|---|---|------------------------|
| (iii) Review of the Council Plan following the COVID-19 pandemic | | Chief Executive |
| The Council Plan Year 2 tasks for 2021/22 were approved in March 2021 by Overview and Scrutiny Committee and subsequently reviewed as Mid-Year 2021/22 Performance Report at The Cabinet in December. | Reassess the Council Plan Tasks in line with the revised Medium Term Financial Strategy and with the resources available to deliver the objectives. The objectives will cover the period up to 30 September 2023 | |
| (iv) Recovery following COVID-19 pandemic | | Chief Executive |
| The Council needs to facilitate recovery following the pandemic. | <p>The Council established three workstreams to help assist with recovery as follows:</p> <ul style="list-style-type: none"> • Community – assessing the impact and support that the Community would require in recovering from the pandemic; • Council – understanding the implications for the Council including the financial impact and the changes required into the medium term; • Economic – understanding and supporting our local economy. This has led to bids under the Levelling Up Fund and also to securing funds from the CWLEP towards the Green | |

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| Issues to Address | Plans and Progress | Responsible |
|--|---|---|
| | Corridor project. The Council needs to facilitate recovery following the pandemic, both in terms of the Council itself, and also in terms of the local economy. | |
| (v) Implementing new Waste Collection arrangements | | Head of Environment and Operational Services |
| The Council will implement the new 123+ waste collection process on 1 August 2022. | The project is almost complete with the mobilisation of the new contract well underway. This is a joint contract with Warwick DC. SDC will manage the implementation and ongoing contract monitoring issues. | |
| (vi) Preserving ongoing aviation activity at Wellesbourne Mountford Airfield | | Deputy Chief Executive |
| As the airfield is of strategic importance from both an aviation and economic perspective, the Council included policies within the Core Strategy to retain this facility for the wider benefit of the District. | The Council and the owners of the Airfield signed a Memorandum of Understanding which ensures that aviation will continue at Wellesbourne Airfield whilst plans for the future enhancement of the facility are developed and discussed. | |
| (vii) Matters arising from the Business Continuity Audit limited assurance | | Chief Executive/ Management Team |
| During 2021/22 the Council received a limited assurance audit. Whilst plans have existed, they had not been tested. | All of the Council's Business Continuity Plans have now been reviewed. The Council is working on reasonable worst case planning scenarios surrounding possible cyber attacks and power outages as a priority. | |

| Issues to Address | Plans and Progress | Responsible |
|--|--|---|
| (viii) Preparations for all out elections May 2023 | | Chief Executive/ Management Team |
| Following the Local Government Boundary Commission for England's review, elections will be held in May 2023 on 39 electoral wards | The Council is in the process of recruiting for a replacement Democratic Services Manager. A full project plan will be implemented in the coming year to ensure that the elections are successful. | |
| (ix) Approach to the Management of Projects | | Deputy Chief Executive |
| The Council has an ambitious programme of projects. A resource has been created to ensure that these programmes receive professional project management support. | The Project Team has been established and the effectiveness of this team will be monitored throughout the year. | |

11. 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