

**Stratford-on-Avon District Council**  
**Annual Governance Statement 2022/23**

**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 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 support for businesses and residents continued into 2021/22. The work undertaken in 2022/23 mainly focused on the winding up of these schemes and the auditing and reconciliation of payments.

**3. Joint Working with Warwick District Council**

During 2021/22 the Council was working towards creating a single statutory South Warwickshire Council. By May 2022, political differences saw this full merger proposal come to an end.

The two authorities continue to work collaboratively on several projects, including spatial planning and new waste arrangements. A number of shared arrangements, including Business Rates and Legal Services, will continue.

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**4. Energy Bills Rebate**

In 2022/23 the Government announced further packages of support to help households with rising energy bills and the cost of living. This included an alternative fuel allowance of either £400 or £200 and up to £25 for households in arrears with Council Tax.

**5. Ukraine Conflict**

February 2022 saw the start 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. This conflict continued through 2022/23 exacerbating food and material shortages further fuelling inflation and deepening the cost of living crisis.

**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.

The governance framework has been in place at the Council for the year ended 31 March 2023.

**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.

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...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 against the 2016 edition and improvements implemented. The Code itself is a 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 Council's objectives and for ensuring they represent the best use of resources**

The Performance Management Framework 2022/23 was approved at The Cabinet on 18 July 2022. Due to the main discussions surrounding the proposed merger the work had originally been undertaken to review the Council Plan Actions needed to be revisited and a delay to approving the Actions was proposed. A report to The Cabinet in September presented the proposed Actions for 2022/23 and recognition that there will be review following the elections in May 2023.

The Council has a Medium-Term Financial Strategy (MTFS) which is reviewed annually. This Strategy was approved in February 2022 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 2022/23 and the budget process to produce the 2023/24 budget and a MTFS through to March 2028. This ensured that the Council Plan was financed in its final full year.

Service budgets are delegated to the relevant member of the Management Team with revenue monitoring being undertaken by The Cabinet.

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### **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 41 Councillors who were elected on 4 May 2023 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 oversight from the Audit and Standards Committee. The document is reviewed fully every 4 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.

### **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**

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, with oversight from 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, which has been supplemented by 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 individual service plans and high-level risks are identified in the corporate 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 May 2022, following the retirement of the Head of Finance for Warwick District Council and the withdrawal of the merger proposal, the deputy s151 Officer employed by Stratford-on-Avon District Council took the interim role until the role was made permanent in October 2022. As the nominated Section 151 Officer, the Head of Finance has 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.

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### **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 agreed 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. The report author identifies the legal and financial implications and these may be checked by a member of the legal or the finance team. 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.

### **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. Complaints made to and determined by the Local Government and Social Care Ombudsman are published on its website.

### **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 the cessation of the merger arrangements, the Council's structure for the organisation moved from the integrated structure under the joint working arrangements back to the Chief Executive and a Deputy Chief Executive and five Heads of Service. This is the organisational structure model that preceded joint working.

For 2022/23 the Chief Executive received an appraisal from a member panel. All 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.

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**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.

**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 the Council's legal and financial officers. Any proposal to delegate decision making is reported to the Leader of the Council (in their report to Annual Council) or to The Cabinet. The Council does not, however, apply the Audit Commission guidelines in their entirety.

**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 2022/23 with a 'limited' opinion;
- (2) Strategic Risk Register;
- (3) Corporate Strategy Priorities;
- (4) Major Change Initiatives.

**9. Analysis**

At its meeting in July 2022, the Audit and Standards Committee considered the Annual Governance Statement for 2021/22. This identified areas for improvement with regard to governance matters which needed to be addressed during the following year. As part of producing the 2022/23 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 2023/24.

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**a) Issues identified in the 2021/22 Annual Governance Statement**

The 2021/22 Annual Governance statement identified the following new issues to be addressed:

- Implementing new Waste Collection arrangements;
- Matters arising from the Business Continuity;
- Preparations for all out elections May 2023;
- Approach to the Management of Projects.

Whilst the full merger with Warwick District Council ceased in May 2022, the joint arrangements for Legal Services, Refuse Collection and work on the South Warwickshire Local Plan continue to operate across both authorities.

**b) Financing of Local Government**

The Comprehensive Spending Review of Government spending has again been delayed. As a consequence, local government has had one year Finance Settlements for 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24. 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 especially now that inflation has increased over a relatively short time and remained higher than anticipated for longer. The Council's Medium Term Financial Strategy is based on prudent assumptions.

Response to Internal Audit Reports

During 2022/23 there were no "Limited" assurance internal audit reports issued. However, two remained the focus of work that were highlighted in 2021/22 which included Procurement and Business Continuity.

- Procurement was addressed during 2022/23 with the temporary appointment of a procurement professional who assisted in focusing on solutions to the three main areas of procurement concern. This included temporary accommodation, the appointment of temporary staff, and construction and property related expenditure.
- Business Continuity has been worked on and since May 2022 there have been extensive reviews of Business Continuity Plans and Emergency planning. This was finally concluded in early 2023/24 with a substantial audit assurance opinion.

**c) Litigation**

There were no new significant litigation issues affecting the Council during 2022/23.

**10. 2022/23 Governance Issues**

<b>Issues to Address</b>	<b>Plans and Progress</b>	<b>Responsible</b>
<b>(i) Matters arising from the Procurement Audit</b>		<b>Chief Executive/ Management Team</b>
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.	Work has been undertaken to address the weaker areas of procurement. The three main areas highlighted took longer to resolve and are still to be concluded although significant progress has been made.	

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<b>Issues to Address</b>	<b>Plans and Progress</b>	<b>Responsible</b>
<b>(ii) Matters arising from the Business Continuity Audit limited assurance</b>		<b>Chief Executive/ Management Team</b>
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.	
<b>(iii) Management of the authority</b>		<b>Chief Executive/ Deputy Chief Executive</b>
Following the ceased merger with Warwick District Council and having receiving notice of retirement from two heads of service, one being the Monitoring Officer, a statutory post.	Post-merger arrangements saw the Management Team structure return to how it was immediately before the merger was proposed. The section 151 statutory role, previously covered by the incumbent Warwick section 151 officer, was recruited to in October. The positions created by the retiring Heads of Service have been successful recruited to. Temporary arrangements have been put in place to cover the notice period before the Monitoring Officer can take up the position.	
<b>(iv) Preparations for all out elections May 2023</b>		<b>Chief Executive/ Management Team</b>
Following the Local Government Boundary Commission for England's review, elections were held in May 2023 on 39 electoral wards to appoint 41 members	The Council put in place a temporary but robust staffing structure and recruited to the Democratic Services Manager's position. The project plan implemented successfully delivered the all- out district and parish elections.	

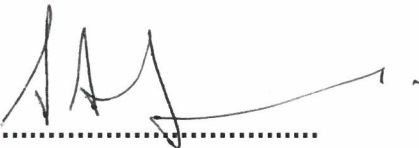


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Issues to Address	Plans and Progress	Responsible
<b>(v) Review of the Council Plan following the all out Elections</b>		<b>Chief Executive</b>
The Council Plan Year 3 tasks for 2022/23 were approved by The Cabinet in September 2022.	Reassess the Council 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	

**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 Susan Juned, Leader of the Council

Signed.....  
David Buckland, Chief Executive

