

2016/17 Annual Governance Statement

Scope of Responsibility

The Peak District National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement 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 Authority is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority approved and adopted a new Code of Corporate Governance in February 2017 which is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government* published in April 2016. In future years the new Code will be reviewed annually and updated appropriately including taking into account guidance such as the CIPFA statement on the Role of the Chief Financial Officer (02/2016), the CIPFA statement on the Role of the Head of Internal Audit (2010) and the CIPFA code of practice on Managing the Risk of Fraud and Corruption (2014). A copy of the Authority's Code of Corporate Governance can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE or can be found on our website at:

<http://www.peakdistrict.gov.uk/publications/operationalpolicies>.

The following statement reports on the outcome of the review of the effectiveness of the Authority's governance arrangements, and also meets the requirements of the Accounts and Audit Regulations 2015.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, for the direction and control of the Authority and its activities through which it accounts to, engages with and leads its National Park 'community' (locally, regionally and nationally). It enables the Authority to monitor the achievement of its strategic outcomes and objectives and to consider whether these objectives have led to the delivery of appropriate services and value for money.

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 and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on going process designed to identify and prioritise the risks to the achievement of the Authority's policies and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage these risks efficiently, effectively and economically.

The elements of the governance framework identified in our Code of Corporate Governance have been in place at the Authority for the year ended 31 March 2017 and up to the date of finalising this statement on 26 May 2017 for publication by the end of May 2017. The statement will be revised prior to reporting to Members of the Audit Resources and Performance Committee in July 2017 to reflect any significant changes which may occur prior to that date. CIPFA/SOLACE published a new governance framework in April 2016 for implementation in 2016/17, this has resulted in a comprehensive review of the Code of Corporate Governance, the Annual Governance Statement and the review of evidence schedule which is reflected in this statement.

The Governance Framework

The Authority's corporate governance framework as enshrined in our Code of Corporate Governance helps us to ensure that the principles of good governance are embedded in all aspects of our work. The key aspects of the corporate governance framework include:

(a) The Authority's work, in pursuing its statutory purposes and duty, is governed by a number of key policies and plans including the Defra (Department for Environment, Food and Rural Affairs) circular, the National Park Grant Memorandum and the 8 Point Plan for England's National Parks. The Authority communicates its vision and intended outcomes for the National Park working with partners over a 5-10 year period, through the National Park Management Plan (NPMP). This is reviewed every 5 years and is supplemented by a number of key National Park strategies and action plans also working with partners. We have published our fifth annual report (reporting on the 2015/16 year) for the 2012-17 NPMP – this has included progress against our 5 signature programmes to support delivery of the whole plan and to aid communication with stakeholders. A partnership protocol is in place to support our work with partners. Progress against the NPMP is monitored by a stakeholder Advisory Group which is independently chaired. During 2016/17 work has continued on reviewing the NPMP so that a new plan is in place for 2018 to 2023. Consultation is due to take place over the summer on the proposed NPMP.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our corporate objectives. 2016/17 was a transitional year for the Authority as we continued to implement a new leadership structure and implemented our corporate strategy for 2016-2019. In light of a better than expected grant settlement our focus for 2016/17 was to continue our strong record of delivery and to invest in and organise ourselves, so we have a sound platform in place to support a sustained and enhanced delivery in years 2 and 3.

(c) The Performance and Business Plan provides an annual work plan for the Authority showing priorities for action in the forthcoming year, measures of success, targets for performance and allocation of resources. The agreement of this follows a detailed planning process aimed at ensuring the economical, effective and efficient use of resources. For 2016/17 we simplified our corporate reporting measures, streamlining our indicators from 63 to 17, these were aligned to focus on achieving our Corporate Strategy. We have set realistic, yet ambitious, targets to support our mission to inspire millions of people so together we will protect and care for our National Park for the enjoyment of all.

(d) During 2016/17 the corporate strategy has provided a steer for leading and managing change in light of external pressures on the Authority and has guided our budget planning process. While the corporate strategy continues to shift the organisation in accordance with our financial strategy to diversify our sources of funding so that we maximise opportunities for commercialisation, giving, sponsorship and external grant funding whilst reducing costs and reliance on our core Defra grant, a significant focus during 2016/17 was to embed the new leadership structure and implement the new organisational design principles throughout the Authority.

(e) Following the adoption of the Authority's Core Strategy in October 2011, work has continued to complete both Development Management Policies and detailed guidance on sustainable buildings and renewable energy, and other technical design guidance. Collectively the suite of policies and supplementary guidance will form the Authority's Local Development Plan which will provide a basis for greater clarity and certainty in decision making over the next 10-15 years. A draft set of development management policies have formed the basis of detailed discussions on the full document with members and other stakeholders prior to the formal agreement of this important Development Plan Document (DPD).

(f) Our People and Park Connected strategy sets our direction over the coming years in terms of how we engage with people, both resident and non-resident and is reflected in our Corporate Strategy. It covers our ambitions for people getting to know the park, understanding the park and supporting the park. The people and park connected strategy and the draft communications and

marketing strategy are being implemented to ensure clear channels of communication, consultation and engagement with target audiences and stakeholders.

(g) The Authority's performance management framework ensures that:

- the 'golden thread' is in place with all individual work programmes linked through the service planning process to achieving corporate objectives/priority focus and National Park Management Plan outcomes
- measures of success are identified and targets set for performance
- resources are allocated to priorities
- risks to achieving corporate objectives are considered and mitigating action identified at corporate and service levels
- performance and the changes to risks are monitored regularly throughout the year
- areas for performance improvement are identified and addressed both in the short term and as part of medium term performance improvement planning. This includes addressing issues arising from strategic, value for money and scrutiny reviews, and external/internal audit and inspection reports.

(h) The Authority's Standing Orders, and other procedures describe how the Authority operates and how decisions are made. They also define the terms of reference for committees and the Authority meeting including the role of the Audit Resources and Performance Committee for standards issues and the core functions of an audit committee as identified in Audit Committees: Practical Guidance for LA's and Police. The prime objectives are to operate effectively, efficiently, transparently, accountably and within the law. During 2016/17 our Standing Orders have been updated to reflect organisational changes and our Contract Procedure Rules updated to reflect legislative changes and best practice. Our Standing Orders are supplemented by:

- Scheme of Delegation (which is regularly reviewed)
- Codes of Conduct and guidance for Officers and Members
- Policies and Procedures including the Anti-Fraud and Corruption Policy and the Confidential Reporting (whistle blowing) Policy
- Protocols on (i) Member/Officer Relations, (ii) Monitoring Officer and (iii) Development Control and Planning
- Complaints procedures
- Our scrutiny process led by Members

(i) Arrangements are in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. These include:

- we have appointed appropriately qualified and experienced people to the three statutory roles of Head of Paid Service, Chief Finance Officer and Monitoring Officer and put in place appropriate protocols and policies to support these roles including in the Chairs job description a responsibility for appraisal of the Head of Paid Service.
- requirement in our financial regulations and Standing Orders for technical advice to be sought including legal and financial advice from the Monitoring Officer and Chief Financial Officer
- reports for decisions including reference to relevant policies and procedures
- professional expertise and knowledge of staff employed by the Authority
- professional expertise of contractors and consultants where not available in house
- scrutiny provided by internal and external auditors. The internal auditor has regular and open engagement across the organisation particularly with managers of the Authority and with Members through the Audit Resources and Performance Committee
- a risk based internal audit strategy and annual plan
- reports from external bodies like the Local Government Ombudsman, HM Revenue and Customs, Information Commissioner, Planning Inspectorate
- requirement to comply with relevant codes of practice and conduct mandatory for local authorities

- guidance received from time to time from Defra and other government agencies
- allocation of all income and expenditure to approved cost centres by Finance based on approved delegated decisions and business cases by Resource Management Team or Members, either at approval of the budget or during the year

(j) Arrangements are in place for 'whistle blowing' and for receiving and responding to complaints from employees if there are concerns about serious matters that could put the Authority and/or the wider public at risk. These arrangements are described in our 'confidential reporting policy'. This is given to all staff as part of their induction and is publicised through our website section titled 'standards and governance' which can be found at <http://www.peakdistrict.gov.uk>. The Authority's Complaints procedure provides a facility to those not employed by the Authority to raise their concerns. Both policies were reviewed by Internal Audit in 2015/16 and given substantial assurances.

(k) Financial management includes forward planning of expenditure and resources, budget consultation, budget setting and monitoring and final accounts. The aim is to ensure that these are accurate, include information relevant to the user and are completed to agreed timescales. Financial Regulations - Our reporting arrangements meet the requirements of the CIPFA statement on The Role of the Chief Financial Officer (CFO) in Local Government (02/2016) with the CFO having independent reporting as necessary to the Chief Executive, Resource Management Meeting and Members even though the post holder sits in the Corporate Strategy and Development Directorate.

(l) Member and staff learning and development needs are identified and met through annual programmes. Our approach to staff development is described in our Learning and Development Policy. Our approach to Member development is described in the Member Learning and Development Framework document approved by the Authority in October 2016. Improvements to our approach on Member development, within resources available, are reported annually to the Authority as part of agreeing the annual programme of development and business events.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by assurances from staff and Members within the Authority who have responsibility for the development and maintenance of the governance environment (including financial controls, risk management and performance management processes, compliance with advice on legislation and regulations), internal and external audit reports and opinions, comments made by other agencies and inspectorates as well as feedback from customers and stakeholders.

The review of effectiveness is continual throughout the year as evidenced by some of the action taken during the year but a more formal assessment takes place each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 25 April 2017 to:

1. Review our performance against our action statements of commitment in our Code of Corporate Governance and highlight what we have done in the 2016/17 year which contributes to achieving our outcome of 'good governance'
2. Identify any further improvement action needed for the forthcoming year

The meeting involved the Chief Executive (The Head of Paid Service), Director of Conservation and Planning, Director of Commercial Development and Outreach, Chair of Audit Resources and Performance Committee, Chief Finance Officer (The Head of Finance) and the Monitoring Officer (Interim Director of Corporate Strategy and Development and Head of Law) and her Deputy (the

Democratic Services Manager). In carrying out our review we took account of the 'assurances' we have received during the year (and at our meeting) including:

- (a) External Audit Annual Audit Letter and unqualified opinion/satisfactory conclusions
- (b) Internal Audit reports for 2016/17 including the annual report and assurance opinion. Out of a total of 24 recommendations made over the year: none of them were classed as fundamental; 5 were classed as significant and 19 were classed as meriting attention. The 2016/17 annual assurance report from the internal auditor states: the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides Substantial Assurance. There are no significant control weaknesses which in the opinion of the Head of Internal Audit need to be considered for inclusion in the Annual Governance Statement.
- (c) Assurances given from 'those charged with governance' including: members of the Leadership Team, Statutory Officers (Head of Paid Service, Chief Finance Officer, Monitoring Officer), Chair of Audit Resources and Performance Committee
- (d) Progress against action we identified last year as part of our Annual Governance Statement
- (e) The most recent Local Government Ombudsman's statistics
- (f) Our planning appeals performance and feedback from inspectors' reports
- (g) Any feedback from handling complaints, Freedom of Information and Environmental Information enquiries
- (h) Reaccreditation for the Investors in People standard
- (i) Feedback and lessons learnt from legal proceedings
- (j) Confirming, in accordance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption that the Peak District National Park Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

As part of our continuous improvement approach to our governance arrangements we identified at this meeting further issues to address as recorded below against the 7 core principles of our Code of Corporate Governance. A full record of our review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE or can be found on our website at

<http://www.peakdistrict.gov.uk/publications/operationalpolicies>

<p>(A) Core Principle Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of Law</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 1. The ability to make sure the organisation's culture/mind-set embeds our values on ways of working:- people matter, performance matters, community matters and everyday matters. 2. Failure to deliver on Health and Safety Action Plan and ensuring that the Health and Safety Executive and Internal Audit recommendations are completed.
<p>(B) Core Principle Making sure of openness and comprehensive stakeholder engagement</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 3. Partner organisations fail to engage with consultation on the review of the National Park Management Plan.
<p>(C) Core Principle Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 4. Although there is an Asset Management Plan (AMP) in place this needs to be reviewed so it can be used to inform our strategies over acquisition, enhancement and disposal of assets, and guide the Capital Strategy. There are questions about whether the Authority has the resources and expertise in place to complete the AMP review.
<p>(D) Core Principle Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 5. There remains a risk/concern in relation to meeting the corporate objective of diversifying and growing income. Specifically there remains a risk to the scale and speed of diversification and growth. There is a need for the Strategic Commercial and Outreach Development Plan to set out the process, activities, skills and investment required to inspire donations to the Peak District National Park Authority plus the potential returns (scale and timeframe) from the implementation of the Plan. 6. A failure to deliver against our Performance and Business Plan in a Time of Change
<p>(E) Core Principle Developing the Authority's capacity including the capability of its leadership and the individuals within it</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 7. There still uncertainties for staff as we continue through a transitional phase during which the leadership structure cascades through the Authority and further restructures take place in line with adopted design principles.

(F) Core Principle

Managing risks and performance through robust internal control and strong public financial management.

Issues identified which affect effectiveness

- 8. The draft Business Continuity Plan needs to be finalised and agreed.
- 9. Monitoring the implications of the European Union exit vote and having opportunities to influence how EU legislation is transposed into UK legislation.
- 10. The Corporate Risk Register highlights the need to ensure employees are supported through a time of change.
- 11. The outcome of the June 2017 Parliamentary Election will have an impact on Brexit negotiations and government spending/priorities.
- 12. A failure to adopt the General Data Protection Regulations and implement appropriate corporate controls and processes could result in data breaches, loss of reputation and Financial fines from the Information Commissioner’s Office.

Significant Governance Issues:

There are no significant issues and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. However over the coming year we will take steps to address the issues identified during our review of effectiveness as detailed above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of the Peak district National Park Authority

Signed.....

Chair of Audit Resources and Performance Committee

Signed

Chief Executive

Publication Date:

26 May 2017 (Draft Statement) updated 26 June 2017