

## ANNEX 1

### 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 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 intends to adopt a full code of corporate governance which is consistent with the principles of the new CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy /Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government*. This is a natural progression to how we have used CIPFA guidance in previous years to make improvements to our governance framework. In the absence of this code Appendix 1 to this statement maps current elements of the Authority's corporate governance framework against the CIPFA/SOLACE Framework's 6 core principles and 18 supporting principles. The following statement reviews the effectiveness of the Authority's governance arrangements, and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.

#### **The Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and the 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 to consider whether these outcomes have been supported through the delivery of appropriate, cost effective services by the Authority and our partners.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level and not provide absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and outcomes, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage these risks efficiently, effectively and economically.

The elements of the governance framework identified in Appendix 1 have been in place at the Authority for the year ended 31 March 2008 and up to the date of approval of the Statement of Accounts (27 June 2008).

#### **The Governance Framework**

The current elements of the Authority's corporate governance framework are mapped in Appendix 1 and include:

(a) The Authority's work, in pursuing its statutory purposes and duty, is governed by a number of key policies and plans and the National Park Grant Memorandum agreed with Defra. 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 supplemented by a number of key National Park strategies and action plans also working with partners. A partnership protocol is in draft to support our work with partners.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our 3-5 year corporate outcomes and key corporate actions. The three year strategic planning process is integrated with the medium term financial strategy/ budget planning.

(c) The Performance and Business Plan (in 2007/08 our Best Value Performance Plan) provides an annual work plan for the Authority showing priorities for action in the forthcoming year, 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.

(d) The Local Development Framework is being developed and will replace key policies of the current Structure Plan and allow much clearer linkage to the key outcomes of the NPMP.

(e) The National Park Working with People and Communities strategy and action plan and the Authority's Communications strategy (to be revised) are being implemented to ensure clear channels of communication, consultation and engagement with target audiences and stakeholders.

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

- all individual work programmes are linked through the service planning process to achieving key corporate actions and NPMP outcomes
- measures of success are identified and targets set for performance
- resources are allocated to priorities
- risk to achieving key corporate actions and outcomes is 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 can be identified and addressed both in the short term and as part of a medium term Performance Improvement Plan. This includes addressing issues arising from strategic and scrutiny reviews, external/internal audit and inspection reports and the National Park Authorities Performance Assessment (NPAPA) process.

(g) 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 special roles of the Standards Committee and Audit and Performance Committee. The prime objectives are to operate effectively, efficiently, transparently and accountably and within the law. Standing Orders are supplemented by:

- Scheme of Delegation (which is regularly reviewed)
- Codes of Conduct for Officers and Members
- Policies and Procedures
- Protocols on (i) Member/Officer Relations, (ii) Monitoring Officer and (iii) Development Control and Planning

(h) 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 further support the above by setting out policies and procedures that are to be adhered to.

(i) Member and staff learning and development needs are identified and met through annual programmes. Our approach to staff development is described in our new Learning and Development Policy. Our approach to Member development is described in the document approved by the Authority in October 2007 titled 'Review of Member Training and Development'.

## 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 in the preparation for this statement by the Director of Corporate Resources and Monitoring Officer in consultation with the Chief Executive and Directors, the Chief Finance Officer, the Head of Law, the Deputy Monitoring Officer and the Chair and Vice Chair of Audit and Performance Committee. This assessment for 2007/08 is recorded below against the CIPFA/SOLACE Framework's 6 core principles.

### **(1) Governance Framework core principle**

#### **Focusing on:**

- **purpose of the authority**
- **outcomes for the community**
- **creating and implementing a vision for the area**

#### **Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:**

1. Following the launch of the National Park Management Plan (NPMP) a Monitoring Group involving external stakeholders has been established and has met to agree indicators and to start to monitor progress against outcomes. It has been agreed that all Members will be kept informed about the Group's work through the Member e-zine and an annual monitoring report on progress against the NPMP will be considered by the Audit and Performance Committee.
2. Progress continued in developing National Park strategies to support achievement of the NPMP including an action plan for working with residents as part of the Working with People and Communities Strategy and the Landscape Character Assessment as a basis for the proposed Landscape Character Strategy.
3. Following consideration of a report from the Planning Advisory Service (PAS) we have started the production of, and consultation on, issues and options for the Local Development Framework (LDF) and commissioned and started a Sustainability Appraisal on the proposals for future spatial policies. The LDF will replace the structure plan and local plan and provide the National Park Authority's policies and guidance for meeting the environmental, economic and social aims for the future of the National Park where this affects the development and use of land. Project management methodology is being used to set milestones and monitor progress against the project plan.
4. The implications for the National Park of the sub national economic development and regeneration review have been identified and reported to the Authority in May 2008. It is proposed that we should start to track our contribution to the 7 Local Area Agreements for which we are a statutory named organisation reporting to the Audit and Performance Committee in October 2008.
5. The Best Value Performance Plan (BVPP) for 2007/08 was approved by the Authority in May 2007 incorporating the new NPA outcomes and key corporate actions and priorities agreed by the Authority in January 2007. Indicators have been developed and agreed by Audit and Performance Committee in April 2008 for collection from 2008/09 to measure our performance and to set targets.

6. During 2007/08 the Authority planned for a 0% and 2% budget settlement for 2008/09 and was well placed to allocate extra resources to priorities when a more favourable settlement was granted. This included additional resources being allocated for the continuing development of key National Park strategies/action plans including Recreation, Minerals, Landscape and Climate Change.

7. The organisation development review and consequential review of the executive structure was project managed to ensure successful completion on time and broadly within financial limits with new job roles and teams being approved and put in place to provide capacity to address the Authority's strategies and operational priorities

8. During the year there were a number of other strategic and performance reviews which contributed to making or exploring ways to make improvements to service delivery including:

- a) Performance Improvement Plan review and report on achievements to Audit and Performance Committee in January 2008 with agreement to a new plan being developed by January 2009.
- b) Review of Losehill Hall business plan approved by Services Committee in March 2008, following consideration of reports to Audit and Performance Committee in 2006 and 2007. There will be an annual report on performance to Audit and Performance Committee.
- c) Planning Services performance review as reported to Audit and Performance Committee in April and October.
- d) The Ranger Review task team involving members reported to April 2007 Audit and Performance Committee.
- e) The pursuit of Rural Development successor programmes.
- f) Rural Transport Partnership review.
- g) Examination of using Trust mechanisms as part of our Asset Management approach, following requests by Members.
- h) Cultural Heritage Strategy progress report.

NPA policies were also agreed for the positive management of recreational vehicular access and a new Minimum Revenue Provision policy

9. The Annual Audit Letter for 2006/07 reported on:

- a) An unqualified opinion on the 2006/07 financial statements
- b) An unqualified opinion on our value for money audit concluding that we have adequate arrangements in place for securing economy, efficiency and effectiveness in our use of resources
- c) Legal action in support of our minerals extraction policies: the Auditor is monitoring developments as this is a significant issue for the Authority. The Auditor stated that 'the Authority is well aware of its responsibility to safeguard its financial standing and is continuing to consider financial arrangements to cover any potential liabilities'. The Auditor will consider carefully whether to report further as part of the continuing audit of the Authority's accounts and has made a recommendation that the Authority 'continues to pay careful attention to the financial consequences of the legal action in respect of minerals extraction'.

**Issues identified during review which affect effectiveness:**

10. Although the feedback from the phase three mystery shopper report was satisfactory and no Ombudsman complaints (out of 13 decisions received from the Ombudsman) were found against the Authority in 2007/08, more work needs to be done to apply appropriate customer service standards consistently across the Authority. In 2008/09 we will identify an appropriate standard to guide improvements as well as targeting improvements in response times to letters related to planning.

11. The Authority will continue to pay careful attention to the financial consequences of legal action and any other action in addressing the impact of minerals extraction.

**(2) Governance Framework core principle**

***Members and officers working together to achieve a common purpose with clearly defined functions and roles***

**Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:**

1. The Officer Scheme of delegation was reviewed to reflect new job titles and roles as a consequence of the organisation development review. At the same time it was agreed that delegation to officers would be reviewed and increased in 2008 as part of continuously reviewing the strategic role of Members and the implementation role of staff.

2. Although sound internal financial procedures are in place some are still in draft format and will be finalised in 2008/09.

**Issues identified during review which affect effectiveness:**

3. We have identified that we need to produce guidance for Members on their role on outside bodies and need to confirm the indemnity policy for staff and members.

**(3) Governance Framework core principle**

***Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour***

**Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:**

1. In 2007/08 we strengthened our governance arrangements through:

- a) Adopting and providing training on the new Member Code of Conduct
- b) Advice to Chairs of Committees on committee procedures
- c) Supplementary advice to all members and staff on behaviour in committees
- d) Guidance to members on gifts and hospitality
- e) Review of our Development Control and Planning Protocol
- f) Drafting an Anti Fraud and Corruption policy which was approved by the Authority in May 2008
- g) Drafting a Confidential Reporting policy which was approved by the Authority in May 2008
- h) Approving an Environmental Management policy and action plan in December 2007
- i) Revising the officer travel and subsistence guidance

2. Our Peak Celebrations event in December 2007 was based on helping to embed the Authority's values in our work.

3. Standards Committee has not met in 2007/08 as we have been waiting for new regulations on the investigation of complaints relating to Members. Arrangements have been made for them to meet in June 2008 and to undertake training on the new regulations.

**Issues identified during review which affect effectiveness:**

4. Following the publication of the new CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* we have identified that we need to develop a more formal Code of Corporate Governance.

**(4) Governance Framework core principle**

***Taking informed and transparent decisions which are subject to effective scrutiny and managing risk***

**Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:**

1. The Authority, Committees and Chief Officers have a full range of professional officer advice to enable them to carry out their functions effectively and in compliance with statutory requirements. External advice (e.g. counsel's opinion) has been taken where appropriate to strengthen decision making.
2. The External Auditor is able to place reliance on the work of the Internal Audit section (Annual Audit and Inspection Letter 2006/07 and Annual Governance report 2006/07). Internal Audit's work programme is planned so that resources are allocated based on a systematic assessment of the risks facing the Authority in carrying out its functions. During 2007/08 Internal Audit conducted their audit for 2006/07 over two stages with stage 1 report being considered by Audit and Performance committee in April 2007 and stage 2 being considered in July 2007. Progress reports on addressing recommendations were also considered in October 2007 and January 2008.
3. The latest internal audit report has just been received and a management response to it will be prepared for reporting to Audit and Performance Committee in July 2008. The executive summary refers to: "there are areas where there has been a delay in implementing recommendations made at previous audits. Consequently the control framework in operation in these areas remains inadequate with a corresponding increased risk to the Authority." For clarity of understanding the Director of Corporate Resources has pulled out from the report the areas behind this statement and as part of the management response, working with the Chief Finance Officer, a management assessment will be made on the level of risk, priorities for action and whether other controls provide a level of assurance which is acceptable or not.
4. The 2007/08 corporate risk register was agreed by Audit and Performance Committee in April 2007.
5. Quarterly monitoring reports on performance against the actions in our BVPP, key indicators being monitored more closely over the year and movement on the corporate risk register have been considered by Management Team as well as Audit and Performance Committee for quarter 2 and quarter 4. This has allowed mitigating action to be taken during the year or for priorities to be re-assessed.
6. The significant legal and financial risks associated with minerals cases have been monitored through the Resource Management Team and has included taking advice from the Chief Finance Officer and reports to Members along with closely consulting the Audit Commission during our decision making.
7. Budget Monitoring Group, involving members, met at key stages during the year to monitor expenditure and income against budgets including projects. The BESST project was identified as a project that needed closer monitoring and this happened through budget monitoring, the Resource Management Team and members of Services Committee.
8. The Audit and Performance Committee agreed a work programme for 2007/08 which included a programme of strategic reviews and scrutiny topics on Recreation Management and Recreational Strategy. It was agreed that no new scrutiny topics would be identified at the beginning of 2008 with the Performance Improvement Plan review process providing an opportunity for topics to be identified for 2009 and 2010 and giving extra time for the current scrutiny teams to report in 2008/09.
9. Progress has been made against the 2007 external funding scrutiny report action plan as reported to Audit & Performance Committee in April 2008 including a review of the internal controls which create the governance and financial framework for external funding.

10. External Funding bids have been made to secure the future of our Moors for the Future Partnership work and Rural Development programmes. The risks associated with not being successful in these bids are being monitored through Resource Management Team with reporting as appropriate to Services Committee.

**Issues identified during review which affect the effectiveness:**

11. A review of the Resource Management Team Business Case template is still outstanding.

12. The review of internal controls for external funding identified the need to review the wording of some Standing Orders.

13. There is still outstanding action against the 2007 partnership scrutiny report and action plan in particular on finalising a partnership protocol, reviewing existing partnerships against the protocol and maintaining the database of partnerships.

***(5) Governance Framework core principle***

***Developing the capacity and capability of members and officers to be effective***

**Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:**

1. Our arrangements for developing staff and members have been reviewed and strengthened. The Authority agreed an approach in October 2007 to member development which has also resulted in the Authority, in March 2008, agreeing to sign up to the East Midlands Member Development Charter in 2008/09. For staff, the Authority approved a new Learning and Development Policy in March 2008.

2. For staff the Authority continues to provide a corporate training programme as well as meeting continuing professional development needs through service budgets. In 2007/08 corporate training has not only focused on continuing to develop our managers but has also included a new IT based learning platform and health and safety training as part of the corporate approach to improving performance and corporate governance controls.

3. A Member training programme has been provided in 2007/08 based on the evaluation report of the previous year and the review undertaken in October 2007. A planning training pack was developed and will be used during 2008 as a basis for Members' planning training to become compulsory.

**Issues identified during review which affect effectiveness:**

4. No issues have been identified

***(6) Governance Framework core principle***

***Engaging with local people and other stakeholders to ensure robust public accountability***

**Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:**

1. Phase 2 of our Workforce Plan was completed including new policies being approved by the Authority in March and April 2008 on Learning and Development, Succession Planning, Secondment and Appeals. Implementation of these is being supported through briefing sessions with managers.

2. Staff and Member surveys have been planned for conducting in 2008/09 as part of gathering evidence for our performance improvement plan review

3. As part of our Working with People and Communities Strategy an action plan for working with residents has been completed and agreed by the Authority (October 2007) to guide work in 2008/09.

4. During the year we took an active approach to dialogue and engagement with the public through a number of initiatives including for example:

- distributed 2 issues of Park life to residents of the Park, achieving 98% coverage of households
- our Public Participation Scheme was used by 126 people in addressing Planning Committee
- improved notification to all relevant neighbours regarding planning applications
- organised a range of communication initiatives to provide information to communities about the Authority's work on minerals and to support our efforts to lobby Government to support our action.
- piloted a co-ordinated data collection system across Authority services to determine both the customer profile (age, ethnicity, postcode, disability) and information regarding their experience & the effectiveness of the service. Analysis of this data has begun to highlight gaps in provision for future targeting and improvement as well as areas of excellent provision.
- over 580 resident contacts were made through Community Planning activities, engaging local people in issues relevant to their village and feeding those issues back into relevant organisations, including the Authority.
- representation and co-ordination of a number of Area Forums across the National Park area provided an 'open-door' opportunity for local residents to raise issues with Authority staff and partner organisations..
- over 130 people made responses or took part in consultation activities for the Local Development Framework and Landscape Character Assessment.

**Issues identified during review which affect effectiveness:**

5. No issues have been identified

**Significant Governance Issues:**

The need for the Authority to continue to pay careful attention to the financial consequences of legal action and any other action in addressing the impact of minerals extraction is highlighted as a **significant** governance issue. In addition 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:

..... Chair

..... Chief Executive

On behalf of the Peak District National Park Authority.