

APPENDIX 1

2008/09 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.

During 2008/09 the Authority developed for adoption in May 2009 a full Code of Corporate Governance 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*. This is a natural progression to how we have used CIPFA guidance in previous years to make improvements to our governance framework. A copy of the Authority's Code of Corporate Governance can be found on our website at www.peakdistrict.gov.uk or can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE. 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 our Code of Corporate Governance have been in place at the Authority for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts (26 June 2009).

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 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 place 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 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 Local 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
- risks to achieving key corporate actions and outcomes 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 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, 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 including the Anti Fraud and Corruption Policy and the Confidential Reporting Policy
- 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 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'.

(j) Our new Code of Corporate Governance which has been developed over 2008/09 was approved by the Authority in May 2009 and incorporates the 6 core principles to guide our governance arrangements as detailed in the next section

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 2008/09 is recorded below against the 6 core principles of our Code of Corporate Governance. In making this assessment reference has been made to our action statements of commitment in our Code.

(1) Code of Corporate Governance core principle:

Focusing on the purpose of the authority, on outcomes for the community and 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. Progress continued in developing National Park strategies to support achievement of the NPMP with approval given for action plans for working with under-represented groups and visitors (as part of the Working with People and Communities Strategy) and for climate change. Priority routes for focussed action with partners to improve the management of recreational vehicular use in the National Park under our Strategy were also agreed. Strategies and action plans have been developed in the remaining areas of: minerals, transport, recreation and landscape and these should be approved during 2009/10.

2. The first NPMP annual monitoring report on performance was considered by Audit and Performance Committee in July 2008 showing 88% of actions on target and 4 actions completed by the end of 2007/08. Action to address issues on data gaps is being pursued by strategy leads with partners.

3. Whilst the major elements of the Local Development Framework continue on schedule, including key consultation periods, some milestones have not been met. Urgent action has been taken to address the causes of the delay in this key area. A revised project plan with amended timetable and milestones is being developed which will extend the submission date to Government to July 2010, subject to agreement by the Authority and Government Office for the East Midlands of a revised Local Development Scheme. Recognising that the saved structure plan policies are no longer statutory policies, we have temporarily secured the retention of the Structure Plan as being material to planning decisions following the March 2009 adoption of the East Midlands Regional Plan until such time as it is replaced fully by the core Strategy and Development Management Documents in the emerging Local Development Framework. This arrangement has been agreed with the Government Office for the East Midlands as a sensible approach and one that should clarify any potential gaps in the hierarchy of policy intent but they have commented that this should be a temporary arrangement until the core strategy is produced and that this should now be done as a matter of urgency.

4. We reported to Audit and Performance Committee on our engagement with and contribution to the 7 Local Area Agreements across the National Park and agreed priorities for our work including being a named partner for the Derbyshire LAA requiring a clear input from us on our contribution to LAA targets

5. The Performance and Business Plan for 2008/09 was approved by the Authority in May 2008 and in April 2009 we reported that out of 242 Level 1 and Level 2 operational actions being monitored 91% had been achieved including achieving a 6% reduction in our carbon footprint. In gathering information and putting monitoring processes in place for our new corporate indicators we realised we needed to review some of these and changes were reported to Audit and Performance Committee in April 2009. A full set is now reported in the 2009/10 Performance and Business Plan.

6. As a result of monitoring the 2008/09 year end performance data and identifying areas where we are below target we have agreed to put action in place and monitor more closely in 2009/10 our performance on:

- Ensuring the development of appropriate indicators in new strategies and action plans
- Responding to letters within 15 working days in the Planning Service
- Member participation in formal meetings and training events
- Achieving the milestones of the revised LDF project plan

7. As part of continuously reviewing our performance and demonstrating value for money we renewed our Performance Improvement Plan which sets out our planned improvements for the next 3 years giving a clear focus to our improvement efforts. This work was integrated with our three year financial planning process so that resources could be allocated to our top ranking business cases for improvement (namely Information Communications Technology, Climate Change and customer service advice in Planning). For the first time we have an outline budget for three years to 2011-12 although it is dependent on efficiency savings being made and will need to be reviewed each year during this period especially in light of the current economic downturn when future National Park Grant settlements may be affected. A report was made to the Authority during the year on research into the economy of the National Park and the consequences of the economic downturn for the National Park.

8. 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, reports to Members along with keeping the District Auditor informed. Following the Court of Appeal decision to uphold the Authority's enforcement action at Backdale quarry we are waiting to hear if leave will be given for an appeal to the House of Lords.

9. The Annual Audit Letter for 2007/08 reported on:

- a) An unqualified opinion on the 2007/08 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 made a recommendation that the Authority continues to review the wider financial consequences of the potential liabilities arising from the legal actions in support of minerals extraction policies. The Auditor states that 'this is clearly a major issue for the Authority. The Authority is well aware of its responsibility to safeguard its financial standing and is continuing to plan for potential liabilities by considering the financial options available to it. I am monitoring developments in accordance with my responsibility to assess the Authority's financial management arrangements. As the situation develops and in particular as the outcomes of court proceedings become known, I will consider carefully whether I should report further as part of my continuing audit of the Authority's accounts'.

10. Although we have not progressed implementing an appropriate external customer service standard across the Authority as this was not identified as a priority during our performance improvement work we intend to attain an appropriate standard in our customer service team during 2009/10 and also to carry out a residents survey.

11. In response to internal audit reminders we have explained that work on producing the procurement manual and changes to Standing Orders in support of our procurement strategy has been delayed due to other priorities for the Head of Finance. It is planned for this work to be progressed in 2009/10 subject to no other urgent work having to take priority.

Issues identified during review which affect effectiveness:

12. We will analyse the results of the residents' survey during 2009/10 and consider appropriate action in response.

13. The Authority will continue to review the wider financial consequences of legal action and any other action in addressing the impact of minerals extraction.

14. We will monitor and put in place action to achieve the LDF milestones.

15. We will progress work on producing the procurement manual and changes to Standing Orders to support our procurement strategy.

(2) Code of Corporate Governance 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 delegation to officers was reviewed and increased as part of continuously reviewing the strategic role of Members and the implementation role of staff.

2. The financial regulations were reviewed and changes to Standing Orders agreed.

3. We confirmed the insurance arrangements for Members providing them with indemnities in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004 and also gave Members guidance on their role on outside bodies

4. Following a Member survey where 75% of Members replied we agreed action to address ideas for improvement including:

- Introducing Member Representative roles for all NPMP outcomes to facilitate greater contribution of members in their role
- A review of the Scrutiny process
- Encouraging greater participation in workshops through tailoring the next programme to member personal development plan needs
- Implementing any ideas given for improvements to the member ezine

5. Our partnership policy and protocol has been agreed during the year with a review of partnerships planned for reporting to Audit and Performance Committee in 2009/10. There is evidence that our involvement in partnerships is reviewed as the need arises for example: the withdrawal from the South Pennines Integrated Transport Partnership, the review of our role in the Rural Transport Partnerships, the ending of the secondment arrangements to the Destination Management Partnership, declining the opportunity to be a core member of the proposed Sheffield Economic Prosperity Board and the significant progress which has been made towards a partnership management arrangement for our Eastern Moors Estate.

Issues identified during review which affect effectiveness:

6. No issues have been identified

**(3) Code of Corporate Governance 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 2008/09 we strengthened our governance arrangements through:
 - a) Developing for adoption by the Authority in May 2009 a new Code of Corporate Governance
 - b) Further discussion and advice to Chairs and Vice Chairs of Committees on committee procedures
 - c) Further supplementary advice to members and staff on behaviour in committees
 - d) Review of the staff declaration of interest form and guidance
 - e) Review of the Authority's E-Policy in response to internal audit concerns on staff personal use of the Authority's IT systems and equipment. Consultations on changes are complete so that they can be made in 2009. These changes and new monitoring arrangements will also be reflected in the current employee code of conduct which is significantly out of date. A review is not proposed of this as we are waiting for the new national code of conduct for staff to be published
 - e) The approval of a Policy on Covert Surveillance in response to internal audit recommendations with Members introducing a further control that any use of the Policy should be reported to Audit and Performance Committee
 - f) Implementing the new Standards Committee procedures for the investigation of complaints against Members following training in June 2008.

Issues identified during review which affect effectiveness:

2. The employee Code of Conduct needs to be updated but a decision has been made to wait for the new national code. This decision will be reviewed at the end of 2009/10 if the national code is not available by then

**(4) Code of Corporate Governance 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. We have reviewed the committee report template to support our formal decision making process for all committees except planning which will be reviewed in 2009/10. In addition to reports to Committee reports evidence for decisions (recording criteria, rational and data relied upon) is documented for delegated planning decisions and for Resource Management Team decisions through the business case format. The Annual Monitoring Report identifies policy issues raised through decisions and feedback from Planning Committee to inform Policy review at an appropriate time. In 2009/10 we will finish the work started on revising the RMT business case template.
2. 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.
3. The Audit and Performance Committee agreed when considering their work programme for 2008/09 that no new scrutiny topics or strategic reviews would be identified until the completion of the Performance Improvement Plan review process. The Recreational Management scrutiny group reported to Committee in July 2008 with a management response agreed in October. The Recreational Strategy scrutiny group made a progress report in April 2008 and will report finally in 2009/10 as they are working alongside the project team producing the new recreational strategy providing support and challenge from a Member perspective. There will be a scrutiny workshop in July 2009 to identify a new topic using performance data and evidence to justify the selection. The performance improvement plan identifies a range of strategic reviews for 2009/10.

4. The External Auditor is able to place reliance on the work of Internal Audit and the internal auditor'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 2008/09 Internal Audit conducted their final audit for 2007/08 and conducted stage 1 of the 2008/09 audit with reports being considered by Audit and Performance Committee in July 2008 and January 2009. A progress report on addressing recommendations was also considered by Committee in January 2009. Significant action has taken place in response to internal audit recommendations although in some cases a judgement has been made to carry the level of risk identified because:

- other controls are in place which provide an acceptable level of assurance or
- resources have been prioritised for other work or
- there has been a different management view on the level of risk.

It is intended in 2009/10 to be clearer in the management response about the level of risk remaining if we are unable to respond quickly to an internal audit recommendation. Stage 2 of the 2008/09 internal audit report is expected on 15 June 2009 and the management response to this will be reported to Audit and Performance Committee on 17 July 2009.

5. The 2008/09 corporate risk register was agreed by Audit and Performance Committee in April 2008 and the 2009/10 in April 2009. Risk management is an integral part of the business cases considered by Resource Management Team and our reports to members. We intend to review our risk management framework in 2009/10.

6. Quarterly monitoring reports on performance against the actions in our Performance and Business plan, 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 reassessed.

7. Budget Monitoring Group, involving members, met at key stages during the year to monitor expenditure and income against budgets including projects and the Losehill Hal Business Strategy Monitoring Group also met to monitor progress against the LHH business plan. This continues into 2009/10 as LHH plans to recover from the £24k deficit against the business plan carried forward from 2008/09.

8. The approved Information Management Strategy building block 1 responds to internal audit recommendations on risk and resilience and has been resourced for implementation. During 2008/09 we received a special report on the ICT network and are implementing our response to that. Although there is an IT disaster recovery plan and Crisis Management procedures in place we have identified as a medium priority the need for an Authority Emergency Plan and this should be completed in 2009/10.

9. Each year we review our Health and Safety Policy and as part of continuing action to mitigate health and safety risks we have introduced a new Health and Safety annual performance report to Management Team and Members and agreed a process for escalating issues which have not been resolved or resourced to an agreed timetable.

10. As part of Audit and Performance Committee considering the annual report on complaints in October 2008 we extended our Complaints Procedure to cover our response to unreasonably persistent complainants. No Ombudsman complaints were found against the Authority in 2008/09.

Issues identified during review which affect the effectiveness:

11. The review of RMT Business case template needs to be completed.

12. We will develop an Authority Emergency Plan and Procedures

13. A review of the Authority's risk management framework will be undertaken during the year.

**(5) Code of Corporate Governance 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. The Authority signed up to the East Midlands Member Development Charter. Key elements of this include the introduction of member personal development plans and a matrix of skills and experience required by members to support this process. So far 40% of Members have a member personal development plan with action planned in 2009/10 to increase this to 60% of Members having a plan.
2. For staff the Authority continues to provide a corporate training programme as well as meeting continuing professional development needs through service budgets. In 2008/09 corporate training supported achieving our priorities in climate change, performance review and embedding management skills. Joint Performance and Achievement Reviews were completed for 98% of all employees. 69% of these employees have an agreed Learning and Development Plan in place.
3. A Member training programme has been provided in 2008/09 based on the evaluation report of the previous year, a steer from Strategic Advisory Group in accordance with the principles of the review undertaken in October 2007 and approval by the Authority.
4. During the year representations were made on the Authority's preferences for the membership of the Authority following the introduction of unitary councils in the County of Cheshire in 2009 and on direct elections for National Parks and Broads Authorities. Action was taken to encourage nominations through Parishes for a Parish member vacancy on the Authority after an initial disappointing response. We used the networks established through our work with BME (Black and Minority Ethnic) community champions to ensure opportunities to join our membership were widely circulated.

Issues identified during review which affect effectiveness:

5. The participation in formal committees has been below our target figure of 75% in 2008/09 and this will be monitored more closely during 2009/10 with action taken to address low attendance during the year if necessary.

**(6) Code of Corporate Governance 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. As part of our Working with People and Communities Strategy action plans are now in place for working with: young people, residents, under represented groups and visitors to guide our engagement work. Performance against these plans will be reported in the annual NPMP monitoring report.
2. During the year we took an active approach to dialogue and engagement with the public through a number of initiatives including for example:
 - A programme of community visits to Hartington, Bradfield, Bakewell, Parwich, Eyam and Waterhouses by the Chair of the Authority, Chef Executive, Directors and Head of Communications.
 - Attended Hope and Manifold shows to engage with people from local communities, particularly the farming community.
 - Launched a website section, produced leaflets and business-style cards to give residents information about how to report problems of 4x4s and trail bikes using the countryside and to explain the work of the authority to resolve any issues.
 - 133 people used our Public Participation Scheme in addressing Planning Committee

- Produced the first annual newsletter informing staff at partner organisations about progress on delivering the NPMP outcomes and highlighting areas where we needed their support to achieve the outstanding targets
- 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
- Community engagement activities were delivered for a range of key Authority strategies including the Local Development Framework, Landscape Character Strategy and the Recreation Strategy. Activities included: nearly 150 people – both local residents and agency stakeholders - taking part in consultation workshops for the Local Development Framework and Landscape Character Assessment, production of a plain English version of the Local Development Framework to assist members of the public wanting to make comments, using an e-marketing campaign and producing leaflets
- Over 430 resident contacts engaged in ongoing community planning activities for local people – allowing local people to address issues relevant to their village and feedback to key decision-making organisations, including the Authority. Additional funding to secure and extend this activity over the next 3 years has also been identified.
- Developed structures and systems to support BME (Black and Minority Ethnic) community champions from surrounding urban areas engaging with the Authority. This included 10 champions attending a focus group to feedback on interpretation, communication and marketing materials, attendance of 30 champions at regular area-based cluster meetings and securing additional funding to support this activity.
- Initiated new communications with key stakeholders previously less engaged in Authority activity e.g. Kirklees and Barnsley councils. Developing new, shared programmes with these key stakeholders that meet the needs of the Constituent Authority's Local Area Agreement and Community Strategy as well as the National Park Management Plan.
- Negotiated new and clearer relationship with key local third sector organisations e.g. Staffordshire Moorlands Community and Voluntary Service, Derbyshire Rural Community Council, including their involvement in a new East Midlands Development Agency funded Live and Work Rural programme.

4. Following a staff survey, where 66% of staff responded, actions are being developed for 2009/10 to address areas for improvement. We published our Equalities Scheme and action plan and launched new and updated human resources policies to all staff. A review and re-launch of Staff Committee has provided a more effective formal structure for consultation and negotiation with staff.

Issues identified during review which affect effectiveness:

5. A Communications Plan for the Authority is to be finalised in 2009/10

Significant Governance Issues:

There are two issues which are highlighted as **significant** governance issues:

1. The need for the Authority to continue to review the wider financial consequences of legal action and any other action in addressing the impact of minerals extraction
2. The need to meet the revised Local Development Framework milestones and timetable to achieve a submission date of July 2010.

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 on behalf of the Peak District National Park Authority:

..... Chair

..... Chief Executive