

## **2017/18 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 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. The Code is reviewed annually and if needed updated appropriately including taking into account guidance such as the CIPFA statement on the Role of the Chief Financial Officer (2010), 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 2018 and up to the date of finalising this statement on 25 May 2018 for publication by the end of May 2018. The statement will be revised prior to reporting to Members of the Audit Resources and Performance Committee in July 2018 to reflect any significant changes which may occur prior to that date.

## 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, the 8 Point Plan for England's National Parks and the recently published 25 Year Plan to Improve the Environment. 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 final annual report (reporting on the 2016/17 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 2017/18 work has continued on reviewing the NPMP so that a new plan is in place for 2018 to 2023. The revised NPMP was approved by the Authority in May 2018.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our corporate objectives. 2017/18 was another transitional year for the Authority as we continued to implement new staffing structures and implemented our corporate strategy for 2016-2019. In light of a better than expected grant settlement our focus for 2017/18 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 moving forward. During 2017/18 work started on developing and consulting on a new Corporate Strategy.

(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. 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 2017/18 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 2017/18 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 seven principles set our ways of working in terms of how we engage with people, both resident and non-resident and will be reflected in our new Corporate Strategy.

(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. The prime objectives are to operate effectively, efficiently, transparently, accountably and within the law. 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:

- 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 & Social Care 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 Meeting 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 (2010) 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 Officers 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 30 April 2018 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 2017/18 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, Director of Corporate Strategy and Development, 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 (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 2017/18 including the annual report and assurance opinion. Out of a total of 16 recommendations made over the year: none of them were classed as fundamental; 2 were classed as significant and 2 were classed as meriting attention. The 2017/18 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 & Social Care 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><b>(A) Core Principle</b>  <b>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of Law</b></p>
<p><b>Issues identified which affect effectiveness</b></p> <ol style="list-style-type: none"> <li>1. Introducing and embedding the Authority's revised vision, mission and seven principles "We always..." will require active management, clear and consistent communications and demonstrate evidence of conformity.</li> <li>2. The Government launched a 25 year plan to improve the environment on 11 January 2018. The plan proposes a review of National Parks which will look at how designated areas deliver their responsibilities, how they are financed and whether there is scope for expansion. A detailed scope and timetable for the review has not yet been published.</li> </ol>
<p><b>(B) Core Principle</b>  <b>Making sure of openness and comprehensive stakeholder engagement</b></p>
<p><b>Issues identified which affect effectiveness</b></p> <ol style="list-style-type: none"> <li>3. Partner organisations fail to engage or fulfil their responsibilities as described in the 2018-2023 National Park Management Plan.</li> </ol>
<p><b>(D) Core Principle</b>  <b>Determining the interventions necessary to optimise the achievement of the intended outcomes.</b></p>
<p><b>Issues identified which affect effectiveness</b></p> <ol style="list-style-type: none"> <li>4. There are reputational and financial risks around the Authority being designated under section 62A of the Town and Country Planning Act 1990 because more than 10% of the Authorities decisions on applications for major development were overturned at appeal. The Authority has made representations to the Ministry of Housing, Communities and Local Government to emphasise that this is due to the low number of applications determined rather than the quality of decision making. This risk remains until feedback is received from the Ministry.</li> <li>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 deliver the Corporate Strategy plus the potential returns (scale and timeframe) from the implementation of the Plan.</li> </ol>
<p><b>(E) Core Principle</b>  <b>Developing the Authority's capacity including the capability of its leadership and the individuals within it</b></p>
<p><b>Issues identified which affect effectiveness</b></p> <ol style="list-style-type: none"> <li>6. The Authority is not able to attract or retain staff with key skills/experience to deliver the Corporate Strategy.</li> <li>7. There will be a significant turnover of Members currently holding posts that attract a special responsibility allowance who will, according to the Authority's appointment principles, have reached their maximum term of office. This along with a number of ongoing Secretary of State Member vacancies could impact on the capacity of Members.</li> </ol>

**(F) Core Principle**

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

**Issues identified which affect effectiveness**

- 8. Failure to influence the transposing of EU laws and legislation for landscape and the environment into UK law after Article 50 and area of NP land safeguarded in agri-environment schemes reduces because of Brexit uncertainty and continuing issues with Countryside Stewardship.

**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:**

30 May 2018 (Draft Statement)