

2013/14 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 May 2009 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 reviewed annually and updated appropriately including taking into account new 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 delivering good governance addendum (2012). A copy of the Authority's Code of Corporate Governance can be obtained from the Director of Corporate Resources 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 2011.

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 ongoing 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 2014 and up to the date of finalising this statement on 5 June 2014 for publication by the end of June 2014. The statement will be revised prior to reporting to Members of the Audit Resources and Performance Committee in September 2014 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 and the National Park Grant Memorandum. 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 publicised our second annual report 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.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our 3 year corporate objectives, 2012-15. The three year strategic planning process is integrated with the medium term financial strategy/budget planning. The Authority's corporate objectives and success measures, which have been amended to reflect progress and changes over 2013/14, have been used as the basis for service planning for 2014/15. During 2014/15 we will be developing a new corporate plan for the period 2015 – 2020.

(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.

(d) The Moving Forward in a Time of Change document provides a steer for leading and managing future change in light of external pressures on the Authority and guides our budget planning process. It has 3 key themes of: being focussed on what we are going to do and what we are not going to do; realising our commercial potential; working with partners. Our medium term financial strategy is based on diversifying our sources of funding so that we maximise opportunities for income generation, giving, sponsorship and external grant funding whilst reducing costs and reliance on our core Defra grant.

(e) The Local Development Framework Core Strategy is in place and has been checked to ensure it is consistent with the provisions of the National Planning Policy Framework. Development Management Policies are being updated to support the core strategy including consultation and discussion with stakeholders on the response to the issues and options consultation which took place in 2012. It is likely that the proposed submission document will be brought to the Authority by early 2015 with adoption in April 2016. The process of producing development management policies will be used to consider any further ways in which the Authority's planning policies can be refined to further strengthen the consistency with national policy.

(f) The current Working with People and Communities strategy and the Communications strategy are being implemented to ensure clear channels of communication, consultation and engagement with target audiences and stakeholders. The Communications Strategy has been reviewed to include our approach to marketing and there is an interim Marketing and Communications strategy in place for 2014/15. This will be reviewed to ensure it supports our new corporate plan as that is developed. We will shortly also be in a position to set out, within the new corporate plan, the Authority's updated strategy on engaging and working with people and

communities, both resident and non-resident. The original Working with People and Communities strategy, written in 2006 has guided the Authority's work with children and young people, park residents, under-represented groups and visitors and in terms of target audiences for the future, we do not expect to change significantly the groups that we want to reach. The new strategy will however reflect our new thinking in terms of how we engage with people, setting our sights on creating opportunities for a more meaningful connection between people and place through key interventions such as the Peak District Award, externally funded projects, volunteering and family focused events. Probably the biggest change in terms of our relationship with resident communities since the last strategy is the Localism Act and its effect on how the Authority interacts with local people will be central to the new strategy's approach to engagement with park residents.

(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 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, external/internal audit and inspection reports and the National Park Authorities Performance Assessment (NPAPA) process.

(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. 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 (which has been updated to reflect the Enterprise and Regulatory Reform Act 2013)
- Protocols on (i) Member/Officer Relations, (ii) Monitoring Officer and (iii) Development Control and Planning
- Complaints procedures (which have been updated to be clearer about the role of members in the complaints process)
- 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 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 the public, staff or members 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 to the public through our website section titled 'standards and behaviour' which can be found at <http://www.peakdistrict.gov.uk/about-us/who-we-are/members/standards-and-behaviour>

(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 further support the above by setting out policies and procedures that are to be adhered to. Following a review of the CIPFA statement on The Role of the Chief Financial Officer (CFO) in Local Government (2010) our Code of Corporate Governance has been strengthened to reflect better the role of the CFO. Our reporting arrangements meet the requirements of the Code with the CFO having independent reporting as necessary to the Chief Executive, Resource Management Team and Members even though the post holder sits in the Corporate Resources Directorate.

(l) Our Code of Corporate Governance has also been strengthened to reflect that the Head of Law post is now designated as Monitoring Officer and to ensure that the Monitoring Officer has independent reporting as necessary to the Chief Executive, Senior Management Team and Members even though the post holder sits in the Corporate Resources Directorate.

(m) 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' and a subsequent report in September 2010. 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 20 May 2014 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 2013/14 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 Planning, Chair of Audit Resources and Performance Committee, Head of Law/Monitoring Officer and Director of Corporate Resources. The Chief Finance Officer inputted his views to the review outside the meeting as he was unable to attend. 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 opinions
- (b) Internal Audit reports for 2013/14 including the annual report and assurance opinion. During 2013/14 we have responded to two internal audit reports receiving 4 adequate and 5 substantial assurances for all areas reviewed in the year. The 2013/14 annual report from the internal auditors has confirmed a positive assurance of 'adequate and effective' in all three areas of risk management, internal control and governance over the year (NB there are only 2 levels of overall assurance given: 'adequate and effective' or 'inadequate and ineffective'). Out of a total of 18 recommendations made over the year: none of them were classed as fundamental; 7 were classed as significant; 11 were classed as meriting attention
- (c) Assurances given from 'those charged with governance' including: members of Management Team, Statutory Officers (Head of Paid Service, Chief Financial 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) The retention of the external Customer Service Excellence standard
- (i) Feedback and lessons learnt from legal proceedings

It was agreed that it had been a positive year in terms of progress against action agreed last year and as we have done for a number of years we identified further issues to address as part of our continuous improvement approach to our governance arrangements. These issues are recorded below against the 6 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 Director of Corporate Resources at Aldern House, Baslow Road, Bakewell, DE45 1AE or can be found on our website at <http://www.peakdistrict.gov.uk/publications/operationalpolicies>

**(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**

Issues identified during review which affect effectiveness:

1. The poor forecast for public sector finances remains as a significant issue to be addressed through our corporate and budget planning work
2. We are missing opportunities to work with local authorities in the wider peak district area to achieve our objectives
3. There is an outstanding action from last year on reporting on the results of the user survey and agreeing what action is taken in response to feedback received
4. Timely implementation of our asset management proposals will be necessary to help the Authority move forward. This includes implementation of:
 - a) The new property structure
 - b) The capital strategy/programme
 - c) Business plans/options for key properties

**(2) Code of Corporate Governance core principle:
Members and officers working together to achieve a common purpose with clearly defined functions and roles**

Issues identified during review which affect effectiveness:

5. As the proposals for direct elections are progressed we will need to ensure this is appropriately resourced and evaluated
6. Leadership style and capacity needs to develop in order to deliver the organisation's strategy including members' understanding of the need for development
7. Changes to the membership leadership team in the summer will mean a transition period and will possibly impact on continuity of progressing current priorities
8. The due diligence frameworks for local and national (organisational and individual) sponsorship agreements are needed as an essential part of our governance framework

**(4) Code of Corporate Governance core principle:
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

Issues identified during review which affect effectiveness:

9. The draft business continuity plan needs to be finalised and agreed

**(5) Code of Corporate Governance core principle:
Developing the capacity and capability of members and officers to be effective**

Issues identified during review which affect effectiveness:

- 10. Participation in essential learning and development events remains an issue for the membership

Significant Governance Issues:

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. The poor forecast for public sector finances remains as a **significant issue** to be addressed through our corporate and budget planning work. Work on this has started and will be discussed with Members at the strategic planning workshops in June and the autumn.

Signed on behalf of the Peak District National Park Authority:

..... Chair of Audit Resources and Performance Committee

..... Chief Executive