

2014/15 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). In 2015 the Code has been updated to reflect our consideration of 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 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 2015 and up to the date of finalising this statement on 10 June 2015 for publication by the end of June 2015. The statement will be revised prior to reporting to Members of the Audit Resources and Performance Committee in September 2015 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 third annual report (reporting on the 2013/14 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.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our corporate objectives with 2014/15 being the last year of our previous corporate plan period. 2015/16 is a transitional year for the Authority as we integrate planning for possible further reductions in our Government grant in the next spending review period with developing our new corporate strategy for 2016-2019. In this transitional year our focus, as reflected in service plans, is on three core planning activities:

- Delivery of four cornerstones to build a solid platform for the organisation
- Delivery against four directional shifts to create our building blocks for the future
- Giving space and time to answer four questions to help develop our medium term financial plan and new corporate strategy: a) why we do what we do linked to our ambitions for the special qualities of the national park; b) what we do - our role and how we fund our work c) how we do it - how we are designed as an organisation to deliver our role d) the way that we do it - our culture

(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 has provided a steer for leading and managing change in light of external pressures on the Authority and has guided 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. This strategic document will be replaced in 2015 by the new corporate strategy. The focus for 2015/16 set out under (b) above continues to shift the organisation in accordance with our financial strategy to diversify 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) 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 will now form 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) for publication in the autumn of 2015.

(f) The Working with People and Communities strategy has been reviewed and replaced with People and Park Connected, which sets our direction over the coming years in terms of how we engage with people, both resident and non-resident and will be reflected in the new corporate strategy. It covers our ambitions for people getting to know the park, understanding the park and supporting the park. The people and park connected strategy and the draft communications and marketing strategy are being implemented to ensure clear channels of communication, consultation and engagement with target audiences and stakeholders.

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

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

(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. In 2014 the Authority appointed a Member Representative to support Member 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 each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 20 April 2015 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 2014/15 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, Monitoring Officer, Chief Finance Officer and Director of Corporate Resources. 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 2014/15 including the annual report and assurance opinion. Out of a total of 28 recommendations made by internal audit over the year: none of them were classed as fundamental; 9 were classed as significant; 19 were classed as meriting attention. The 2014/15 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 Management Team, Statutory Officers (Head of Paid Service, Chief Finance Officer, Monitoring Officer), Chair of Audit Resources and Performance Committee
- (d) Progress against action we identified last year as part of our Annual Governance Statement
- (e) The most recent Local Government Ombudsman's statistics
- (f) Our planning appeals performance and feedback from inspectors' reports
- (g) Any feedback from handling complaints, Freedom of Information and Environmental Information enquiries
- (h) The retention of the external Customer Service Excellence standard
- (i) The retention of the Investors in People standard
- (j) Feedback and lessons learnt from legal proceedings
- (k) The assessment made against CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption. In doing this the Chair of the Audit Resources and Performance Committee and the Chief Executive, as signatories to this statement, can confirm that having considered all the principles they are satisfied, subject to the one action identified below under core principle (4) action 5, 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 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. Following the end of our previous plan period, work will continue in our 2015/16 transitional year to produce a medium term financial plan and our 2016 - 2019 corporate strategy

**(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:

3. We will need to align the organisation's role and design to the 2016-2019 corporate strategy

**(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:

4. The draft business continuity plan needs to be finalised and agreed
5. We will implement the internal audit recommendations for IT systems controls as set out in the part B report to Audit Resources and Performance committee on 20 March 2015

**(6) Code of Corporate Governance core principle:
Engaging with local people and other stakeholders to ensure robust public accountability**

Issues identified during review which affect effectiveness:

6. We will need to ensure staff are engaged with the strategic and financial planning work in our transition year

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 workshop in July and the autumn.

Signed on behalf of the Peak District National Park Authority:

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