

North York Moors National Park Authority Finance Risk Audit and Standards Committee

24 May 2018

Annual Governance Statement

1. Purpose of the Report

- 1.1 To seek Members' input to the Annual Governance Statement that will be included in the Authority's Statement of Final Accounts for the financial year 2017/18.

2. Background

- 2.1 The Audit and Accounts Regulations 2015 require that the Authority produces an Annual Governance Statement (AGS) which is reviewed at least annually, approved by Members and can either be included in the Statement of Accounts or published as a separate document, but must be done within the same timescales.
- 2.2 The Authority has agreed to continue to publish the AGS as part of the Statement of Accounts and not as a separate document. It had always been conscious that governance covers a much wider area than strictly financial matters and has sought to reflect this in its AGS and the overall culture of the organisation.

3. Discussion

- 3.1 The AGS explains the nature of the culture and controls that the Authority has had in place during the period covered by the accounts, in this case 1 April 2017 to 31 March 2018. It also describes how these have been monitored and reviewed during the period and how changes and improvements are identified. The draft AGS proposed for inclusion in the Statement of Final Accounts is provided at **Appendix 1**.
- 3.2 Through the routine work of this committee, Members are involved in reviewing the Corporate Governance procedures that the Authority has agreed to follow. The AGS therefore, confirms what mechanisms are in place and how they have been updated and implemented during the year in question. The AGS includes a summary of the actions taken in the current financial year and actions planned to be undertaken in 2018/19 in order to improve the corporate governance arrangements. The Authority's AGS goes beyond the minimum requirements by covering the non-financial aspects of governance such as ethical standards, complaints and engagement with the public.
- 3.3 Andy Breckon has reviewed and commented on the actions in the attached document in his role as the Independent Person, prior to discussion at the February meeting of this committee.

4. Financial and Staffing Implications

- 4.1 There are no significant staffing implications to this report.

5. Legal and Sustainability Implications

- 5.1 It is a legal requirement for the Authority to produce an AGS for the year 2017/18.

6. Recommendation

- 6.1 That Members review the Draft Annual Governance Statement attached at **Appendix 1** and make any suggestions for amendment to be incorporated into the accounts for approval in July.

Contact Officers:

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Background documents to this report

File Ref.

1. CIPFA/SOLACE Delivering Good Governance in Local Government Framework & Guidance Note for English Authorities 2016
2. CIPFA - The Role of the Chief Financial Officer 2016
3. NAO Guidance on AGS
4. Annual Standards and Ethical Review Report to Finance, Risk, Audit and Standards Committee, February 2018

Annual Governance Statement

1. Scope of Responsibility

- 1.1 The North York Moors 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 and 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 includes arrangements for the management of risk.
- 1.2 The Authority has adopted an Ethical Framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the overall governance framework in operation by the Authority. A copy of the Authority's Values Statement and Ethical Framework is available on our website <http://www.northyorkmoors.org.uk> in the publications section or can be obtained from; Head of Corporate Services, North York Moors National Park Authority, The Old Vicarage, Bondgate, Helmsley, YO62 5BP. This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the values, systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services in pursuit of National Park purposes.
- 2.2 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 objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a process designed to identify and prioritise the risks to the achievement of the Authority's objectives, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them efficiently effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2018 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

3.1 Accountability

National Park Authorities are independent, special purpose bodies working within the framework of local government. Their unique governance arrangements combine elements of accountability to central government (via DEFRA and DCLG) and to local communities reflecting the needs of national and local customers. Local accountability is achieved via the appointment of elected Members by local government and other mechanisms.

3.2 The other mechanisms are varied involving the statutory appointment of elected Parish Councillors to the Authority and a wide variety of voluntary mechanisms. The Authority makes great effort to ensure that voluntary mechanisms are as open, inclusive and transparent as possible. They include (omitting statutory requirements):

- Customer Service Excellence success has continued with the Authority being fully compliant with all 57 elements of the Standard and 'Compliance Plus' (best practice) in 10 of these. The latest assessment took place on 11 May 2017 and this level of performance has been maintained. The 2018 assessment will take place on 30 May.
- The arrangement of regular Parish Forums which are attended by Members, the Chief Executive and Directors this is supplemented by an annual Joint Parish Forum. Members of the public can ask questions without giving notice at these events.
- The Authority has two other Forums; membership is drawn from a wide range of interested parties as well as Authority Members to discuss topical issues in relation to Awareness, Recreation and Business and Conservation and Land Management
- Representatives of groups of users otherwise under-represented as Members (young people, disabled people, BME groups and volunteers) address the Authority meeting directly. There is a quarterly Disability Advisory Group in which Officers work jointly with representatives of a variety of disability groups.
- Periodic surveys of satisfaction with Authority Services are undertaken plus quadrennial Park wide surveys of residents' views.
- State of the Park Reports are published periodically with consistent long running data sets where possible.
- The Scheme of Delegation allows members of the public and representatives of the parish to address the Planning committee.
- Wide and effective consultation mechanisms using a number of different communication channels
- User groups such as the regular Primary Land Users Group and officer attendance sectoral groups and at Parish Council meetings.
- Publication of full pension, allowance and salary details of all staff earning over £50k
- Publication of Member allowances
- Publication and access to documents within the Publication Scheme including but not exclusively details of all invoices over £250.
- Standards are reviewed in consultation with the Independent Person on an annual basis.
- Feedback to the Authority can take place in person, by phone, letter, e-mail or using a variety of social media.

3.3 The Authority regularly monitors Complaints and Compliments and reports these to the Finance, Risk, Audit and Standards Committee (FRASC) which also considers any reports from the Local Government Ombudsman. Processes are also in place to deal with complaints against Members via the Authority's Finance, Risk, Audit and Standards Committee, which has an independent person to advise it.

3.4 In 2017/2018, as at 31 March 2018 the Authority received 22 complaints (although 4 of those were withdrawn by the complainants prior to investigation) of the remaining 18, 6 were justified or partially justified. In the same time period the Authority also received 74 compliments. Details of all these are reported quarterly to Members. As at the same date the Local Government Ombudsman had received 2 complaints. One, the LGO decided not to investigate, the outcome of the second is yet to be published.

- 3.5 There was one formal Member complaint in 2017. In accordance with the Member Complaints procedure the Deputy Monitoring Officer carried out an initial assessment of the allegations to determine whether or not they merited a formal investigation. The assessment was that no breach of the Code of Conduct or other applicable rules had occurred, that no parts of the complaint merited formal investigation, and that no further action was necessary. The Independent Person was also involved with and supportive of this assessment. The Complainant submitted further information in support of the complaint. The assessment of that information was that the initial assessment was not altered. The Complainant was notified and the matter ended.

Notwithstanding the outcome of this Member complaint, it serves as a useful reminder that the behaviour of Members is often subject to close scrutiny, particularly in public meetings and in relation to declarations of interests.

- 3.6 The Authority's governance framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. This has been achieved by the adoption of the Ethical Framework which aims to embed the Authority's core values into the day to day operations of the Authority. Both the Ethical Framework and Staff Code of Conduct were updated in 2015.
- 3.7 The Authority's objectives are defined and established by the National Park Management Plan. The Management Plan review was approved in December 2016 following engagement with partners and stakeholders. Progress against the overall long term objectives of the Management Plan can be identified via regular reporting against a broad range of targets and strategic indicators.
- 3.8 The Business Plan (2017-2020) includes forecasts of income and expenditure over the medium term, allocating indicative resources to the objectives based upon the best available information. This forms the basis of the Medium Term Financial Strategy and assists in identifying any potential financial risks. This is reviewed annually as part of the budget setting process and ensures that resources and objectives are appropriately aligned.
- 3.9 The Authority is currently working on a draft Local Plan. This is supported by a Working Group of 11 Members which met eight times in the year 2017-18. Following initial consultation in September 2016 the Authority carried out two further rounds of consultation on the Authorities draft Local Plan during 2017/18. A further round on a full draft plan is planned for July 2018. Comments were invited on a 'Current Thinking' consultation document over a seven week period from 6 October to 24 November 2017, and 98 individuals or organisations provided views. Consultation was supported by four drop in events and through an article in the November 2017 version of the Moors Messenger, which was delivered to all households in and around the National Park. Consultation on policy for three of the National Park's special qualities also took place in December 2017 and gathered 222 responses.
- 3.10 The Authority has an established Committee Structure with an associated Scheme of Delegation to ensure that decisions are taken in the most appropriate and effective manner. The Scheme of Delegation allows swift and effective policy and decision making by Members and managerial and operational decision making by officers within a framework of accountability to Government and local people.
- 3.11 Compliance with the regulations, procedures and statutory requirements is facilitated by a comprehensive set of appropriate controls. Policies are in place to regulate how the Authority's Members and staff use the resources available to them. Regular internal audits are conducted by external auditors, providing assurance that the procedures are being adhered to.

The Authority receives legal advice and Monitoring Officer support as appropriate in all aspects of its work via a contractual arrangement with Scarborough Borough Council with effect from 1 April 2012 following a tendering exercise. Advice includes detailed input into significant Committee papers, particularly the work of the Authority's Planning Committee. The Whistleblowing Officer role is externalised via this contract to increase objectivity and independence.

- 3.12 The management of risk within the business is embedded into the activity of the Authority. A risk register is maintained to identify significant operational risks and describe the mitigation measures in place to control them. The risk management process is the responsibility of the Head of Corporate Services and is reported to Members in the spring of each year. Direct responsibility for controlling individual risks is delegated to the officer most closely involved in the operation that would be affected. More strategic risks, and the mitigation measures to control them, are included in the Authority's Business.
- 3.13 The routine financial management of the Authority is described in detail by the Financial Regulations. The annual budget is approved by the full Authority prior to the commencement of the financial year. The Directors and Management Team receive reports on expenditure and income against the expected position at their respective bi- monthly meetings and take appropriate action to address any significant deviation from the plan. The quarterly meetings of the FRASC receive a formal report on the financial position, including a description of any significant variations that have been made. In November of each year, the annual budget is fully reviewed and revised to reflect the anticipated out-turn for the whole year.
- 3.14 The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer (2016) with the exception of two issues which reflect the arrangements in place to provide certain services under contract. The Authority's Chief Financial Officer (s151 Officer) is the Assistant Director of Strategic Resources at North Yorkshire County Council. Her role as one of the three statutory officers and her professional qualifications and experience are consistent with the Statement. The arrangements for the Chief Financial Officer also give the Authority access to services of a specialist nature, such as Treasury Management and Insurance / risk management etc. The Finance function is now delivered under a Collaboration Agreement with North Yorkshire County Council, which provides resilience and opportunities to access specialist expertise as required.
- 3.15 The Chief Financial Officer has direct access as required to the Chief Executive and Members of the Authority, and contributes to the meetings of the Directors as appropriate. She has line management responsibility for the NYCC staff working on financial matters within the Authority, and works closely with the Authority's CEO/Head of Corporate Services.
- 3.16 Performance Management is conducted via the FRASC which meets every quarter. This committee receives reports on finance, risk management, complaints and compliments and it monitors performance against the Authority's Headline Indicators and Corporate Management performance indicators. The Directors and Management Team receives progress reports on the headline indicators where the data is collected on a monthly cycle.

4. **Review of Effectiveness**

4.1 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 the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 This review is used to inform the contents of the Annual Governance Statement which prepared by the Head of Corporate Services in consultation with the Chief Executive, Monitoring Officer, Chief Finance Officer and key Members.

4.3 The following key areas of work were due to be completed in 2017/18

- Completion of the work on the review of Financial Regulations, Standing Orders and Scheme of Delegation in particular to reflect the impact of the ongoing collaborative working with North Yorkshire County Council and other minor changes which have been identified by Officers.
- A review and implementation of agreed actions relating to Fraud and Corruption Risk.
- Give increased prominence to the Officers' Code of Conduct to ensure that Officers are clear about its contents and fully comply with their obligations.
- Improve Officers' awareness of their obligations with regard to the Freedom of Information and Data Protection Acts. In particular, this relates to both the retention/disposal of data and to reinforce the message that care needs to be used in the language used and opinions expressed in all email messages.
- Update the Authority's Customer Service Standards to reflect the changed ways in which our customers want to interact with us – for example the current standards refer extensively to how we should reply to written correspondence and while there is some guidance on email communication, no mention is made of social media.
- Review the complaints process to ensure that complaints coming into the Authority from a wide variety of sources (including social media and emails) are being properly captured to give certainty that they are dealt with effectively and any opportunities for improving the way in which we work are taken.
- Given the expansion of the Authority's operations, notably in delivering externally funded projects and in undertaking mitigation work via the Sirius Minerals Section 106 Agreement, ensure that the resources deployed in key areas are sufficient to support the greater volume of legal and governance work.
- Continue to integrate volunteers into all of the Authority's work teams and ensure that volunteers are properly considered and consulted when key decisions are made.
- Continue the development of the financial collaborative working arrangements with NYCC to deliver high quality information to facilitate Member and officer decision making.

4.4 Excellent progress has been on the majority of these items during 2017/18. The Finance Regulations are being revised and updated versions of the Scheme of Delegation and Standing Orders will be presented to the June NPA meeting; considerable work has been done on the Authority's archives to ensure full and proper compliance with the Retention policy; the Customer Service Standards have been updated as has the Clear Communications Guide. Briefing sessions for staff on the latter are planned shortly; Volunteers are working in teams across the whole Authority and are delivering a very significant range of work; the Complaints process is in the process of being reviewed, although no major

changes are anticipated; Financial Collaboration agreement has delivered high quality support as anticipated. Staff absence has limited the work on Fraud and Corruption following the paper presented to this Committee in June last year, but Officers do not consider this to be a major problem.

5. Significant Governance Issues

5.1 The review of effectiveness has identified the following areas to be addressed in 2018/19

- Completion of the work and associated training in relation to the Finance Regulations, Scheme of Delegation and Standing Orders;
- Prepare the Authority's systems for the implementation of the General Data Protection Regulations in May and associated training for staff;
- Ensure that all new staff in particular are familiar with the Officers' Code of Conduct and fully comply with their obligations.
- Given the continued expansion of the Authority's operations, notably in delivering a variety of externally funded projects, ensure that the resources deployed in key areas are sufficient to support the greater volume of legal and corporate support work

5.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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A. Wilson (Chief Executive)

Date.....

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J Bailey (Chairman)

Date.....

On behalf of the Members and senior officers of the North York Moors NPA.