

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

19 May 2014

Annual Governance Statement

1. Purpose of the Report

- 1.1 To seek Members comments on the Annual Governance Statement that will be included in the Authority's Statement of Final Accounts for the financial year 2013/14.

2. Background

- 2.1 The Audit and Accounts Regulations 2011 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.
- 2.2 The Authority has agreed to continue to publish the Annual Governance Statement 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 statement.

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 2013 to 31 March 2014. 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 A**.
- 3.2 The Authority follows best practice guidance in developing the Annual Governance Statement.
- 3.3 Through the routine work of this committee, Members are routinely involved in reviewing the Corporate Governance procedures that the Authority has agreed to follow. The AGS therefore serves to confirm what mechanisms are in place and how they have been updated and implemented during the year in question. The statement includes a summary of the actions taken in the current financial year and actions planned to be undertaken in 2014/15 in order to improve the corporate governance arrangements. The Authority's AGS therefore goes well beyond the minimum requirements by covering the non-financial aspects of governance such as ethical standards, complaints and engagement with the public. Especial attention has been paid to the accountability aspects of governance over the last year.
- 3.4 Andy Breckon has commented on the attached document in his role as the Independent Person.

3.5 The document has been developed giving consideration to the discussions at this committee in February in relation to the Annual Standards and Ethical Review, which included a discussion of the items to be included in the work to be undertaken in the 2014/15 financial year.

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 accounts for the year 2013/14.

6. **Recommendation**

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

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Director of Corporate Services
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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 2007
2. CIPFA The Role of the Chief Financial Officer 2010
3. CIPFA/SOLACE Application Note to Delivering Good Governance in Local Government: a Framework 2010
4. CIPFA/SOLACE Delivering Good Governance 2012
5. NAO Guidance on AGS
6. Annual Standards and Ethical Review Report to Finance, Risk, Audit and Standards Committee, 3 February 2014

Annual Governance Statement

1. Scope of Responsibility

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, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

The Authority has approved and 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; Director 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 2011.

2. The Purpose of the Governance Framework

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.

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, aims 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, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2014 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

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 Department for Communities and Local Government) 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.

The other mechanisms are varied involving the statutory appointment of elected Parish Councillor to the Authority and a wide variety of voluntary mechanisms. The NYMNPA 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
- 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 and Community Forum. Members of the public can ask questions at these events.
- The Authority has two Forums which 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.
- Periodic surveys of satisfaction with Authority Services are undertaken
- 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 forums such as the Primary Land Users Group and Disability Action Group.
- 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 £500.
- Standards are reviewed in consultation with the Independent Person on an annual basis.
- Feedback to the Authority can take place by phone, letter, e-mail or using a variety of social media.

In the last year the Authority has taken the following voluntary steps to strengthen these arrangements:

- In December 2013 the Authority undertook a scrutiny review of the work of the Authority in terms of the National Park Management Plan and Business Plan 2012/15. This will be undertaken on an annual basis.

The Authority regularly monitors Complaints and Compliments and reports these to the Finance, Risk, Audit and Standards Committee which also considers any reports from the Local Government Ombudsman (to update at year end on any findings). 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.

In 2013/14, as at 31 March 2014 the Authority received 19 complaints of which, one has been withdrawn, 7 were justified or partially justified, details of these are reported quarterly to Members. As at the same date the Local Government Ombudsman had received 1 complaint and in this instance the investigation was stopped as the Ombudsman found no fault on the behalf of the Authority.

Internal

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.

The Authority's objectives are defined and established by the National Park Management Plan. The Management Plan was approved in June 2012 following widespread 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.

The Business Plan 2012-2015 confirms the strategic priorities that have been developed from the long term objectives, establishes the Financial Principles that underpin the strategic financial management of the Authority and describes how activities over the medium term will contribute to their achievement.

It also includes forecasts of income and expenditure for the three year period, 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 appropriate aligned.

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.

Compliance with the regulations, procedures and statutory requirements is facilitated by a range of 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 receive 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.

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 Director 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 Plan and Annual Performance Plan.

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 Finance, Risk, Audit and Standards Committee (FRASC) receive a formal report on the financial position, including a description of any significant virements 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.

The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010) 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 Finance (Corporate Accountancy) at North Yorkshire County Council. His role as one of the three statutory officers and his 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 Chief Financial Officer has direct access as required to the Chief Executive and Members of the National Park Authority, and contributes to the meetings of the Directors as appropriate. He does not have line management of the staff working on financial matters within the Authority, but works closely with the Authority's Director of Corporate Services, who is professionally qualified, a member of the leadership team, and who plays a significant part in the organisational leadership and management of an internal finance function with suitably qualified staff.

Performance Management is conducted via the Finance, Risk, Audit and Standards Committee 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. The Authority is subject to an external five yearly performance assessment (National Park Authorities Performance Assessment – NPAPA) which analyses its performance against seven sets of criteria. The most recent Assessment assessed as performing well or excellently in six of the seven categories.

4. 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 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.

This review is used to inform the contents of the Annual Governance Statement which prepared by the Director of Corporate Services in consultation with the Chief Executive, Monitoring Officer, Chief Finance Officer, Assistant Director of Corporate Services, Business Performance and Support Officer and the following key Members.

- The Chair of the Authority
- The Chair of the Finance, Risk Audit and Standards Committee
- The Independent Person.

The following key areas of work have been conducted in 2013/14

- The Customer Service Excellence Standard was maintained and performance improved. The assessment in May 2013 concluded that the organisation was compliant in all 57 areas and achieved the Compliance plus level of best practice in the following 6 areas

- We make particular efforts to identify hard to reach and disadvantaged groups and individuals and have developed our services in response to their specific needs;
 - There is a corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers;
 - We use customer insight to inform policy and strategy and to prioritise service;
 - We have improved the range, content and quality of verbal, published and web based information we provide to ensure it is relevant and meets the needs of customers;
 - We interact within wider communities and we can demonstrate the ways in which we support those communities;
 - We set appropriate and measurable standards for the timeliness of response for all forms of customer contact including phone calls, letters, e-communications and personal callers
- The Authority has established continuing independent systems for obtaining legal advice and advice on Members Code of Conduct in relation to a significant planning application relating to the extraction of minerals.
 - The Authority has reviewed the Corporate Risk Register.
 - The Authority's corporate Health and Safety framework and policies have been reviewed with the assistance of an accredited external expert to doubly ensure appropriate compliance with legislation.
 - The consultation by Defra on the governance arrangements of the Authority has been concluded and the membership of the Authority will be reduced by two with effect from 2014/15.
 - The Monitoring Officer and Independent Person have reviewed the Code of Conduct and procedures relating to complaints against members and will report to the Finance, Risk, Audit and Standards Committee on findings and recommendations.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Finance, Risk, Audit and Standards Committee, and a plan to address weaknesses to ensure continuous improvement of the system is in place.

1. Significant Governance Issues

The review of effectiveness has identified the following areas to be addressed in 2014/15

- The Authority needs to review further the Standing Orders, Scheme of Delegation and Financial Regulations.
- The Authority will need to review the adopted Code of Conduct for Members, and procedures and protocols for dealing with complaints about Members, and appoint or make arrangements to share Independent Person(s), to ensure that they are consistent with best practice.
- Internal Audit will conduct a review of the revised Health and Safety Framework to ensure that the improvements following the review in 2013/14 have been appropriately implemented.
- The Authority will undertake a review of the Ethical Framework and Officer Code of Conduct.
- The Authority's Whistleblowing Policy will be reviewed and promoted.
- A review and consultation relating to the long term strategic direction of the organisation will be undertaken. This will include consideration of the establishment of a trust.

- Work will commence on the Business Plan for 2015-2018
- Further activity will be undertaken to embed Volunteers into the Governance Arrangements of the Authority.

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.