

NFNPA RAPC 296/16

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE MEETING – 6 JUNE 2016

DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16

Report by: Bob Jackson, Chief Finance Officer and Nigel Stone, Finance and Performance Manager

1. Summary

- 1.1 This report presents the Draft Annual Governance Statement (AGS) for the New Forest National Park Authority for the financial year 2015/16, detailed in **Annex 1**.
- 1.2 Following acceptance at this Committee, the draft AGS will be passed to the External Auditors (Ernst & Young) alongside the draft Financial Report for the year. These will then be subject to the usual audit processes/amendments and both finalised documents will come back to the full Authority in July for definitive approval.
- 1.3 The AGS must be signed by the Authority Chairman and Head of Paid Services (Chief Executive) prior to final publication.

2. Annual Governance Statement

- 2.1 The Accounts and Audit Regulations 2015 and 'proper practice' (CIPFA/SOLACE) requires the Authority to produce an AGS and conduct a review of its governance framework. The AGS seeks to demonstrate that the Authority's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. There is 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
- 2.2 The AGS is compiled using a wide range of evidence sources from across the Authority, such as:
 - the Internal Auditor's opinion for the financial year 2015/16,
 - corporate risk register,
 - External Audits reports,
 - the Monitoring Officers' on-going review of governance.

- 2.3 Any significant issues (weaknesses) found as a result of the review of the governance framework, are recorded in the AGS. An action plan for their improvement will be drawn up and monitored by this Committee.
- 2.4 Members are reminded that whilst the AGS sets out the key *governance* issues for 2015/16, the NPA's 2015/16 Annual Report summarises the Authority's significant activities and achievements over this period. The Annual Report is currently being compiled and will be considered by members at the Annual Authority meeting on 14 July.

3. Equality Impact Assessment

- 3.1 The Authority takes equality and diversity extremely seriously when considering all its working and governance arrangements. For example, this report makes mention of our Equality Impact Assessments, wide ranging community engagement, application of procurement rules to assist SMEs and the continuing support for the MOSAIC project.

4. Recommendation

It is recommended that Members approve the Draft Annual Governance Statement for the financial year 2015/16 and that the draft is passed to the External Auditors.

Papers:

NFNPA/RAPC 296/16

NFNPA/RAPC 296/16 Annex 1: Draft Annual Governance Statement 2015/16

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Annex 1

DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16

Scope of responsibility

The New Forest National Park 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 also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

The Authority approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/Solace Framework Delivering Good Governance in Local Government. A review of compliance with the Code is carried out on an annual basis by the Chief Executive, Monitoring Officer and Chief Finance Officer. A copy of the Code is published on the Authority's website and can be obtained from Corporate Services.

This statement explains how the Authority has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement of corporate governance.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled 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.

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 risk to the achievement of the Authority's aims, objectives and policies, 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

The Local Code of Corporate Governance describes the Authority's governance framework in relation to the six core principles below and demonstrates how it complies with these:

- a. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
- b. Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
- c. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d. Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk;
- e. Developing the capacity and capability of members and officers to be effective; and
- f. Engaging with local people and other stakeholders to ensure robust public accountability.

This code was first adopted by the Authority in June 2012.

Through carrying out its general statutory duties and responsibilities in connection with the two national park purposes, the Authority also seeks to work for and with the local community to foster the social and economic wellbeing of communities within the National Park.

Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

The Authority's purposes, vision and intended outcomes for residents, visitors and other stakeholders are identified in a range of policy documents. The overarching vision for the management of the Forest is set out in the Partnership Plan 2015 - 2020. The plan was developed and approved in 2015 following extensive community engagement; a total of 27 organisations are set to deliver the plan over the next five years. This is the first such New Forest Partnership Plan and has encouraged a wide range of important stakeholders to put down in writing what they will be doing for the Forest during this time, increasing governance and accountability for all.

The Authority's Business Plan 2015 – 2018, also published in 2015, sets out the main framework for the work programme for the Authority over the next three years based on its specific objectives and outcomes from the Partnership Plan. The work programmes are aligned to the Authority's purposes and duty of Protect, Enjoy, Prosper and Aiming for Excellence. Progress is monitored regularly by Executive Board and the Resources, Audit and Performance Committee. The Plan presents an account and assessment of the Authority's activities, alongside the separate reports of its financial position and performance.

Management information is produced to assist with the measurement of performance including a number of performance indicators. Budgetary control reports are reviewed monthly by the Budget Holders and on a regular basis by the Executive Board and Resources, Audit and Performance Committee. The Committee also considers the Authority's medium-term financial position. The Medium-Term Financial Plan aligns resources to their priorities. Where performance slips this is further examined and action taken where possible.

The Authority continues to be very highly successful in attracting external funding into the area, leveraging around £13 for every £1 of funding we put towards partnership projects. It is also keenly investigating corporate partnerships (sponsorship) both internally and alongside the wider National Park family; in 2015 National Parks Partnerships Ltd was formed by the UK's 15 National Parks. Its remit is to create successful corporate partnerships that generate vital income to make a significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come.

The Chief Executive reports to the Authority on the development and performance of the Authority overall. The Annual Report 2015/16, detailing the Authority's activities and achievements over this period is currently being drafted and will be considered at the Annual Authority meeting on 14 July 2016. In November 2012, the Authority participated in its most recent independent, peer-assessed, quadrennial 'National Park Authority Performance Assessment'. A copy of their final report, including recommendations, is available on the Authority's website.

The Authority has adopted and maintained a complaints procedure to enable complaints about the Authority's activities to be considered and responded to. Information on how to use the complaints procedure is available via a complaints leaflet and the Authority's website. Information on complaints received is considered by the Authority's Executive Board. Lessons for service improvement are identified wherever practicable.

The Authority is subject to a full and independent audit of the financial management arrangements in place for 2015/16. Audit reports are issued by the External Auditor and Internal Auditor to be considered by the Authority's Resources, Audit and Performance Committee.

The Authority undertakes Equality Impact Assessments, in which services are required to review policies and procedures to ensure those services are delivered, designed and continually monitored to meet the needs of the whole community.

Members and Officers working together to achieve a common purpose with clearly defined functions and roles

Standing Orders, Scheme of Delegations, Financial Regulations, Contract Standing Orders and other procedures describe how the Authority operates and how decisions are made to ensure that these are efficient, transparent and accountable to local people. All these key policies were kept under review during the year and amendments made as and when necessary.

Meetings of the Authority are held in public (save for individual items of a sensitive nature properly considered in confidential session) with publicly available agendas and minutes, members of the public may ask questions and make representations on relevant matters at meetings. Each of the committees has distinct terms of reference, with each having a periodic review. Member attendance for the Authority and Committee meetings during the year was up to 80% (from 78% in 2014/15) and such information is published openly on our website.

The roles and responsibilities of the Members and Officers are further defined in Member/Officer job descriptions and there is a Local Protocol for Member and Officer Relations. The roles of Chief Executive, Monitoring Officer and Chief Finance Officer are filled, with each Officer understanding their relevant responsibilities.

The Authority has taken a decision to have a service level agreement (SLA) for the provision of the Chief Finance Officer in 2015/16, in order to ensure value for money. In reaching this decision the Authority took into account the governance requirements of CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010). The Chief Finance Officer (CFO) function was performed by the Executive Director of New Forest District Council (NFDC). There are agreed protocols for consultation with the CFO on key decisions and advice to the Authority and its committees. The CFO or a nominated deputy attends meetings of the Authority's Managers' Forum and Executive Board in order to ensure a sound understanding of the organisation's key priorities and risks. Towards the end of 2015, the CFO post-holder was promoted to Chief Executive of NFDC prompting a full review of the position by the Authority; a decision has now been made to cover this role in-house from July 2016.

The role of the Monitoring Officer is performed in-house by the Senior Solicitor with a remaining nil-cost SLA with Hampshire for any additional specialist legal support required. All such service level agreements are reviewed and performance monitored.

Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

There are Codes of Conduct for Members and Officers in place and performance appraisal processes for Officers. Training is given to Members on the Code of Conduct and there is a Register of Members' Interests. The Authority implemented a new standards regime for the conduct of Members following the application of the Localism Act 2011. There is currently a Standards Committee which monitors the ethical framework of the Authority.

There is an adopted Whistleblowing Policy, with confidential reporting arrangements in place to enable internal and external whistle-blowing which was updated in March 2014. There is also an Anti-fraud & Corruption Policy in place and a supplementary Anti-Money Laundering Policy was approved in June 2013. A group of staff also reviewed the Authority's core 'Values' during 2015.

The Monitoring Officer continuously reviews the Authority's Standing Orders and Scheme of Delegations and updates them as and when necessary. Officers will undertake a review of the Authority's Committee structure and timetabling during 2016.

Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk

There is a systematic strategy, framework and processes for managing risk. A risk register is maintained and reviewed regularly by Executive Board and half-yearly by the Resources, Audit and Performance Committee. The risk register was updated in 2015, following recommendations from our Auditors, and is now closer aligned to our Protect, Enjoy and Prosper framework. This enables relevant risks to be identified and evaluated, with consideration given to appropriate mitigation strategies.

Members oversee the strategic direction and annual objectives. This enables relevant risks to be identified and evaluated, with consideration given to appropriate mitigation strategies.

In March 2015 the Resources, Audit and Performance Committee approved an Assurance Framework which specifies the sources of information on which the Authority relies to gain assurance that all key risks are identified and that controls are operating effectively. It also approved an Internal Audit Charter which clearly defines the purpose, authority and responsibility of the internal audit activity.

The Authority has fully complied with the Local Government Transparency Code and, as such, has a designated page on its website containing all the information required to be published; in a number of cases the Authority has actually gone beyond the minimum requirements of the Code and published further information to better aid understanding and transparency.

The Authority is fully compliant with all current procurement legislation including the Public Contract Regulations 2015. It uses an online e-procurement portal (In-Tend) for all significant quote/tender/framework opportunities, ensuring openness and fairness to all potential suppliers.

Developing the capacity and capability of members and officers to be effective

Senior Officers' learning and development needs are identified and met through induction programmes and the appraisal system, which includes learning and development target areas. All new Members undergo a full internal induction programme and a general 'National Parks' induction is also now mandatory. In regard to existing Members, National Parks UK is currently working on establishing some appropriate on-going training programmes.

There have been a number of informal training sessions for Members and Members Days on various aspects of their responsibilities and to aid the development of policy. The New Forest was also well represented at the 2015 National Parks Conference held in Dartmoor.

The Authority seeks to continually train its Managers and Officers; in the last year the Authority has arranged training on leadership, data protection, social media, freedom of information, using a defibrillator, Microsoft Office packages, held discovery days and many more specific personal development courses.

Engaging with local people and other stakeholders to ensure robust public accountability

The Authority has developed and maintained a range of relationships and arrangements with other agencies in the public, private and voluntary sectors, to ensure that they are able to engage with and contribute to the work of the Authority.

A Statement of Community Involvement (SCI) setting out how the National Park Authority would involve local communities and others in its work was approved by the Authority on 12 December 2013. Although the production of the SCI is a requirement of the Government's planning regulations, updating the document also provided an opportunity for the Authority to set out how people can get involved in the preparation of the Authority's other plans and strategies. During 2015/16 the Authority also actively engaged with the devolution bid to the Government for Hampshire.

Member representation has continued with a number of external bodies such as the Court of Verderers, the Hampshire and Isle of Wight Local Government Association, Hampshire Senate, North Solent Shoreline Management Plan, New Forest Local Access Forum, New Forest Ninth Centenary Trust, New Forest Marque and Campaign for National Parks.

Partnership arrangements have been continued with the Ninth Centenary Trust for joint delivery of interpretation facilities in Lyndhurst, and with Camping in the Forest and Hampshire County Council for the provision of community rangers; the Authority had over 40,000 face-to-face contacts during the year to promote understanding of the National Park. Numerous events at schools and education centres have also taken place to help promote the understanding of the New Forest and engage with children.

The Authority continues to deliver nine Local Information Points in partnership with local businesses to provide information about the National Park for local communities and visitors. We still work with the Campaign for National Parks through their Mosaic outreach projects: staff are still in touch with black and ethnic minority groups in Southampton to help them visit and learn more about the National Park and we are two years into a three year project to increase citizenship, employability and engagement with the National Park by young people.

The Authority has continued to facilitate the New Forest Consultative Panel, which is an advisory forum comprising representatives from over eighty organisations with an interest in the New Forest National Park and adjacent areas. It meets quarterly to discuss topical issues and provide views to the National Park Authority and other statutory bodies. We also facilitate other Forums with wide representation from relevant organisations to help guide and communicate work programmes relating to dog walking, cycling, equine issues, animal accidents and recreation management.

The New Forest Land Advice Service has continued to provide wide-ranging support to land owners, land managers and young commoners during 2015/16.

The Authority has been instrumental in assisting local Parish and Town Councils in developing a communication structure to engage with the public and assist in training for Council members. It routinely consults Parish Councils for their views on all planning applications by providing them with an initial planning officer assessment alongside details of the application. Communication has been aided further with the successful Parish Quadrant meetings which are held throughout the year and the Member presence at Parish Councils.

The Authority publishes Park Life, a Pocket Guide and an Annual Report to ensure regular communication on our work performance and issues and opportunities, together with events, press releases, regular email newsletters, website updates and social media posts.

In November 2012 the Authority was subject to an independent, peer-led performance assessment. Their summary conclusion was that *'The Authority is self-aware...(and) has applied itself to creating a step change in the way that it operates.....In particular it has applied considerable time, energy and effort to establishing good working relationships across the complex range of established organisations within the Forest. The distinctly different Authority is now recognised as positively changed by staff, Members, partners and communities alike and this outcome is a credit to the Authority's dedication and resolve to make improvements.'* The

Authority has fully reviewed and considered all the feedback and recommendations from the report.

Continuous Improvement

The Authority aims to be clearly accountable for the effective delivery of services, through setting targets and measuring performance. Through the National Parks' Joint Improvement Group and local officer input, a revised and streamlined set of key national performance indicators has been agreed and implemented.

Objectives and targets are developed for each service, and performance reviewed against these. This has been particularly important due to the economic climate and being able to reach a balanced budget (including the planned use of reserves as appropriate) following the significant grant cuts. The Authority is continued to deliver its "Planning for the Future" programme ethos and utilised a Member Task and Finish Group which focussed on efficiencies and working processes. All this work lead to the announcement by the Chancellor in late 2015 that Defra's National Park Grants would be protected during the five year period of the latest Comprehensive Spending Review. The Authority is determined to 'live-up' to this acknowledgment of its work and ensure those funds are spent efficiently and effectively whilst continuing to use them to leverage in as much supplementary funding as possible.

During the year, the Authority adopted a revised Local Development Scheme, a number of Supplementary Planning Documents, an Ethical Sponsorship & Corporate Partnerships Policy, began a review of its External Funding Strategy, reviewed its planning application determination statistics and refreshed a number of its HR Policies.

Service level agreements with New Forest District Council provided the services of Chief Finance Officer, provision of strategic financial and HR advice, internal audit, GIS and some accountancy services. The Authority also provides services to other local bodies through SLAs; these included archaeology, trees, rangers, building conservation & design, communications and ecology services during the last year.

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 Officers within the Authority who have the responsibility for the development and maintenance of the governance environment, the Internal Auditor's report and also by comments made by the external auditors and other review agencies and inspectorates.

Factors which influence the controls environment include: ethics, integrity, operating style and the way management and Members assign responsibility and authority.

The roles of the Authority, the Resources, Audit and Performance Committee and Internal Audit are explicit in maintaining the effectiveness of the governance framework.

The Authority's risk register has been fully updated and maintained and now details seventeen key risks from across the organisation. These are categorised by six headings – Protect, Enjoy,

Prosper, Resources, Processes and Policy/Performance/Reputation – scored by likelihood and impact to give a green, amber or red warning level. By February 2016, eight risks were green, nine amber and none red.

Of the fifty-seven Actions/Outcomes in the 2015/16 part of our Business Plan, forty-eight were shown as “green” at year-end, eight as “amber” and one as “red”. Of those nine shown as amber or red, all have been addressed further in the 2016/17 Business Plan and/or work schedules.

Major strategic plans and policies receive consideration by Members. A comprehensive scheme of delegation to Officers has been approved by Members, and makes clear that the role of Officers is to implement and give effect to strategies and policies approved by the Authority. An Internal Control Questionnaire was completed by managers and budget holders during 2014 and the exercise will be repeated again in 2016.

Authority meetings are open to members of the press and public to attend and make presentments (save for individual items of a sensitive nature properly considered in confidential session). Agendas and minutes of meetings are available for inspection by the public both at the Authority’s offices and via the Authority’s website.

The Authority has maintained arrangements to ensure that its dealings are lawful and comply with financial regulations. The Authority’s Solicitor considers all reports considered by Members, and is present at meetings to give advice to Members as required. This assists in ensuring that the Authority discharges its functions in accordance with the law.

Members have a key role in providing assurance that the Authority’s funds are used economically, efficiently and effectively in accordance with agreed policies. The Medium-Term Financial Plan and Budget is agreed annually by the Authority and budget monitoring reports are considered quarterly at meetings of the Resources, Audit and Performance Committee. The Authority’s Accounts are subject to external audit on an annual basis and reported to the Authority at a public meeting.

There were two complaints made against Members during 2015/16 in relation to allegations of failure to comply with the Members’ Code of Conduct; each complaint was investigated and no fault was found in either case.

All Member meetings of the Authority commence with an item regarding declaration of pecuniary and non-pecuniary interests, with signed records of interests declared kept with the minutes of the meeting. A Register of Members’ Interests is maintained, in accordance with the Local Government Act 2000.

The Internal Auditor’s report for 2015/16 states “arrangements are in place to ensure there is an adequate and effective internal control environment.” and continues “Where minor control weaknesses were identified during the year, management have agreed to take action. Internal Audit monitors progress made against these recommendations and is content that management are implementing the required actions to further strengthen controls.”

Ernst & Young act as the Authority’s external auditors and are responsible for reviewing and reporting on the Financial Report (Statement of Accounts) and arrangements for securing economy, efficiency and effectiveness in the use of resources.

The Authority's Business Continuity Plan was updated and reviewed during 2013/14 and approved by the Authority's Executive Board. A limited simulation test of the key IT contingency features was carried out successfully by officers in January 2014 and an internal audit of the Plan in May 2014 produced a very positive audit with only one recommendation.

Officers have continued work on reviewing and updating the records management system for the Authority to meet statutory and best practice requirements.

Significant governance issues:

In 2015 the Authority began the process of reviewing its Local Plan, as is recommended every five years, through evidence gathering and an initial consultation. The formal processes will continue through 2016/17, with the new plan to be adopted in summer 2017.

During 2016/17 the Authority will be fully reviewing its Counter Fraud policies and procedures in light of the new code of practice and self-assessment toolkit from the Chartered Institute of Public Finance & Accountancy (CIPFA) and International Framework for Good Governance in the Public Sector – updates to these documents have only recently been released and will be studied over the coming months to ensure the Authority follows best practice.

As previously mentioned the Authority will be undertaking a review of its Committee structures and timetabling during 2016. It will also look to complete work on establishing best practice in records management across the organisation, thus ensuring compliance with data protection legislation and retention schedules.

CERTIFICATION

To the best of our knowledge, governance arrangements, as defined above have been in place within the Authority for the year ending 31 March 2016 and up to the date of approval of the Annual Report and Statement of Accounts.

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

Signed:

Oliver Crosthwaite-Eyre
Chairman

Date: 22 July 2016

Signed:.....

Alison Barnes
Chief Executive

Date: 22 July 2016