ITEM 11

EXMOOR NATIONAL PARK AUTHORITY

3 April 2018

ANNUAL GOVERNANCE REVIEW

Joint Report of the Solicitor and Monitoring Officer & Chief Finance Officer

Purpose of Report: To report compliance with the Authority’s Code of Corporate Governance and consider the Annual Governance Statement.

RECOMMENDATIONS: The Authority is recommended to:

- APPROVE the Annual Governance Review; and
- APPROVE the Annual Governance Statement as set out in the attached Appendix for inclusion with the Annual Accounts for 2017/18.

Authority Priority: Achieve Best Value from our resources and improve our performance.


High standards of corporate governance are essential in ensuring all business is transacted lawfully and with propriety.

The equality and human rights impact of the recommendations of this report have been assessed as having no adverse impact on any particular group or individual.

Financial and Risk implications: The report has no financial implications but the risks to the Authority could be substantial for non-compliance with the Code.

1 INTRODUCTION

1.1 Sound governance arrangements and accountability are critical to the Authority to fulfil National Park purposes, deliver the intended outcomes in the National Park Partnership Plan and the Business Plan and operate in an effective, efficient and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for the public and service users.

1.2 The Authority has endorsed the “Delivering Good Governance in Local Government Framework (2016)” that has been produced by CIPFA (Chartered Institute of Public Finance and Accounting) and SOLACE (Society of Local Authority Chief Executives and Senior Managers) which has the support of the Department for Communities and Local Government.
1.3 The CIPFA/SOLACE framework is based on the following seven core principles of good governance:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B. Ensuring openness and comprehensive stakeholder engagement
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
D. Determining the interventions necessary to optimise the achievement of the intended outcomes
E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it
F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

1.4 These seven principles are reflected in the Authority’s Code of Corporate Governance. The CIPFA/SOLACE Framework sets out a number of supporting principles for each of the seven core principles and these are translated into a range of governance arrangements that the Authority has in place. This report summarises the Authority’s compliance with these principles during 2017/18.

2. A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

2.1 The governance arrangements the Authority has in place to achieve these principles are:

- codes of conduct which define the standards of conduct and personal behaviour to which members, staff and agents of the Authority are required to subscribe
- an effective Standards Committee
- arrangements and mechanisms to ensure all codes of conduct continue to operate in practice, to ensure that members and staff are not influenced by prejudices, bias or conflicts of interest in dealing with the public and stakeholders
- arrangements for reporting concerns at work (whistleblowing) which are accessible to all staff and contractors
- shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority
- member training and induction
- a register of gifts and hospitality and comply with anti-bribery and money laundering legislation
- partnerships underpinned by a common vision that is understood and agreed by all partners
2.2 In year Commentary

(i) Following the abolition of the Standards Board through the Localism Act 2011, new arrangements have been implemented and were approved in June 2012. The Authority has also appointed an ‘Independent Person’ to provide an external perspective on any investigations undertaken by the Standards Committee. Guidance on member interests and adoption of a new Code of Conduct have been approved by full Authority.

(ii) The Whistleblowing Policy was recently reviewed and no changes have been considered necessary in recent years.

(iii) An annual reminder is sent to all staff reminding them of their responsibilities and the requirement to comply with all policies, procedures, standing orders (including contract standing orders) and financial regulations.

3. B. Ensuring openness and comprehensive stakeholder engagement

3.1 The governance arrangements the Authority has in place to achieve these principles are to:

- meet on a regular basis with meetings open to the public except where reasons of commercial or individual confidentiality require the meeting to be closed
- undertake a number of parish consultative committees throughout the year as a forum for discussing common issues
- engage with local councils and the Local Enterprise Partnership to ensure that National Park priorities are heard
- produce effective consultation and communication arrangements
- undertake regular surveys of visitors and businesses to ensure that balanced and representative opinions are available to inform decision making
- enable a complaint or request for information regarding any aspect of the Authority’s activities to be easily lodged and to ensure it is properly addressed

3.2 In year Commentary

(ii) Extensive consultation arrangements are in place. The Business Plan continues to compare performance against the objectives set for the previous year and sets the targets for the forthcoming year.

(iii) During 2017/18, the Partnership Panel and Strategic Overview Groups (SOGS) continued to operate. Together with Authority representatives the SOGS enable progress to be monitored and further opportunities for co-operation between these SOGs in support of Partnership Plan action plans and further partner engagement to be realised.

(iii) The Authority continues to consult widely with interested parties and has increased the number of meetings of the Exmoor Consultative and Parish Forum at which questions relating to the activities and services of the Authority can be raised.

4. C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

4.1 The governance arrangements the Authority has in place to achieve these principles are to:
• produce a National Park Partnership Plan, reviewed every five years, which contains a vision for Exmoor, key challenges, priorities and targets
• publish a Business Plan and performance report presenting an objective and understandable account of its activities and achievements, its financial position and performance and an assessment of plans to maintain and improve service quality
• produce a Medium Term Financial Plan which estimates income and expenditure over a five year period to ensure that obligations can be met
• engage with young people and a wide variety of community groups to ensure that the value of national parks is appreciated into the future
• ensure that the forward year budget includes a risk assessment
• assess the impact on community groups before recommendations are made
• work positively with Natural England and DEFRA to ensure the long term role and funding of national parks is secured

4.2 In year Commentary

(i) The Partnership Plan 2012 to 2017 was concluded and a new Partnership Plan for 2018 to 2023 was approved. The Business Plan for 2016/17 was issued to the Authority at the June 2017 meeting and has continued to guide the Authority’s activities during the year.

(ii) The Annual Statement of Accounts for 2016/17 received an unqualified opinion from the Auditor, Grant Thornton LLP in July 2017. Complaints procedures are in place, are easily accessible and are easy to use. Requests for information under the Freedom of Information Act, 2000 are dealt with in accordance with the statutory requirements. Reports on both complaints and Freedom of Information Act requests were submitted to the National Park Authority.

(iii) Partnership working continues to be a key feature of the Authority’s working, the most significant during the past year being the Headwaters of the Exe and Exmoor Mires Projects with South West Water, “Get Involved” Volunteers programme and the “Moor to Enjoy” Health & Wellbeing partnership with funding from both Devon and Somerset County Councils. Clear understandings are agreed with Partners and where the Authority takes the lead role, all matters are conducted in accordance with the Authority’s Standing Orders and Financial Regulations.

(iv) The State of the Park report was produced giving the opportunity to monitors the National Park’s special qualities and help identify the issues and trends affecting them.

5. D. Determining the interventions necessary to optimise the achievement of the intended outcomes

5.1 The governance arrangements the Authority has in place to achieve these principles are:
• considering a full range of options before recommendations are presented to members of the Authority
• undertaking regular surveys of visitors and businesses to ensure that balanced and representative opinions are available to inform decision making
• producing a Business Plan setting out objectives and targets for the period ahead
• monitoring the achievement of these targets in year, and publicly reporting performance at the year end
• producing a Medium Term Financial Plan (MTFP) which estimates income and expenditure over a five year period, agreeing annual budgets which implement the Management Plan and are informed by the MTFP
• the Finance and Performance Advisory Panel which will provide scrutiny over the budget setting process
• when assessing options for capital investment the Authority, considering the life-cycle costs of the asset and the cost of capital financing

5.2 In year Commentary

(i) The Authority’s decision making processes are based on a slim line structure embracing the principle that there should be no duplication of effort. The Authority is not required to provide executive arrangements which were introduced in the Local Government Act 2000 and apply only to local authorities.

(ii) The present Authority structure meets all the requirements of the Local Government Act. In March 2015, revised Standing Orders, Powers, Duties and Functions of the Authority Meeting, Scheme of Delegation and Financial Regulations were all approved by Authority and the Members’ Code of Conduct and Standing Orders were reviewed and revised by the Authority in October 2017.

(iii) The scheme of delegation of functions to Authority Committees and to the Chief Executive works well. In any public authority, decisions are being made all the time and it is important to strike the right balance between those that require Member consideration and those that can be taken by Officers. The scheme of delegation is set out fully in the Authority’s standing orders. All decisions by Officers must accord with all Authority policies and must where appropriate involve consultation with Members. Whether a Member or Members should be consulted on any particular issue is a matter of judgement but it is the practice to consult committee chairmen and deputy chairmen on some issues and indeed local Members, that is to say those representing a division, ward or parish. An overriding safeguard in the delegation scheme is that the Chief Executive is required in all cases to consider whether, rather than proceed under the scheme, she should refer the matter to a committee for decision. Where any controversy is likely, it is always the policy to refer such matters to committee for decision.

(iv) The Finance and Performance Advisory Panel has been established, terms and reference have been agreed and greater budgetary scrutiny and oversight has been made possible.

6. E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it

6.1 The governance arrangements the Authority has in place to achieve these principles are:
• ensuring the Chief Executive is responsible and accountable to the Authority for all aspects of operational management
• ensuring induction programmes are arranged for new members and new staff
- ensuring members are provided with the necessary training to perform their roles including member review and member briefing arrangements
- ensuring that staff are competent to perform their roles and that arrangements are in place for all staff to have a Personal Development Review
- ensuring mechanisms are in place to maintain the health, safety and wellbeing of staff at work
- ensuring that the roles and responsibilities of members and staff are documented including those of the statutory officers namely Chief Executive, Chief Finance Officer and Monitoring Officer
- providing arrangements that are designed to encourage individuals from all sections of the public to engage with, contribute to and participate in the work of the Authority.
- ensuring meetings are held on a regular basis, are open to the public except where reasons of commercial or individual confidentiality require the meeting to be closed

6.2 In year Commentary

(i) Induction Programmes were carried out during 2017/18 for new Members and new staff and these have been developed and refined over a number of years. Members identify the subject areas for briefings/updates each year and this has been supplemented by a monthly informal Members' Forum where Members can request an updating or briefing on any topic or area of activity.

(ii) Members have adopted a job description outlining the role and responsibility of members and an annual Member review is conducted by the Chairman and Deputy Chairman.

(iii) All members of staff received an annual performance and development review which included ensuring their job description was up to date, reviewed progress against current individual objectives and sets new objectives for the coming year. These objectives are directly linked to those contained in the Business Plan.

(iv) The Authority's protocol for member/officer relations was updated and adopted by the Authority in October 2017 and for ease of reference the protocol on planning matters was incorporated.

(v) Many organisations are committed to taking a lead role in the achievement of actions in the National Park Partnership Plan and these comprise local authorities, statutory agencies, voluntary organisations and partnerships. All contribute to the periodic updating of progress against the targets.

(vi) The National Park Partnership Plan sets out a long term vision for the National Park and provides a focus on Exmoor's special qualities. The vision of "Working together for Exmoor" and its wider interpretation is understood and accepted by members and staff.

(vii) Managers of the Authority are currently undertaking an 11 month leadership and management training programme to increase capability and resilience in this area.

7. F. Managing risks and performance through robust internal control and strong public financial management
7.1 The governance arrangements the Authority has in place to achieve these principles are:

- to produce and agree an annual risk register and risk management policy
- to maintain an effective risk management system including systems of internal control and internal audit
- a Health and Safety Committee and focus groups to ensure that accidents and incidents are reported and appropriate management action taken to reduce risk
- information management, e-mail, internet and ICT policies that are communicated and understood
- targets for performance in the delivery of services on a sustainable basis
- ensuring the Chief Finance Officer advises on all financial matters, keeps proper financial records and accounts and maintains an effective system of internal financial control
- to produce an annual governance statement for inclusion in the Annual Statement of Accounts
- to operate a Final Accounts Committee and the Finance and Performance Advisory Panel to provide an additional level of oversight and challenge
- an Internal Audit service to provide reassurance over the operation of internal control and processes

7.2 In year Commentary

(i) The Business Plan sets out the priorities and objectives for each financial year with periodic reports to those charged with governance on achievements/progress.

(ii) Annual reports have been made to the National Park Authority on the Risk Management Strategy, the Business Continuity/Disaster Recovery Plan and the Internal Audit Service. The Auditor, Grant Thornton LLP presented their Annual Governance Report to the Committee in July 2017 with an unqualified opinion for the year ended 31 March 2017 and an unqualified conclusion that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

(iii) Our Health and Safety practices have been externally appraised and a new Health, Safety & Welfare policy has been drafted.

8. G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

8.1 The governance arrangements the Authority has in place to achieve these principles are:

- ensuring meetings are held on a regular basis, are open to the public except where reasons of commercial or individual confidentiality require the meeting to be closed.
- arrangements designed to encourage individuals and groups from all sections of the public to engage with, contribute to and participate in the work of the Authority
- ensuring that all activities are legally correct, fully documented, appropriately authorised and carried out in a planned manner
ensuring the Chief Executive is responsible and accountable to the Authority for all aspects of operational management
ensuring that the roles and responsibilities of officers are documented including those of the statutory officers namely Chief Executive, Chief Finance Officer and Monitoring Officer
publishing an Annual Statement of Accounts each year in accordance with statutory requirements
arrangements to enable a complaint or request for information regarding any aspect of the Authority’s activities to be easily lodged and to ensure it is properly addressed.
ensuring the Chief Finance Officer maintains proper records to ensure the annual statement of accounts show a true and fair view and that expenditure has been properly authorised and allocated in an appropriate manner
commissioning an Internal Audit service to provide reassurance over the operation of internal control and processes
inclusion of an annual governance statement in the Statement of Accounts
a Business Plan setting out the objectives and targets for the period ahead and annual reports on performance against targets
an annual update on the progress of the Authority and its partners on the implementation of the National Park Partnership Plan
auditing of the Authority’s financial position and performance every year via an External Audit of the final accounts

8.2 In year Commentary
(i) Extensive consultation arrangements are in place. The Business Plan continues to compare performance against the objectives set for the previous year and sets the targets for the forthcoming year.
(ii) Annual reports have been made to the National Park Authority on the Risk Management Strategy, the Business Continuity/Disaster Recovery Plan and the Internal Audit Service. The Auditor, Grant Thornton LLP presented their Annual Governance Report to the Committee in July 2017 with an unqualified opinion for the year ended 31 March 2017 and an unqualified conclusion that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.
(iii) The Finance and Performance Advisory Panel has been established, terms and reference have been agreed and greater budgetary scrutiny and oversight has been made possible.
(iv) The Authority now has the capability for the audio and video recording of its meeting and is making them available to be viewed over the internet.

Gordon Bryant
Chief Finance Officer

Simon Clarey
Solicitor & Monitoring Officer
1. **Scope of Responsibility**

1.1 Exmoor 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.

1.2 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.

1.3 Exmoor National Park Authority has 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 copy of the code can be obtained from the Chief Executive, Exmoor House, Dulverton, TA22 9HL. This statement explains how the Authority has complied with the code and also meets the requirements of regulations 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement.

2. **The Purpose of the Governance Framework**

2.1 The governance framework comprises the systems and processes, and the 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.

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 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 ongoing process designed to identify and prioritise the risks to the achievement of the Authority’s policies and 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.

2.3 A governance framework has been in place at Exmoor National Park Authority for the year ended 31 March 2018 and up to the date of approval of the business plan and statement of accounts.
3. The Governance Framework

3.1 The key elements of the governance framework include:

- A National Park Partnership Plan that contains a vision, priorities and a corporate strategy to meet National Park purposes;
- An annual review of the Authority’s priorities as contained in the National Park Partnership Plan;
- The production of a Medium Term Financial Plan taking account of the anticipated level of National Park Grant;
- The production of a business plan that includes data on performance and objectives both achieved and planned;
- Committee papers that are linked to National Park Partnership Plan or Business Plan objectives and in compliance with equality and human rights legislation;
- Standing orders and financial regulations to regulate the conduct of the Authority’s affairs;
- A Scheme of Delegation which sets out the functions and workings of the Authority and the powers delegated to Committees and the Chief Executive;
- Formal codes of conduct which define the standards of personal behaviour of members and staff. The code for Members was adopted in 2012 along with the establishment of a Standards Committee comprising 5 Authority members and the appointment of an “Independent Person” under the provisions of the 2011 Localism Act. A further process was the provision of guidance on the registration of interests. This was reviewed and refined in August 2012 with recommendations to Authority for standards arrangements and for the provision of member training on the new standards regime;
- Responsibility for audit matters are retained by the Authority;
- A Solicitor and Monitoring Officer who has a statutory responsibility supported by the Chief Finance Officer and financial regulations to ensure the legality of transactions, activities and arrangements the Authority enters;
- Financial management arrangements of the Authority which conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010);
- A Complaints procedures and a whistle-blowing policy in place for members of the public, members, staff or contractors;
- An Anti Fraud, Corruption and Bribery Policy;
- An ICT Acceptable Use Policy;
- Risk Management Policy, Registers and Business Continuity and Disaster Recovery systems which are approved, in place and subject to annual regular review;
• Extensive arrangements for partnership working on a range of projects. Partnership working is crucial to the achievement of the priorities set out in the National Park Partnership Plan.

• A staff performance and development review process which identifies training and development needs;

• Training, briefing and induction programmes for members; and

• Wide consultation with interested parties and an Exmoor Consultative and Parish Forum meets to engage with the community and a Local Access Forum considers access and rights of way issues. Numerous diverse organisations are represented on these consultative mechanisms.

4. Review of Effectiveness

4.1 Exmoor National Park Authority has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive and Heads of Section within the Authority who have responsibility for the development and maintenance of the governance environment, the annual report on internal audit, and by the Annual Governance Report of the external auditors.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is:

• The adoption of an updated Code of Corporate Governance in March 2017 with an annual review by the National Park Authority carried out by the Authority's Solicitor and Monitoring Officer to ensure compliance with the Code and audited by the Chief Finance Officer;

• Adoption of Standing Orders, the scheme of delegation and financial regulations which are periodically reviewed, updated and approved;

• Reports to the Authority on performance management including sustainability and the business planning and performance framework;

• Annual reports presented to the Authority in respect of internal audit which is a contracted service, and from the external auditor appointed by the Audit Commission;

• Annual reports presented to the Authority on risk management, performance indicators and treasury management; and

• An internal audit service is contracted from the Devon Audit Partnership and an annual work programme is agreed with the Chief Finance Officer with the internal auditors producing an annual report covering their activities for presentation to the Authority.

5. Significant governance issues

5.1 In general the governance and internal control systems within the Authority are working effectively and have been reviewed by the Solicitor and Monitoring Officer and the Chief Finance Officer and are independently validated by the internal and external auditors.
5.2 During 2018/19 the Authority will be:

- Continuing the communication and implementation of the 2018-23 National Park Partnership Plan;
- Producing guidance on the recently adopted Local Plan;
- Working with Defra to deliver the eight points of the recently developed National Parks Plan;
- Monitoring new legislation and changes in policy to ensure that account is taken of the impact on National Parks and National Park communities;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Continuing to develop customer service standards and culture; and
- Monitoring the performance of the business plan.

5.3 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 annual review.

Signed .......................................................... ..........................................................
Mrs S Bryan, Chief Executive R Milton, Chairman

Date ..........................................................