ANNUAL GOVERNANCE STATEMENT 2014/15

1. SCOPE OF RESPONSIBILITY

1.1 The Lake District National Park Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of our affairs, facilitating the effective exercise of our functions, including arrangements for managing risk. We maintain, and seek further improvement to, high standards of stewardship and service delivery.

1.2 We have 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, which has been reviewed during the financial year. The code explains how the Authority operates, how decisions are made and the procedures followed to ensure they are efficient, transparent and accountable. A copy of the code is on our website at www.lakedistrict.gov.uk or can be obtained from the Authority’s Director of Communication and Resources.

This statement explains how the Lake District National Park Authority has complied with the code and meets the requirements of theAccounts and Audit (England) Regulations 2011 insofar as they require an Annual Governance Statement to be produced and incorporated within its statutory accounts.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework comprises the systems and processes, and culture and values, by which we are directed and controlled. It also includes our activities to lead and engage our communities and which enable those communities to hold us to account. Our governance framework enables us to monitor the achievement of our 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 risks to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides 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, 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.

3. THE GOVERNANCE FRAMEWORK

3.1 The key elements of the systems and processes that comprise the Authority’s governance arrangements set are out below:—
3.2. Communicating the Vision and Intended Outcomes for Service Users

3.2.1 The 2030 Vision for the National Park is clearly articulated for service users and partners in our significant policy documents, such as the Business Plan, the Partnership's Plan and the Local Plan and in all corresponding public documentation. In the Business Plan this is developed further to include clear priorities for service delivery under each theme of the Vision and clearly identified actions that we will undertake to support the delivery of the Vision.

3.3 Reviewing the Delivery of the Vision

3.3.1 The Lake District National Park Partnership is the key strategic partnership for the National Park. It has a common vision (The Vision for the National Park) agreed formally by all active partner organisations and supported by a clear partnership protocol and performance indicators.

3.3.2. The Partnership’s Plan was originally agreed in September 2010 but was subject to a significant review during 2014/15, including appreciation of the process to seek nomination for World Heritage Site Status. The most recent revision of the Partnership’s Plan was approved by full Authority on 20 May 2015. The Partnership formally approved the submission draft of the new plan on 11 May 2015. The Partnership’s Plan further strengthens the golden thread with better alignment of resource priorities. Our monitoring framework for the Partnership’s Plan ensures progress towards its delivery can be managed effectively by the Partnership. We also identify the key risks to the delivery of the Partnership’s Plan and the associated management actions to support its effective delivery. During 2014/15 we further strengthened collaborative working between the Partnership and the Authority, including advances in distinctive area working, and on World Heritage Site accreditation.

3.3.3 Our rolling 3-year Business Plan is developed and reviewed annually in the light of the Partnership’s Plan to ensure we deliver our contribution to the Vision and Partnership’s Plan in partnership with others. This ensures that our resources and those of our partners are used in the most effective and co-ordinated way to deliver the Vision and prevent duplication and waste.

3.4 Translating the Vision through Effective Partnership Working

3.4.1 We are committed to improving the effectiveness of partnership working, and understand that key aspects of the delivery of the Vision depend on successful partnership work. This is reflected in our organisational strategy, which we refined as part of the 2015 - 2018 Business Planning process, and in our annual Service Plans. Our financial regulations set out the principles of effective management of resources when working in partnership, including the setting of clear objectives and the management of financial and delivery risks.

3.5 Measuring the Quality and Effectiveness of Service Delivery

3.5.1 Our service planning processes ensure that services are developed to dovetail with the Partnership’s Plan and Business Plan and that there is a clear link between the Vision for the National Park and outcomes for service users. Our annual staff survey demonstrates this: 75% agreed strongly or tended to agree with the statement ‘I understand how my work fits into the Business Plan.’

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1 Subject to delegated authority for minor changes to be made as part of the WHS process
3.5.2 We measure the effectiveness of our service delivery through the performance management framework; which includes effective service quality measures for our key front line services. Our Resources Committee monitors our performance, corporate risks and challenges the effectiveness of service delivery. We have improved the way we collect data and report on Volunteer satisfaction, securing a 93% satisfaction rating amongst our Volunteers for their overall experience.

3.5.3 Budget holders are required to demonstrate value for money in the use of resources and our external auditors conduct an annual value for money assessment to determine our effectiveness in this area.

3.6 Roles, Responsibilities, Behaviours and Decision Making

3.6.1 The Authority Handbook contains clearly documented roles and responsibilities for the Authority and its standing committees. Member roles and responsibilities are defined in a member role profile that sits alongside the DEFRA profile.

3.6.2 We have reviewed our Local Code of Corporate Governance to ensure that it remains current and relevant as a basis for the control and assessment of our Governance arrangements.

3.6.3 Over the last few years we have refined our governance arrangements to improve public accountability and ensure that members are used strategically. In 2010, DEFRA consulted on the governance arrangements for National Parks with a view to increasing local accountability and to reducing the size of Authorities. Through this work, our membership has already reduced from 22 to 20. We have completed all necessary actions in this process so far, but we expect that more work will arise from further Government thinking and we will undertake further work as this issue develops.

3.6.4 In 2014/15 the Authority completed the second phase of an organisational change programme, embedding the two directorate structure by realigning Heads of Service posts in the new directorates. The resulting financial savings have provided financial stability in the short to medium term, although more work is now needed in anticipation of the 2015 comprehensive spending review. We recognise the need to implement an organisational development programme to embed the phase two changes from ‘Our Journey’ (significant governance issue). The Authority Handbook has been updated as necessary to reflect the new organisational structure.

3.6.5 Officer responsibilities are defined through their role profiles. Delegations are clearly defined in our Scheme of Delegation which is reviewed in June each year. Supplementing these, we have defined competencies for each role, a clear set of values and behaviours that staff are expected to follow, and an officer code of conduct to set out minimum standards expected of officers which is guided by our values. Our performance appraisal system for staff considers all aspects of an individual’s performance; including: delivery of objectives, values and behaviours, competencies and teamwork.

3.6.6 We have effective staff / member communication tools in the work of committees, away hours, "Seeing is Believing" or Parish Tours and Joint training events and through our daily Intranet (Touchstone) and weekly ("Snapshot") electronic communication with members and staff. We also have a financial briefing that is updated monthly and Executive Board road shows and video blogs for more focused communications. These communications are aimed at raising awareness amongst members and staff of the organisation’s work and current issues. Our 2015 staff survey identifies some positive views around a stronger belief that there are
opportunities for promotion, and fears of redundancy have eased. There is also increased confidence in Team Leaders and Heads of Service and communications between teams shows a long term improvement. There are also some negative results shown by the survey and we recognise the need to respond to these and address any issues of concern during 2015/16 as part of our organisational development work (significant governance issue).

3.7 Effective Financial and Risk Management

3.7.1 We operate an effective financial management framework and have developed a strategic approach to managing the reductions already made in National Park Grant and those we expect to come. We are working hard to ensure that we deliver the right services for our communities and can set a balanced budget over the medium term.

3.7.2 Our Internal Auditors reviewed aspects of our financial management processes and systems during 2014/15 and reported their findings as discussed in section 4.4 below. There were no instances of fraud or corruption.

3.7.3 Our most recent NPAPA review reported that

‘Good financial management and reporting is in place’ and that ‘financial reporting is timely and well prepared.’ The report also noted that

‘budget holders are provided with good financial information, and Members receive strategic reporting on financial issues and key indicators, with reports made publically available.’

3.7.4 Financial regulations and contract standing orders are regularly reviewed to ensure they remain effective in supporting sound internal control. Financial regulations are supported by effective financial procedures and underpinned by the work of internal and external audit.

3.7.5 We operate an effective risk management process, documented in our risk management policy. Corporate risks are owned by named officers; those risks above tolerance are reported with a risk management action plan on a quarterly basis to Resources Committee in order to reduce likelihood or impact. The corporate risk process is well embedded into our governance arrangements and this has helped us to make informed decisions and prioritise work activities; such as the risk on our ability to deliver our Business Plan with greater financial pressures.

3.7.6 We continue to strengthen our arrangements for Risk Management on an ongoing basis and have allocated time in the Internal Audit Plan for 2015/16 to undertake further work on this (significant governance issue).

3.7.7 We have an effective Governance committee that ensures the implementation of recommendations from our internal and external auditors and considers the effectiveness of our internal control environment.

3.8 Legal and Regulatory Compliance

3.8.1 We ensure compliance with relevant laws and regulations through the attendance at committees and Executive Board of the Authority Solicitor (our appointed deputy Monitoring Officer). All reports must have clearance from a legal perspective before presentation to committee. They must also identify the extent to which the recommendations support our policy framework and the financial consequences of
proposed decisions. We have adopted a Monitoring Officer Protocol to consolidate our management practices in this area, this was reviewed in 2012.

3.8.2 Internal policies and procedures have been based around the legislative and regulatory frameworks appropriate to National Parks – examples include
- Freedom of Information (FOI) and Environmental Information Regulation (EIR) processes
- Joint equality scheme
- Disciplinary codes
- Whistle blowing procedure
- Internal procedures
- Planning policies
- Staff and Member Codes of Conduct

3.9 Member and Officer Development

3.9.1 The North West Employers Level 1 Charter Award underpins the Authority’s commitment to investing in its members. The Authority was successfully re-assessed for the Charter in November 2012 and will be reviewed again in November 2015. All members have access to an annual development meeting with the Learning and Development Advisor to support their individual development with the organisation. This has refined our member development plan. Member training is delivered through away hours, “Seeing is Believing” days and other training sessions and is well received by members.

3.9.2 Corporate training needs for staff and members are identified and delivered as part of our organisational development work. Together with input from our staff survey and other people development work this will be used to deliver a new competency framework which will support employment processes such as Performance Reviews and recruitment. This work remains critical over the next few years to support us in the delivery of our new organisational strategy to create greater impact with fewer resources. Individual training needs are identified formally through annual performance appraisals and at one to ones.

3.9.3 Volunteer training needs are delivered according to their role to ensure that volunteers are equipped for the duties they undertake. This has been refined as part of the implementation of the Volunteer Strategy. The previous strategy has now been delivered and work has already commenced in 2015/16 on reviewing the strategy to focus on future needs.

3.10 Community Engagement

3.10.1 We have been awarded the Customer Service Excellence Award for six consecutive years. We have only one area of partial compliance and fifteen areas of compliance plus. The Customer Service Excellence Award also assesses our internal customer services.

3.10.2 We have dedicated resources to provide practical communications with the community and stakeholders to better understand their needs and requirements. After our initial work in engaging with communities we will build on our learning as regards resource commitment. This will allow us to better plan in the future for all stakeholders and ensure our Vision is realised at a local level.

3.10.3 As part of our work on Equality and Diversity, we have developed good links with other Cumbrian authorities and diversity partners so that we can work to ensure our
services and policies are accessible to all strands of our communities. We maintain training for Equality and Diversity for staff, helping us to better engage with hard to reach groups in the right way.

4. **REVIEW OF EFFECTIVENESS**

4.1 The Accounts and Audit regulations 2011 require the Authority to conduct, at least annually, a review of the effectiveness of our governance framework including the system of internal control. During 2014/15, the review of effectiveness has been informed by a combination of the following:

- The work of the Authority and its Committees
- The work of Directors and Heads of Service who have responsibility for the development and maintenance of the governance environment
- The work of internal Audit and the subsequent assurance opinion provided around the Authority's internal control, governance and risk management systems
- The work of External Audit and other review / inspectorate agencies
- Reviews of the roles of the Governance Committee and the Chief Audit Executive compared to CIPFA guidance
- A review of the Authority’s Local Code of Corporate Governance
- Scrutiny of the draft Annual Governance Statement by the Executive board and the Governance Committee.

4.2 **The Authority and Its Committees** - The Authority approves a strategic plan, a medium term financial plan, an annual budget and policy framework. It ensures that changes to the policy framework improve or maintain the effectiveness of our governance arrangements.

4.2.1 The Governance Committee is responsible for the effectiveness of the internal control environment. It considers the findings of internal and external audit and ensures that audit recommendations are implemented. It also has powers to undertake investigations on behalf of the Authority and to receive the findings of investigatory reports from officers. During the year the Governance Committee approved amendments to the Internal Audit plan so that governance and Risk Management arrangements could be reviewed. The Governance Committee also contributed to the review of our governance arrangements and additionally, scrutinised the draft Governance statement prior to its presentation with the Authority's financial statements.

4.2.2 The Resources Committee challenges our performance against our key performance indicators and assesses key corporate risks on an exceptions basis to ensure that sufficient mitigating action is being taken to manage corporate risk. The committee remains attentive to the difficult government grant funding environment and will continue to pay close attention to the need to set a balanced budget over the medium term. Work has already started to consider the Authority’s response to the forthcoming 2015 Comprehensive Spending Review (significant governance issue).

4.2.3 The Standards function is undertaken by the Governance Committee. The committee continues to ensure high standards of conduct by members, and during the year advised on revisions to the Code of Conduct and investigated alleged breaches.
4.3 Directors and Service heads

4.3.1 During the year Directors and Service Heads took part in an annual exercise to review those elements of the control framework relating to their own area of responsibility. Findings from this exercise are reflected in the final Governance statement. The exercise is also used to consider progress against previous ‘Significant governance issues’ and to formalise a position statement of those issues which should be reported at the year end.

4.4 Internal Audit

4.4.1 Internal Audit monitors the effectiveness of the control environment and reports specific recommendations to the Governance Committee. During 2014/15, the Authority’s Internal Auditors undertook 4 specific assignments and 3 follow-up reviews in accordance with the Internal Audit Plan. The areas to be covered by the Internal Audit Plan were determined using a risk-based assessment approach. The Internal Audit Annual Report summarised the findings of the audits undertaken and gave an opinion on the level of assurance that could be taken from their findings.

4.4.2 The Annual Internal Audit Report noted that, overall, only limited assurance could be drawn based on the findings of some of the 2014/15 audits. Although two of the follow-up reviews showed substantial assurance and that good progress in implementing recommendations was being made, it will be important for management and Members to ensure that all Internal Audit recommendations are promptly implemented (significant governance issue).

4.5 External Audit and other review mechanisms

4.5.1 During 2014/15, the Authority’s approved External Auditor; Grant Thornton UK LLP issued an unqualified opinion on the Authority’s 2013/14 financial statements and Value for Money arrangements.

4.6 Review of roles of Governance Committee and Chief Audit Executive

4.6.1 During the year a review was undertaken to compare the Authority’s Governance Committee with CIPFA guidance on the role of the Audit Committee. It is the Governance Committee which fulfils the Audit Committee function in LDNPA. The review demonstrated that the Governance Committee compared well with established ‘best practice’ in most regards. The one area where the Authority’s arrangements differ from the CIPFA guidance relates to the oversight of Risk Management, which is undertaken by the Resources Committee.

4.6.2 A review was also undertaken to compare the role of the Chief Audit Executive (CAE) with CIPFA guidance on the role of the Head of Internal Audit. The Director of Communications and Resources performs the CAE function at LDNPA. The review showed good compliance against the five main ‘headline principles’ in the CIPFA guidance.

4.7 Review of the Local Code of Governance

4.7.1 A review of the Authority’s Local Code of Corporate Governance has been undertaken as part of the wider review of the effectiveness of the Authority’s governance arrangements. That review confirmed that the Code continued to comply with the latest CIPFA guidance in every respect and continued to be fit for purpose.
4.8 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5. Significant Governance Issues

5.1 The significant governance issues that we plan to address during 2015/16 are:

1. Respond to the 2015 Comprehensive Spending Review so as to deliver a balanced budget over the medium term
2. Implement an organisational development programme to embed the phase two changes from Our Journey and respond to issues arising from the 2015 staff survey
3. Continue to strengthen our arrangements for Risk Management
4. Implement the recommendations made in specific 2014/15 internal audit reports under the oversight of the Executive Board, with regular reporting to the Governance Committee

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: [Signature]

(Chairman of Governance Committee)  

Signed: [Signature]

Chief Executive

Date: 23/9/15

On behalf of the Lake District National Park Authority