

**DRAFT
ANNUAL GOVERNANCE STATEMENT FOR SOUTH DOWNS
NATIONAL PARK AUTHORITY 2012-13**

1 Scope of responsibility

- 1.1 Through carrying out its general statutory duties and responsibilities in connection with the two national park purposes, the South Downs National Park Authority (the SDNPA) seeks to work for and with the local community to foster the social and economic wellbeing of communities within the National Park.
- 1.2 The SDNPA 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.
- 1.3 The SDNPA 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.
- 1.4 In discharging this overall responsibility, the SDNPA 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.
- 1.5 The SDNPA has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE guidance Delivering Good Guidance in Local Government Framework. The Local Code of Corporate Governance [[link to revised code of corp gov on internet?](#)] sets out agreed criteria against which the effectiveness of the governance framework will be assessed. This statement explains how the Authority has complied with the Local Code and meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 for the Authority to prepare an annual governance statement.

2 The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the SDNPA is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the SDNPA to monitor the achievement of its

strategic priorities and to consider whether these priorities 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.
- 2.3 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 aims, objectives and policies, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.4 The governance framework has been in place within the SDNPA for the year ended 31 March 2013 and up to the date of approval of the annual report and Statement of Accounts.

3 The Governance Framework

- 3.1 The key elements of the systems and processes that comprise the SDNPA's governance arrangements are summarised below.

Vision and Leadership

- 3.2 The SDNPA's purposes, vision and intended outcomes for residents, visitors and other service users are identified in a range of policy documents set out in our Local Code of Corporate Governance. The overarching vision for the management for the South Downs was agreed in July 2012 and will be included in the National Park Management Plan due to be completed by the end of 2013 (the 5 yearly review of NPMP may incorporate a review by partners of the shared vision as deemed necessary). The plan is being developed with partners and delivery partnerships will be put in place to ensure the objectives are met. The Vision and emerging priorities will also be reflected in the Local Development Framework which is due to be completed in 2016.
- 3.3 The SDNPA's Corporate Plan (which is reviewed annually and which can be found on our website¹) sets out the high level objectives and priorities for the following three years and sets out in some detail proposals for the forthcoming financial year. The Corporate Plan also sets out our guiding principles and our values, which were adopted following extensive engagement with organisations and individuals throughout the National Park during 2010. These feed into the Operational Plan which sets out the priority activities and performance measures/targets for each service for the year. Once in place, the National Park Management Plan will drive the objectives and priorities for the organisation. The Corporate Plan 2013-16, approved in March 2013, began the process by linking directly to the known objectives

¹ <http://www.southdowns.gov.uk/about-us/key-documents>

for the National Park Management Plan at that time. This will be subject to review.

Service Quality

- 3.4 Progress against the SDNPA's objectives, and the National Park Authority performance indicators, is identified via Quarterly Milestone Reporting and annual performance reporting. The Performance Management Framework has been revised to reflect the development of high level objectives for the National Park Management Plan . Performance is monitored by the Resources and Performance Committee with policies and strategies in place to ensure that the SDNPA makes best use of resources, and regular value for money reviews are carried out. The approach to performance monitoring is set out in the Performance Framework. The introduction of an automated performance management system will facilitate the capture and analysis of performance information related to achievement against our stated objectives.

Decision Making

- 3.5 The SDNPA's Standing Orders, Scheme of Delegation, Financial Regulations, Contract Standing Orders and other procedures prescribe how the Authority operates and how decisions are made to ensure that these are efficient, transparent and accountable to local people. There is a programme for reviewing and updating key documentation. We have a research and evidence strategy which ensures that we have comprehensive, good quality data available to base our decisions on and allow us to monitor progress. Where necessary we have commissioned new research to fill data gaps.
- 3.6 Each of the SDNPA's three committees has distinct terms of reference. 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, and members of the public may ask questions and make representations on relevant matters at meetings. 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. The SDNPA has taken the decision to have a small directly employed corporate centre and a range of contracts for key support services, in order to ensure value for money. This includes the provision of the Chief Finance Officer function. In reaching this decision the SDNPA took into account the governance requirements of CIPFA's Statement on the role of the Chief Finance Officer in Local Government (2010). A three year contract for the provision of financial services and Chief Finance Officer support was procured during the year and the CFO function is performed under this contract by the Director of Finance at Brighton and Hove City Council. There are agreed protocols for consultation with the CFO or Deputy CFO on key decisions and advice to the Authority and its Committees. The Deputy CFO attends fortnightly meetings of the SDNPA's management team on the CFO's

behalf in order to ensure a sound understanding of the organisations key priorities and risks. Three year contracts for the provision of ICT and legal services were also procured during the year.

- 3.7 A full e-procurement solution was implemented during the year and purchasing cards were introduced. Financial regulations and procedures and procurement guidance and procedures have been updated to reflect those changes.

Risk management

- 3.8 The SNDPA has established a systematic strategy, framework and processes for managing risk. A risk register is maintained, and reviewed on a quarterly basis at meetings of the Standards and Audit Committee. This enables relevant risks to be identified and evaluated, with consideration given to appropriate mitigation strategies. Risk workshops with staff were carried out in April 2012. Directorate level risk monitoring was developed during the year and a consolidated risk register is maintained and reviewed regularly. Risk is also monitored at project level. There is an escalation process from project and directorate risk registers to the corporate risk register.

Conduct and behaviour

- 3.9 There are Codes of Conduct for Members and officers in place and performance appraisal processes for both. Training is given to Members on the Code of Conduct and there is a Register of Members' Interests. The Authority has adopted successor standards arrangements for the conduct of Members following the implementation of the Localism Act 2011. The Audit Committee and the Standards Committee were replaced by a new Standards and Audit Committee with new terms of reference which include monitoring the ethical framework of the Authority. An independent person has been appointed.
- 3.10 Provision has been made for an annual report on complaints received to be considered by the Authority's Standards and Audit Committee, so that the Authority can be assured that the procedure is working well and that lessons for service improvement are being identified wherever practicable. The SDNPA has a Whistleblowing Policy, with confidential reporting arrangements in place to enable internal and external whistle-blowing. There is an Anti-fraud and Corruption Policy in place. The Complaints, Compliments and Comments Policy (information about which is on the SDNPA's website link ?) was reviewed in April 2012 and further reviewed in January 2013 to take account of the changes to the process for making complaints about Members adopted after changes made by the Localism Act 2011 came into force.

Financial accountability

- 3.11 The SDNPA's Financial Regulations and Procedures provide a framework for the management of the Authority's financial affairs and were reviewed and

updated in February 2013. The SDNPA has also adopted a Treasury Management Policy and Annual Investment Strategy. Monitoring of the operational budget was conducted during the year and findings incorporated into the budget planning process for 2013/14. Contract Standing Orders set out arrangements governing the award of contracts, to ensure that procurement processes are fair transparent and lawful, and that best value for money is being obtained. Payment of allowances to Members is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.

- 3.12 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 financial strategy and budget is agreed by the Authority following scrutiny by the Resources and Performance Committee, who receive reports on budget monitoring. The Authority has a Standards and Audit Committee with membership that includes two independent members. The Authority has appointed an independent person as required to oversee complaints about the conduct of Members. This ensures the provision of appropriate skills and experience in the scrutiny of the Authority's arrangements for financial control, risk management and standards of conduct, and enhances transparency. A review of the effectiveness of the then Audit Committee was completed during the year.
- 3.13 The Authority's accounts are subject to external audit on an annual basis and reported to the Standards and Audit Committee at a public meeting. Internal audit support has been provided under a service level agreement by Brighton and Hove Council's Internal Audit Services. The Authority's external auditors, Ernst and Young, review the appropriateness of internal audit arrangements and accordingly place reliance on the work done.

Constructive working relationships between officers and Members

- 3.14 Compliance with relevant legal requirements and the SDNPA's procedures is facilitated by a range of controls. Policies are in place to regulate how the Members and officers use the resources available to them. Regular audits conducted internally and by external auditors provide assurance that the procedures are being adhered to. The SDNPA receives legal advice and Monitoring Officer support as appropriate via service level agreements. This advice includes input into significant Committee/Authority papers. In 2012-13 there were no formal reports by the Monitoring Officer, further to section 5 of the Local Government and Housing Act 1989, were necessary.

Skills and Learning for staff and Members

- 3.15 Member and senior officer learning and development needs are identified and met through induction programmes, the performance management/appraisal system, the Learning and Development Policy for officers (with individual staff learning and development plans) and the Member Development Strategy (with individual Member development plans). There are annual Member discussions about development needs. There have been a number of informal

training sessions for Members on various aspects of their responsibilities and to aid the development of policy.

- 3.16 Budget managers have access to one to one support for budget management and also briefings on Financial Procedures and administration, further budget management and closedown. All financial guidance and procedure notes are available on the Authority's Intranet. Training was provided on the Civica Purchase Order System and the use of procurement cards for appropriate staff during May 2012. An e-sourcing system is also being introduced.

Clear relationships with Partners and the public

- 3.17 A key element in the SDNPA's guiding principles is working with partners and community groups. The SDNPA has therefore 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. The SDNPA has entered into an Accord with Natural England and Memoranda of Understanding with the South Downs Network and South Downs Land Management Group. A Memorandum of Understanding with the Associations of Local Councils within the South Downs has also been agreed. The Authority has made Member appointments to a number of local partner organisations and groups including the South Downs Local Access Forum, East and West Sussex Rural Forums. There is a formal reporting back mechanism for those SDNPA Members appointed to outside bodies. The SDNPA has worked this year to lead on the development of the South Downs Partnership. The SDNPA has a communication and engagement strategy and a Statement of Community Involvement. The SDNPA has conducted a visitor survey as well as operating on-line consultations. Work was undertaken to find out different stakeholders preferred methods of consultation and our consultation exercises have been designed accordingly.

4. Review of Effectiveness

- 4.1. The SDNPA 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 Management Team and other officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, the work done to review the Local Code of Corporate Governance, and also by responding to comments and recommendations made by external auditors and others. A draft of the statement has been approved by the Standards and Audit Committee.
- 4.2. The annual review exercise, which incorporated a review of the Local Code of Corporate Governance, was initiated by the Director of Corporate Services and the Monitoring Officer and included consultations with the Strategic Management Team, the Chief Finance Officer, the Deputy Chief Finance Officer

and the Head of Internal Audit. A draft of this statement was considered and approved by the Standards and Audit Committee.

- 4.3. The Internal Audit Annual Opinion is that reasonable assurance can be provided that an effective system of internal control is in place at the SDNPA for the year ended 31 March 2013. PROVISIONAL
- 4.4. The SDNPA's Chief Finance Officer and Monitoring Officer have also provided assurance that there have been no significant control issues which have:
- required the need for formal action in their respective roles,
 - required the need for significant additional funding not already provided for within the approved budget,
 - had a material impact on the accounts; or
 - resulted in significant public interest, damaging the reputation of the Authority.
- 4.5. Although a review of the effectiveness of the Governance arrangements is reported once per year to the Authority, the process of gathering evidence and monitoring performance is continual and is managed through reports to the Authority and to the Standards and Audit, and the Resources and Performance Committees. Management action required to maintain effective governance arrangements evident from reports and from other management reporting processes is taken throughout the year.
- 4.6. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Standards and Audit 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. Governance issues

- 5.1 The following key areas of work have been conducted during 2012/13:
- development of a comprehensive approach to equality and diversity including training and awareness for staff and Members
 - development of an environmental management strategy
 - review of processes for approval and ongoing monitoring of externally received grant funding, particularly when undertaken in partnership
 - introduction of and the roll out of purchasing cards where appropriate
 - review of the skills and expertise needed to manage capital works
 - ongoing monitoring and assurance of procurement processes
 - review of employee terms and conditions
 - developed an improvement plan in response to the ENPAPA review process
 - carried out an audit into the set up of the organisation and incorporated findings into the improvement plan
 - carried out a review of the effectiveness of the then Audit Committee.

5.2 Actions for 2013-14 include the following:

- review culture and values (yet to be agreed by SMT)
- establish a register for Officer interests below SMT level
- formalise the review of delegations at the same time as the review of Standing Orders (this is usually annually)
- monitor the implementation of the introduction of the e-sourcing system and start collecting supplier satisfaction information
- carry out a review of committee decision making roles
- review and update the master policy schedule to ensure regular review of policies is managed effectively
- while reviewing the policy schedule establish dates for those policies that do not already have them and carry out reviews of those policies if necessary
- review Officer Code of Conduct
- consider how to make public the improvement plan and reporting on progress against it
- consider whether and how to make the Officer Code of Conduct available to the public
- consider whether to establish an approach to succession planning
- consider a consolidated approach to VFM exercises
- consider a review of projects agreed using the Star Chamber and the Major Partnerships Fund.

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: Chair

Signed: Chief Executive Officer

On behalf of the SDNPA

Date: 2013