

REPORT OF CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

SUBJECT:
DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2013/14

The Annual Governance Statement provides the vehicle for demonstrating the Authority's success in delivering continuous improvement in performance identifies control systems and processes and highlights significant governance issues to be addressed. This is an opportunity for members to contribute to and discuss the content of the Draft Annual Governance Statement for 2013/14.

The preparation of the draft statement involves consideration of information from a number of sources including; the Authority's risk register, the Cipfa assessment framework, the Internal Audit Report from Pembrokeshire County Council, and the Annual Improvement Report and Financial Audit Report from the Wales Audit Office. The Draft Annual Governance Statement is then presented to the Audit & Corporate Service Review (ACSR) Committee for their consideration and once agreement has been reached the statement is presented to the full National Park Authority for approval.

Members are asked to review the draft Statement included as Annex 1 and to make suggestions on additional issues to be included in the Statement. The Statement will be presented to a future National Park Authority meeting to enable all Members to have an input and to agree the Statement.

.Recommendation: Members are asked to NOTE and COMMENT on this report

Background Documents

Draft Annual Governance Statement 2013/14

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2013/14 ANNUAL GOVERNANCE STATEMENT

I. Introduction

The Pembrokeshire Coast National Park Authority (“the Authority”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. It is a Welsh improvement authority under section 1 of the Local Government (Wales) Measure 2009 and as such has a general duty under section 2 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In 2010/11 the Authority approved a Code of Corporate Governance, which is consistent with the principles of the CIPFA/ SOLACE Framework ‘Delivering Good Governance in Local Government’. This guidance recommends that the review of effectiveness of the system of internal control that local authorities are required to undertake in accordance with the Accounting and Audit Regulations should be reported in an Annual Governance Statement. In Wales the inclusion of the Annual Governance Statement in the Statement of Accounts is voluntary. In 2009/10 CIPFA also published an “Application Note to Delivering Good Governance in Local Government: A Framework”. This note has been developed to advise on the application of the “Statement of the Role of the Chief Financial Officer on Local Government” under the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. The Authority has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2010/11

II. The purpose of the Governance framework

The governance framework comprises the committees, systems and processes, cultures 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 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.

III. The Governance framework

There is clear definition of the roles of Members and Officer and a clear committee and decision making structure. This is based on:

The Authority

The Authority comprises 18 members and will meet at least 6 times a year and its main functions are:

- To approve the development of the Authority's strategic corporate planning framework through the National Park Management Plan (every five years), the Local Development Plan (every five years), and the Business and Improvement Plan (annually).
- To determine all policy matters in support of its strategic planning objectives. The Authority may receive advice from the permanent Advisory Group and may also set up task and finish advisory groups to investigate and advise on specific matters.
- To determine all Service Standards and the Authority's Welsh Language Scheme.
- To agree policies relating to the management of the Authority's resources i.e. finance, staffing and assets; and to approve the budget, levy, charges, and the Annual Accounts.
- To ensure that the NPA complies with all legislation affecting its services.
- To determine membership of other committees, task & finish groups, working groups and advisory groups, within the NPA, and their terms of reference, and the Authority's representation on external bodies and organisations.
- To determine the delegation of the Authority's responsibilities to other committees of the Authority and when appropriate to the Chief Executive.

Audit and Corporate Services Review Committee

The role of the Audit and Corporate Services Review Committee is to consider the level of corporate risks, governance matters facing the Authority (including reviewing the Annual Governance Statement), budget management and issues relating to the work of the Chief Executive Officer and departments reporting to him such as HR, Finance, IT, Communications, performance management. In addition, this Committee will look at performance against the Welsh Government Grant letter.

Conservation and Planning Review Committee

Conservation and Planning Review Committee considers the risks and performance in areas covered by the Director for Conservation and Planning. This includes issues such as climate change, the Natural Environment Framework as well as the performance of Development Management.

Recreation and Tourism Review Committee

Recreation and Tourism Review Committee considers the risks and performance in areas covered by the Director for Tourism, Communications and Marketing. This Committee oversees the work of centres such as Oriel y Parc, Carew Castle and Castell Henllys.

Each Performance Review Committee has a standard item relating to items of concern with performance that can be delegated to the Continuous Improvement Group for further consideration.

Continuous Improvement Group

The Continuous Improvement Group consists of five members of the Authority including the CEO. The membership includes the Chairman and Vice Chairman of the Authority along with the Chairmen of the three Performance Review Committees. The group have the power to invite attendance of other members or officers if the work programme indicates that their attendance or experience would add value to its work

The terms of reference for the group are:

- To review aspects of the Authority's governance arrangements, to include relevant policies and procedures, as directed by the Authority.
- To oversee the improvement process arising out of risks identified by the Authority and / or one of the Performance Review Committees.
- To monitor the Authority's response to the Welsh Government's Improvement Agenda, by identifying opportunities for collaboration, partnership and customer centred working.
- To identify additional outcome /qualitative measures to help assess the Authority's performance across its service areas.

Internal Audit

The review of the effectiveness of the system of internal control and governance arrangements is informed by the work of the Internal Auditors and their reporting to the Authority. This work is undertaken by Pembrokeshire County Council's Internal Audit Department who structure their work based on a rolling 5 year audit program. The terms of reference for internal audit require that work is conducted in accordance with standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. Following a recommendation from the Wales Audit Office a request was made to our Internal Auditors for them to provide an audit opinion on our governance arrangements. However, they were of the view that it was difficult for them to provide this. A discussion on this issue was undertaken and a number of suggestions made by the Internal Auditors on how the Authority could improve its governance arrangements.

External Audit

Wales Audit Office act as the Authority's external audit and make comments following their financial accounts and performance work and in the annual audit letter. They also express an opinion on the adequacy of internal audit work.

Section 151 Officer

In the Authority the Finance Manager also acts as the Section 151 Officer. The Authority complies with the CIPFA “Statement on the Role of the Chief Financial Officer in Local Government”. The Finance Manager is also a member of the Authority’s Core Management Team.

The Executive

An Executive structure for decision making for officers is based on a Senior Management Team of three members, a Leadership Team of twelve officers and a Core Management Team of five officers supplemented on a rotating basis by other members of the Leadership Team. The Core Management Team meets weekly while the Leadership Team meets once a month.

Principles of Governance

The review of the effectiveness of the Authority systems of governance is undertaken in accordance with the following 6 principles.

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

Actions Taken During The Year

Previously identified Significant Governance Issues, the actions taken to tackle these issues and their evaluations are shown in the table below:

Governance Issues Identified	Actions proposed	Evaluation
<ul style="list-style-type: none">● Development Management Performance	Building on recent improvements the Authority will develop a greater customer focus in the delivery of its planning function. Additional funds have been allocated in the 2013/14 budget to cover additional work load related to	DM performance has continued to improve as evidenced by quarterly WG planning statistics.

	renewable energy applications.	
<ul style="list-style-type: none"> Introducing Customer service standards 	Using the Customer Quality Charter criteria we will assess the service standards across all services	Limited progress against Quality Charter criteria however, some in-house and externally provided staff training undertaken, and customer surveys undertaken, all showing high levels of satisfaction.
<ul style="list-style-type: none"> Consultation Policy 	The review of the Cipfa guidance on delivering good governance identified potential weaknesses in engaging local people and stake holders. A thorough review will be undertaken	New consultation strategy being drafted prior to undertaking a major consultation exercise regarding reduction in funding.
<ul style="list-style-type: none"> Effectiveness of Scrutiny Committee 	The work of the Scrutiny Committee will be evaluated during 2013/14.	Second Third scrutiny exercise on affordable housing recently completed with recommendations agreed by NPA. A fourth scrutiny exercise in partnership with Snowdonia NPA is now underway. Review of process will be undertaken on completion.
<ul style="list-style-type: none"> Policies 	All of the Authority's policies will be reviewed and a review schedule implemented	Review schedule prepared and policies reviewed according to schedule.
<ul style="list-style-type: none"> Golden Thread 	Standardised format for summary team plans are being established which will link to business/service plans and Improvement Objectives	Introduced. Team plans available in use.
<ul style="list-style-type: none"> PI Data 	The Authority will work with Welsh Government and consultants to develop outcome based PI's.	Authority commented on WG report, but no further progress from WG.

V. Review of Effectiveness

The Authority is responsible for conducting an annual review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of the Authority's, Members and its Committees, internal and external auditors, other review agencies (as appropriate) and senior managers who have responsibility for the development and maintenance of the internal control environment. The review of effectiveness of governance can be divided into the following.

The review is based on the six principles of the Code of Corporate Governance.

Principle 1.

Focusing on the Authority's purpose, on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

The Authority has been focusing on developing work to ensure that it is 'fit for Purpose' to meet the challenges of the future.

Demonstrating Strategic Leadership

National Park purposes and vision for the Park are set in the National Park Management Plan (NPMP) 2009 - 2013, developed following full consultation with partners, stakeholders and communities setting out policies and longer term objectives. Members agreed in October to extend the life of the current NPMP while awaiting the new Policy Statement and further guidance from Welsh Government.

Corporate Strategy/ Annual Improvement Plan

In April the NPA approved the Corporate Strategy which sets out the objectives and work programme for a one to two year period. Performance against targets in this document is reported to the relevant Review Committees. Wales Audit Office report on the success or failure to comply with the Local Government Measure.

Quality of Service

The Authority carries out surveys of the effectiveness of its service delivery through customer satisfactions surveys, performance against quality standards and by monitoring formal complaints which remain at a low level.

Ffynnon System

The Authority has continued to adopt the Ffynnon system to ensure that we develop and manage a robust system of performance information to highlight the impact of the work undertaken by the Authority. Performance review committee reports are prepared directly from Ffynnon.

Budget Pressures / Joint working

Work has continued to reduce costs and to identify options for joint working. Discussions are on-going with a number of other Authorities to identify efficient ways of delivering our services.

Principle 2

Members and officers working together to achieve a common purpose, with clearly defined functions and roles.

Reduction in National Park Grant and Levy

In October 2013 the Welsh Government published its draft budget and as anticipated it showed an unprecedented reduction in the funding of the National Park Grant (NPG) for the three Welsh National Park Authorities. The budget identified a funding cut of 8.76% for 2014/15 followed a further cut of 4.32% for 2015/16. However the Welsh Government confirmed that the capital grant for 2014/15 would remain at the same level as 2013/14. In light of this it was agreed at the October meeting to hold Members' workshop following each full Authority meeting to consider a longer term strategy to deliver the services within the budget available.

Scrutiny Committee

Members and officers have been developing the scrutiny process, particularly through the recent review of affordable housing policies, the recommendations of which are now being taken forward as part of the review of the Local Development Plan.

Review of Committees

A review of the three Performance Review Committees has been undertaken and the recommendations will be implemented in 2014-15. During the year the Authority has reviewed the effectiveness of these three committees and decided to merge the Conservation and Planning Review Committee and the Tourism and Recreation Review Committee from 2014-2015 onwards. The Audit and Corporate Services Review Committee will remain. Each of the committees will have nine members. The Terms of Reference of the committees will be reviewed in early 2014-2015.

Consultations

Members have contributed their comments to responses to Welsh Government consultation papers including Protected Landscapes Policy Statement, Environment Bill White Paper, Heritage Bill White Paper and the Planning Bill White Paper.

Principle 3

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

A Code of Conduct for Members and a Code of Conduct for Officers is in place. Issues relating to breaking the Code of Conduct are dealt with by the following:

The Standards Committee

It is the responsibility of the Authority's Standards Committee to promote high standards of conduct by Members and Officers. It does this by advising on and promoting awareness and understanding of the code of conduct for Members and the code of conduct for officers, both of which are documented in the Authority's Constitution

Monitoring Officer

The statutory Monitoring Officer functions set out in Section 5 of the Local Government and Housing Act 1989 (as amended) i.e., in short, to report to the Authority if the Monitoring Officer considers that any proposal, decision, or omission by the Authority may give rise to unlawfulness or maladministration. The Monitoring Officer provides an Annual Report of his work to both the Standards Committee and the National Park Authority.

Public Sector Ombudsman for Wales

The Public Service Ombudsman for Wales has jurisdiction over the Authority's functions by virtue of the Public Service Ombudsman (Wales) Act 2005. He has not made any investigation into the Authority either in relation to any alleged breaches of the Members' Code of Conduct adopted by the Authority on 25 June 2008, or any alleged maladministration causing a member of the public hardship or injustice through maladministration or service failure on the part of Authority, under either Sections 16 or 21 of that Act.

Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures, which are normally reviewed in accordance with the Human Resources Strategy. All Authority staff have annual and interim performance appraisals

Whistle Blowing Policy

In the Public Interest Disclosure Act 1998 the Government has given statutory protection to employees who 'blow the whistle' by speaking out against corruption and malpractice at work. It protects them against victimisation and dismissal. The Authority has approved and adopted such a policy in 2002 which was updated in 2009. In its commitment to the highest standards of openness, probity and accountability, it says "The authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority". This was reviewed during the past year and is in the public domain

Principle 4

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

The Authority has taken the following action to improve its processes and structures and also to tackle identified issues of risk.

Scrutiny Project

Following a pilot undertaken with the Brecon Beacons National Park Authority, the Authority has created two Scrutiny Committees. The first Scrutiny Committee reviewed "The Implementation of our Affordable Housing Policies". Members agreed that the next Scrutiny exercise would focus on our work to support the local economy and would be run in partnership with Snowdonia National Park Authority.

Risk Management

The Risk Register is presented to each Audit & Corporate Service Review Committee and annually to the full NPA. Following a number of changes in Members, the allocation of risks to Members is being revised.

Performance Management

Staffs are now updating the Ffynnon system directly with information to update performance reporting.

Upgrading systems infrastructure

During 2013/14 the Authority has made significant investments and improvements to its core systems and infrastructure with a new finance system, and HR systems and upgraded wide area network all installed and operational with evaluation of document management systems underway. Procurement of the finance software was successfully evaluated by the Authority's internal auditors.

Pembrokeshire County Council Internal Audit Report

As part of the Authority's corporate governance programme, an audit of all services is carried out on a five year rolling programme by the County Council's Internal Audit Service.

During 2013/14 the audit concentrated on:

- Review of Previous Year Agreed Action Plan
- Creditor Computer Assisted Audit Techniques
- Conservation Area Grants
- IT Risk
- Employee Costs
- National Trail

The Internal Audit report including findings, recommendations and the Authority's responses are presented to the Audit and Corporate Review Committee.

The audit process uses the standard CiPFA auditing guidelines and other best practices with the aim of identifying potential weaknesses in controls. Each of these potential weaknesses is then assessed jointly with the auditors to consider the likely risk and scale of impact, and the alternative controls and potential improvements within the resources of the Authority. .

No significant failings were identified in the internal audit programme, although a number of minor improvements were suggested.

Committees

Individual service team leaders update Members of their respective Review Committee with details of the work in progress within the team. There is a clear documenting of decisions, meeting agenda and minute process. Members therefore make decisions based on timely and accurate, although some decisions are deferred to allow members for considered decisions

Wales Audit Office Reports

Wales Audit Office passes an opinion on their review the Authority's performance and Statements of Accounts which is recorded in the WAO Improvement Assessment Letter and the ISA 260 report.

Principle 5

Developing the capacity and capability of Members and officers to be effective.

The Authority has undertaken the following to develop the capacity and capability of Members:

Wales Charter for Member Support and Development

In June Members approved the Members' Development Strategy following their personal development reviews. A Members' Development Working Group has met to help prepare a training programme prior to submitting an application for the Members' Charter.

Performance Management

The Performance Management process has been reviewed and changes made to link the Staff Performance Appraisal process to the Corporate Strategy. We are now undertaking work to further develop the "Golden Thread" that ensures a clear line of accountability from the Targets and Outcomes identified in the Improvement Plan to the Departmental Plans and Individual targets.

Staff Development

All new staff attend an in-depth induction course both locally and an all UK National Park induction event.

The Authority arranged a temporary secondment of an experienced Learning Adviser from PCC who arranged a series of management development courses for senior staff including

- Myers Briggs Personality Profiling
- Managing Change Successfully
- ILM Level 3 Workplace Coaching

A repeat staff survey by Best Companies resulted in a minor reduction in the overall score, but did not indicate any specific shortcomings.

Principle 6

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

During the past year the Authority has sought to engage with local people and stakeholders through a range of consultations. Following last year's survey of community councils training sessions on planning have been provided to all who requested it.

The Authority proposes to undertake extensive consultation with residents, visitors, organisations and other stakeholders on a long term strategy on service delivery on the reducing funding anticipated over the next few years.

Partnership working arrangements

The Authority works with a number of external bodies helping to improve value for money and in communicating with various other interest groups to deliver a number of common projects, e.g:

- Carmarthenshire County Council; SLA's Payrol / Pension. Minerals
- Pembrokeshire County Council; Internal Audit
- South Wales Local Authority Purchasing Group; Legal Services Provision
- Brecon Beacons & Snowdonia National Parks Authorities, brokerage Insurance / joint finance systems procurement and Mosaic project

VI. Significant Governance Issues

Governance Issues Identified	Action to be taken
The ICT User Policy should be updated as soon as possible to ensure it remains current and up to date.	IT User policy will be reviewed and updated
The process of removing access for all leavers should be improved so reliance is not placed on managers informing IT.	New procedure introduced when leaver process by payroll
Procedures should be established to ensure that personal and confidential data sent electronically is adequately protected	Investigation into appropriate protection will be undertaken.
The ICT Disaster Recovery Plan should be reviewed and updated	The ICT Disaster Recovery Plan will be reviewed and updated
Appointment of new Internal Auditors and Chief Audit Executive following PCC indicating that they were unwilling to undertake this crucial role in 2014/15.	Tender exercise will be undertaken for the full provision of Internal Audit Services
No plans to make Authority meetings available as a webcast	Layout and structure of committee meeting room makes webcast impractical.

VII. OPINION

We propose over the coming year to take steps to address the matters referred to in part IV 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 _____
Chairman

DATED _____

SIGNED _____
Chief Executive

DATE _____

SIGNED _____
Section 151 Officer

DATE _____