

REPORT OF CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

**SUBJECT:
ANNUAL GOVERNANCE STATEMENT FOR 2012/13**

The purpose of this report is to present to Members the Authority's Annual Governance Statement for 2012/13. 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.

RECOMMENDATION:
That Members approve the Authority's Annual Governance Statement for 2012/13.

Background Documents
Annual Governance Statement 2012/13

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2012/13 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. Actions Taken During The Year

The following have previously been identified as Significant Governance Issues and action has been taken to tackle these issues:

| Governance Issues Identified | Actions taken |
|--|---|
| Strengthen its assessment of success by incorporating data from other sources, such as the State of Wildlife in Pembrokeshire report by the Pembrokeshire Biodiversity Partnership | The Authority included the following to improve its assessment of success; Best Companies Survey of Employee Engagement and the Improvement Plan Part II includes data from other National Parks. |
| The Authority needs to review the options to ensure the effective use of Oriel y Parc in delivering park objectives. | After lengthy discussion in the December 2012 NPA Meeting members approved the revised the service level agreement (SLA) between the Authority and the National Museum of Wales. This was approved by NMW in January 2013 and is due to be signed off by both parties in February 2013 |
| The Authority's data on its improvement plan should include benchmarking data. | See above |
| Strengthen its risk assessments to take account of the risks of impact on the delivery of priorities. | The Authority has reviewed its Risk Management procedures and developed service level risks allocated National Park Authority member to be responsible for each risk. |
| The Authority's policies, procedures and standing orders regulate the internal control and relevant and up to date | The Authority continually reviews its policies, procedures and standing orders to ensure that they are up-to-date and fit for purpose. During 2012/13 the Authority adopted or revised the following: The Authority's Financial Standards, Social Inclusion Strategy and Strategic Equalities Plan. The Authority has developed a policy mapping register which is reported to the Authority's monthly Leadership group meeting for monitoring. |

IV. 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.

Planning the Work of the Authority

An exercise has been undertaken to ensure that all the policies and strategies of the Authority contribute to the delivery of the National Park Management Plan. As part of this process we have been reviewing our policies and strategies and evaluating whether they are still fit for purpose and how they can contribute towards the delivery of the National Park Management Plan and the associate Action Plan.

Corporate Strategy

During 2010-2011 the Authority undertook an extensive exercise to consult on a three year Corporate Strategy. This strategy saw a move away from an objective based strategy to an outcome based strategy in an attempt to focus more on what the Authority delivers for the area.

2012-2013 represented the second year of this Strategy. Following a review of the Strategy it was decided to only make minimal changes to the 2012-2013 Corporate Strategy. This was largely due to a delay in the Welsh Government producing its Policy Statement for Protected Areas, which will set the strategic direction for the Authority over the next four years. Allied to the Policy Statement the Welsh Government have undertaken a project to identify Outcome Indicators for National Park Authorities. The Policy Statement and Outcome Indicators were agreed in ** 2013 and will feed into a revision of the Corporate Strategy for 2014-2015.

Annual Improvement Plan

The Corporate Strategy will provide the basis for the Annual Improvement Plan required to make sure the Authority fulfils its requirements under the Local Government Measure. For the 2013-2014 Annual Improvement Plan the Authority has decided reduce the number of outcomes from eight to four and to develop its Improvement Objectives from these four Improvement Outcomes.

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. Members are being encouraged to access and use the system. The Authority has commenced the process of reviewing its Performance Management System. As part of this process we have sought the advice and assistance of the Wales Audit Office. Despite an initial meeting with representatives of the Wales Audit Office we have made limited progress with this work.

Zero Based Budgeting exercise

For the second consecutive year the Authority adopted a Zero-based budgeting exercise to ensure that its expenditure linked to the delivery of the outcomes identified in the Corporate Strategy.

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.

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), the Corporate Strategy (every 3 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 manage 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.

As a result of Local Government elections held in May 2012, there has been a significant change in the Membership of the Authority. Seven new Members were

appointed from Pembrokeshire County Council and two new Members were appointed by the Welsh Government in December 2011. An extensive process of induction has been undertaken to support the new Members.

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 Oriell 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.

Work has been undertaken to identify who can make decisions and how these are recorded.

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 deal 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.

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 and can be found on

<http://parcnet/staff/CodeFiles/StaffHandbook/StaffHandbookOverview.aspx>

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 has been reviewing "The Implementation of our Affordable Housing Policies". This Committee is due to report in May 2013. The lack of Member and staff capacity means that the second Scrutiny Committee will not commence its work until the first one has completed its work. We expect the second Scrutiny Committee to look at our work in relation to supporting the local economy and to be run in partnership with Snowdonia National Park Authority.

During the pilot project with the Brecon Beacons National Park Authority a joint scrutiny of Public Rights of Way was undertaken. A programme of work was agreed following this exercise to deal with issues and weaknesses highlighted as part of the Scrutiny exercise.

Risk Management

During the past year a review of our Risk Management process has led to greater involvement from Members of the Authority in our Risk Management. All risks on the Risk Register have been allocated to Members to oversee. In addition, work has been undertaken to identify different types of risk , including risks associated with various services.

Performance Management

Following a critical report on our Performance Indicators, the Authority has responded by allocating responsibility for each Performance Indicator to a member of its Leadership Team and any new Performance Indicator is required to have the approval of the Performance Indicator Group.

HR Information System

The Authority has installed a new HR Information System. This will improve the management of our HR function with all employees having remote access to their records and relevant HR functions including training. Managers will be able to monitor leave and sickness records and produce reports. All HR policies and procedures will be available from the system's document library.

Finance System

The Authority has undertaken a procurement exercise to change its Finance and EPOS System. This was undertaken as a joint exercise with the Snowdonia National Park Authority. The new system will lead to greater efficiencies in raising and processing purchase orders together with the authorisation and coding of invoices. It should also result in better centre stock control and monitoring of merchandise sold across the Authority.

Equalities

In March 2012, the Authority agreed its Single Equality Plan. During the past year the Leadership Team has undertaken training to ensure that it meets its statutory requirements and also to manage our equalities function in a strategic way to contribute towards the delivery of the outcomes of the organisation.

Internal Support Service Reviews

The Authority has commenced a series of Internal Reviews of Support Service functions. The first one to be undertaken focused on the use of Global Positioning Systems (GPS) within the Authority. The outcome of the review highlighted a programme of action to increase understanding of the potential of GPS across the organisation and a programme to improve the accuracy and dependability of our data. We have commenced work on a review of our Graphics function and as mentioned above are hoping to work with the Wales Audit Office on our Performance Management work.

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 2012/13 the audit concentrated on:

- Review of Previous Year Agreed Action Plan
- Delivery Department
- Oriel y Parc
- Car Park Management
- Planning Income
- Payroll
- Purchase Cards

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.

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

The Authority has been awarded the Wales Charter for Member Support and Development to recognise its work in supporting Member Development. During the year the Authority decided to re-apply for the 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 Corporate Strategy to the Departmental Plans and Individual targets.

People Strategy

The Authority has approved a People Strategy which included as outcomes "handling issues from the 2011 Staff Survey and to improve staff engagement and to ensure that our managers and leaders have and use the right skills and capabilities to make change effective and to deliver performance"

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. Various approaches were taken to promote these consultations such as organising events, discussions with specific groups such as Community Councils, promotion on local radio, articles in newspapers and discussions with 6th Form pupils.

The Authority has undertaken a survey of Community Councils relating to planning issues and undertaken a programme to provide training and support on planning issues for Community Councils. In addition the Authority agreed to hold bi-annual meetings with PALC the umbrella body for Community Councils in Pembrokeshire.

The Authority has signed up to the WG's 'National Principles for Public Engagement in Wales'.

<http://www.participationcymru.org.uk/advice/support/national-principles-for-public-engagement-in-wales/organisations-that-have-endorsed-the-national-principles-for-public-engagement>

IV. Significant Governance Issues

| Governance Issues Identified | Action to be taken |
|--|--|
| <ul style="list-style-type: none">DM 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 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 |
| <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 stakeholders. A thorough review will be undertaken |
| <ul style="list-style-type: none">Effectiveness of Scrutiny Committee | The work of the Scrutiny Committee will be evaluated during 2013/14. |
| <ul style="list-style-type: none">Policies | All of the Authority's policies will be reviewed and a review schedule implemented |
| <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 |
| <ul style="list-style-type: none">PI Data | The Authority will work with Welsh Government and consultants to develop |

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| | outcome based PI's. |
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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 _____
Chairman

DATED _____

SIGNED _____
Chief Executive

DATE _____

SIGNED _____
Section 151 Officer

DATE _____