

Annual Governance Statement

Introduction

Northumberland National Park Authority is required to undertake proper practices in relation to its accounts as defined by the Accounts and Audit (England) Regulations 2015. Thus, an Annual Governance Statement is required for the year ending 31st March 2022. This needs to be produced alongside the Annual Accounts and be reviewed by the full Authority or a committee of the Authority. To assist this process the Authority's Finance and Audit Group (a working group and not a committee) review the Annual Governance Statement prior to consideration by the Board of the Authority.

Scope

The Authority is responsible for ensuring its business is conducted in accordance with statutory standards and professional guidance and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Local Government Act 1999 places a statutory responsibility on the Authority to secure continuous improvement in the way its functions are delivered. Therefore, the Authority is responsible for ensuring a sound system of internal control is in place to facilitate the delivery of its functions, make arrangements to manage risk, and to review its work to ensure that it is being delivered in a legal, efficient and effective manner.

The Purpose of the Annual Governance Statement

The system of internal control is designed to identify and manage risk, and to do so to a reasonable level, rather than to eliminate all risk. It 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, the impact should they be realised, and to manage them efficiently and effectively. Risk is managed within the framework and risk appetite set by the Board of the Authority.

The system of internal control has been in place for the year ended 31st March 2022 and up to the date of approval of the annual report and accounts and accords with proper practice.

The Internal Control Environment

Establishing and monitoring the achievement of the Authority's objectives

Medium Term Vision and 5 Business Plan

The Authority has a hierarchy of plans, headed by a statutory National Park Management Plan which sets a vision for the National Park for the next 20 years. This sets a framework for the Authority's work. The Management Plan was reviewed in 2015/16 and a new Plan was adopted by the Authority in March 2016 and published in June 2016. The Management Plan sets out a vision and strategic aims for the National Park which are cascaded into outcomes and objectives for a 5-year period for the National Park Authority and its partners.

The Management Plan 2016-21 guides the corporate priorities of the Authority as set

out in the **Business Plan** for the Authority (2017 to 2021).

Work began on the revision of the National Park Management Plan during the financial year 2020/21. The revised plan will be presented to the Authority for approval during 2022 following extensive partner input and public engagement.

2017-2021 Business Plan

The **Business Plan** is used to provide a medium-term framework for the National Park Authority's work programmes and to define the corporate priorities of the Authority. This represents the Authority's contribution to the delivery of the National Park Management Plan.

The Business Plan aligns with the Authority's Medium-Term Budget Plan which is set across three years and is agreed in March each year.

In January 2020, following a mid-point review of progress with the Business Plan, the Board of the Authority reviewed the Business Plan and confirmed its current priorities as relevant for the remainder of the plan period. Key focus was then put on three aims: Integrating The Sill National Landscape Discovery Centre into the core work of the Authority, Climate Change, and Nature Recovery.

Due to the impact of the coronavirus on the Authority's work, the Board agreed to extend the Business Plan for a further year to March 2022.

Following approval of the revised Management Plan the Authority will develop a new Business Plan. As we are currently in a period where the current Business Plan is coming to an end, it has been necessary to develop a temporary Bridging Operational Plan (see below).

This Plan will begin the journey of taking the Authority from the delivery of the current Business Plan to delivery of a new Business Plan which will be informed by the revised Management Plan. It is anticipated that a new Five-year Business Plan will be in place ahead of the financial year 2023/24.

Operational Plan (Annual Work Programme)

An **Operational Plan** is prepared annually alongside the annual budget plan. It sets out the detailed annual work programme of the Authority. This provides the detail for individual manager and staff work plans.

A Bridging Operational Plan will provide the framework for the Authority work for 2022/23.

Governance, policy and decision making

All internal policy is made by the Board of the Authority. Policy development is led within departments and this work is always sponsored by a Head of Department, Director or the Chief Executive. The development of policy is assisted by member policy conferences and is supported and informed by task and finish working groups of members, staff and partners. Policy conferences and task and finish groups report their findings and advice to the Board of the Authority. All the members of the Authority are

therefore able to take part in debating and approving policy. All key policy decisions are recorded in official and publicly available minutes.

Decision making is regulated by the Authority's Standing Orders, Scheme of Delegation, Financial Regulations and member and officer Codes of Conduct. The Scheme of Delegation and Standing Orders are reviewed annually to ensure they are fit for purpose and take account of legislative or organisational change.

The decision-making process benefits from high-level legal and financial advice via the Chief Financial Officer, Monitoring Officer, internal audit service and external legal advisers and specialists. The Chief Executive ensures that the Authority has access to professional services from within and outside the staffing structure to provide specialist policy and legislative advice in key areas such as finance, human resources, health and safety, property and estates, development management, forward planning, historic buildings, ecology, archaeology and recreational access.

Identifying, assessing and monitoring risks

The Authority manages risk through its **Strategic Risk Register**, which identifies areas of highest strategic risk over the period of the Business Plan. The risk appetite is set by members of the Authority Board. Strategic risks are reviewed regularly, initially by the executive Leadership Team, next by Finance and Audit group and then considered and agreed by the Board of the Authority and resulting actions are incorporated, via the Operational Plan, into work programmes. The management of the strategic risks are reported to the Leadership Team, Finance and Audit group and Board of the Authority on a quarterly basis.

Internal audit is focussed on corporate risk and systems of control. This is high level audit and advice which is in part influenced by the overall assurance framework but also takes account of the key control systems which underpin an efficient and effective organisation e.g., corporate governance and budgetary control. The work programme for internal audit is set by the Board of the Authority with advice from the Finance and Audit Group.

New Project and Programme Development

All new initiatives, which are outside of the annual Operational Plan, are subject to a Project Initiation process which is reviewed by the Leadership Team before the project can be developed into a fully designed proposal. This control system allows new opportunities to be assessed against agreed priorities and targets and to assess their opportunity costs and benefits, as well as assessing their financial and other resource impacts on the Authority.

More significant initiatives beyond the financial delegation of the executive are formally approved by the full Authority board.

Health and Safety

In accordance with its statutory responsibilities, the Authority has in place a Health and Safety Policy, related procedures and has an annual Health and Safety Action Plan which

is regularly reported to the Authority. The facilitation and enabling of effective health and safety is led by a Director and supported by an employee Health and Safety Working Group with external expert advice.

Business Continuity

A Business Continuity Plan is in place to ensure the effective operation of critical Authority business in the case of an emergency or incident that has the potential to disrupt the Authority's work or put at risk its staff, members, volunteers, tenants or the public.

Continuous Improvement: Ensuring economical, effective and efficient use of resources

Improvement Planning

The Authority delivers continuing improvement through its performance management system, ongoing review of project and programme delivery and through a series of KPIs which cover a broad spectrum of the Authority's activities. In addition, the Authority's Review Panel acts as an internal scrutiny and improvement panel looking at a rolling programme of reviews of key areas of the Authority's work as identified by members of the Authority Board. The Review Panel routinely uses independent members and expertise to bring fresh perspective on the delivery and improvement of the Authority's work. This process provides a high level of internal support and challenge as part of the Authority's overall assurance framework. This is aligned with the Strategic Risk Register, however, aims to deliver recommendations for continued improvement of the Authority's work, rather than simply managing risk.

Regular service reviews are undertaken by the Leadership Team, to ensure the efficient and effective use of resources and ensure we have the correct resources to meet the Business Plan objectives and changing priorities.

The Authority regularly benchmarks its performance against other National Park Authorities using a set of family KPIs as a means of identifying possible areas for improvement.

Efficiency

The Authority regularly market-tests many of its procured services. The Authority's purchasing strategy is being used to drive improved services where the essential criterion is based on gaining best value and not just lowest cost service provision.

After a period of cuts to our government grant in aid, the Authority re-introduced efficiency saving targets in the Medium-Term Budget Plan in 2018/19 for the first time in a number of years. The target of £90,000 of ongoing efficiency savings were fully embedded into the budget during the 2020/21 financial year. This, coupled with our drive to add value to the core grant through our commercial income generation plan, fundraising and joint sponsorship work as a member of the National Parks Partnerships Ltd, aims to ensure we can deliver a wide and varied work programme.

Salary and associated employment direct costs for non-project staff are the most significant resource for the Authority, equivalent to 86% of National Park Grant.

The Authority continually develops its staff and undertakes regular surveys. Latest results show high levels of staff satisfaction and engagement, with the Authority benchmarking in the top percentile for the areas of manager support and peer support.

Having successfully delivered the 2016-2019 Organisational Development Strategy, focus shifted to the 2019 – 2022 strategy. This is now 84% complete or underway, including new objectives, which were added in light of learning from the pandemic, such as the introduction of a blended working model. The next strategy is already being prepared (subject to approval 2022/23). It will focus on career pathways, a cohesive culture and wellbeing.

In 2021/22, the Authority continues to have excellent levels of staff engagement with sickness at 2.02 days (excluding COVID, this falls to 1.34) per member of staff, well below the public sector average at 7 days. There were no instances of long-term sickness (any period exceeding 3 weeks).

The Authority achieves many of its objectives working with others in the private, public and voluntary sectors. Sharing of costs and pooling of resources through partnership working has ensured exceptionally good value for money in areas such as land management and natural environment initiatives, cultural heritage, National Trail management, sustainable transport and projects to adapt to climate change. The opportunities and risks associated with partnerships are assessed on a case-by-case basis and higher levels of governance and control mechanism are in place where needed.

The Authority works jointly through National Parks England Limited with the other English National Parks to look for opportunities for efficiency in procurement and delivery of services. We currently jointly procure Health and Safety advice from another Park Authority.

Financial management

The Authority's financial management arrangements conform to the majority of the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2010. The notable exception being the Chief Financial Officer does not report directly to the Chief Executive. The Chief Financial Officer reports to the Director of Business Development and is a member of the Leadership Team. The Chief Financial Officer reports directly to the Board of the Authority and Finance and Audit Group on significant financial matters including the Medium-Term Financial Plan, treasury management, financial performance and audit work. Being a small team, this is deemed the most efficient and effective structure. The Chief Financial Officer does, however, have direct and unfettered access to the Chief Executive and Authority Board Members as and when required in order to perform the role.

The roles and responsibilities of the Chief Financial Officer and the Monitoring Officer are set out in the Financial Regulations as adopted by the Authority.

Responsibility for each of the budget heads and projects is given to the Directors, Heads of Department, line managers and other staff. All financial areas are audited through a prioritised plan. Annual trading accounts are produced and used to scrutinise and

challenge the effective performance of commercially important operations including: The Sill National Landscape Discovery Centre; Walltown Visitor Centre; Eastburn Enterprise Hub; and the Hadrian's Wall car park charging scheme.

Monthly reports to all budget managers are provided and actively scrutinised. All managers are required to keep up to date with their budget and report on this on a monthly basis. The Leadership Team reviews the budget quarterly with key issues being reported to members.

A Finance and Audit Group consisting of members, the Chief Executive, Director of Business Development and the Chief Financial Officer meet on a quarterly basis to discuss the key financial business of the Authority, including providing a steer from members on the budget strategy and scrutinising the detail of the half and full year financial performance before the formal report is issued to the Board of the Authority. External auditors are invited to observe these meetings and are regular attendees. The Board of the Authority receives annual and quarterly financial reports. Key targets and areas of high corporate risk are reported quarterly to the Authority alongside performance.

Performance management

All targets and objectives within the National Park Management Plan, the Business Plan and Operational Plan are regularly monitored and reviewed. In addition, performance management is applied in a consistent way across the Authority. Key performance indicators, which are a mix of measures of activity, processes, outputs and outcomes are in place for the whole of the Authority's work.

Projects and other key areas of work are examined regularly by the Leadership Team with significant issues being reported to the Board of the Authority. Directors and Heads of Department have regular meetings with their managers to progress more detailed areas of work, where lessons learned and activities to correct performance variations are discussed, agreed and implemented.

The Board of the Authority receives regular updates on performance an annual review of performance which provides an assessment of how the annual work programme has been delivered and how this has contributed to the Business Plan targets and the vision as set out in the statutory National Park Management Plan. Performance is publicly reported including through publication of an Annual Report and through the Authority's website.

Over the past year the Authority's performance management system has been re-aligned with the **State of the Park Monitoring Report** which provides high level outcome measures to further inform progress on the overall 'health' of the National Park and reflects how the work of the Authority and its partners is impacting on in the economic, social and environmental performance of Northumberland National Park over the medium term (3-5 years).

Review of Effectiveness

The external auditors provide an annual management letter to the Board of the Authority following the annual audit. Issues raised within the letter are considered by the Board of the Authority and the Leadership Team to address any areas requiring action.

During the year the Leadership Team consider the findings of each internal audit report, agree a management response to recommendations. The implementation of recommendations agreed are monitored on a regular basis. The Finance and Audit Group discuss the Annual Report which summarises the work undertaken in year before it is considered by the Board of the Authority annually.

Internal Control

The Head of Internal Audit's Opinion on the overall adequacy and effectiveness of the Authority's governance, risk and control framework during 2021/22 was that there has been an adequate and effective system of control in place.

This Opinion is based on the audit work undertaken on the following areas, as agreed by the Finance and Audit Group:

- Risk Management
- Nature Recovery
- Payroll

This work has identified areas where further improvements to the system of control can be made. In detail, as a result of these audits and a follow-up audit of previous recommendations:

- 0 recommendations were categorised as low priority;
- 4 recommendations were categorised as medium priority; and
- 0 recommendation was categorised as high priority.

The Authority's systems of internal control including: governance, financial management, internal audit, performance management, review and improvement planning together provide, a strong basis to provide assurance for board members and the management of the Authority.