

# 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 2023. 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 Annual Governance Statement provides an overview of the control systems in place to provide a high level of assurance.

The Authority's 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 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. Strategic risk is managed within the Strategic Risk Register framework and the risk appetite set by the Board of the Authority.

The system of internal control has been in place for the year ended 31st March 2023 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 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. A new Management Plan for

Northumberland National Park was adopted in October 2022 following extensive partner input and public engagement. The Management Plan sets out a shared vision and strategic aims for the National Park which are cascaded into outcomes and objectives for the National Park Authority and its partners.

The Management Plan 2022-2027 guides the corporate priorities of the Authority as set out in the **Business Plan** for the Authority (2023 to 2026).

### **2023-2026 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.

### **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.

### ***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 working groups of members, staff and partners. Policy conferences and working 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 to delivering the aims and objectives 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 on a quarterly basis and any resulting adjustments or mitigating actions are incorporated, via the Operational Plan, into work programmes.

The approval of the new 3-year Business Plan has triggered a full review of the Strategic Risk Register. A Member workshop was held in May 2023 to help identify the strategic risks and set the risk appetite. A new Strategic risk register will be presented at the June 2023 Authority meeting for approval.

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 and by the Board of the Authority on an annual basis 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 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 the 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.

Our Business Continuity plan was enacted in November 2022 following a ransomware cyber-attack. The incident was reported to the National Cyber Security Centre, the Police via Action Fraud and the Information Commissioner's Office (ICO). The incident was successfully contained, and systems fully recovered within 10 days. There was no major impact on operations that could not be managed during this period.

The ICO have requested no further action based on all the available evidence.

A post incident and lessons learned review was completed in May 2023 and an update of the Business Continuity Plan and processes for each department will follow, to enable the Authority to be in the best possible position to operate its core functions should such an incident occur again in the future.

Investment has also been made in further securing out server environment and minimising our risk to future incidents.

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

**Improvement Planning**

The Authority delivers continuous improvement through its performance management system, ongoing review of project and programme delivery and through a regular programme of member led reviews which cover a broad spectrum of the Authority's activities. 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 uses independent members and expertise to bring fresh perspective on the delivery and improvement of the Authority's work. This process provides a high support and high challenge approach to recognising success, learning and delivering continuous improvement.

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. The Authority also benchmarks some of its activities e.g., staff sickness, against wider benchmark data to ensure it remains effective and efficient.

**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.

The ongoing flat cash core grant settlements require continuous assessment of costs in a bid to reduce these wherever feasible. Costs are challenged every budget round. 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 National Parks Partnerships Ltd, aims to ensure we can deliver a wide and varied work programme.

Salary and associated direct employment costs for non-project staff are the most significant resource for the Authority, equivalent to 85% 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.

The Organisational Development Strategy, 2019 – 2022 strategy is substantially complete. A new Organisational Development Strategy 2023 - 2026 is in development and is closely aligned to the Business Plan.

In 2022/23, the Authority continues to have good levels of staff engagement with sickness (excluding long-term sickness) at 2.8 days per member of staff. This remains below the public sector average at 7 days.

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 mitigate and 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 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 for 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.

The Authority's performance management system has is 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 any findings and recommendations. The implementation of recommendations are monitored on a regular basis and reported annually by internal audit through a follow up report. 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 2022/23 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:

- Business Intelligence;
- Health and Safety; and
- Climate Change

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

- 1 recommendation categorised as low priority;
- 8 recommendations categorised as medium priority; and
- 0 recommendation categorised as high priority.

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