

Audit and Standards Committee

Tuesday 17 September 2019 at 10.00 am

Meeting to be held: Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

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AGENDA

Page No

1. **Welcome and Apologies**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Agreement of the Minutes of the Meeting held on 27 July 2019** **1 - 6**

4. **Internal Audit - Quarterly Update Report** **7 - 12**

5. **Draft Strategic Risk and Opportunities Register** **13 - 22**

6. **Finance - Quarterly Update**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

7. **Date and Time of Next Meeting**

21 January 2020, 10.00am at Newcastle Civic Centre

Contact Officer

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Draft Minutes for Approval Audit and Standards Committee

26 July 2019

(10.00 - 10.45 am)

Meeting held: Committee Room, Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8QH

Minutes

Present:

Chair: Mr D Ross

Councillors A Chisholm, A Lower, D Cox, R Glindon, M Swinburn, J Watson and S Postlethwaite

19 APPOINTMENT OF VICE-CHAIR FOR THE MUNICIPAL YEAR 2019/20

Councillor D Cox and Councillor M Swinburn were both nominated and seconded for the position of Vice Chair of the Audit and Standards Committee.

RESOLVED – that Councillor D Cox was appointed Vice Chair for the municipal Year 2019/20.

20 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting. Apologies were received from Cllr Penny-Evans and Cllr Dickinson.

21 DECLARATIONS OF INTEREST

None

22 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 4 APRIL 2019

In response to a query, the Chief Finance Officer agreed that officers would provide members with further information on how to complete and submit claims.

The minutes of the meeting held on 4 April 2019 were agreed as a correct record and signed by the Chair.

23 FINANCIAL REGULATIONS DIAGNOSTIC TOOLKIT AND INTERNAL AUDIT ANNUAL OPINION 2018/19

Submitted: Report of the Chief Internal Auditor (previously circulated and a copy attached to the Official Minutes)

The Chief Internal Auditor presented the report which outlined the outcomes of Internal Audit's work to assess the adequacy and embeddedness of fundamental financial processes using a diagnostic tool and Internal Audit's 2018/19 Opinion on the Adequacy and Effectiveness of the Framework of Governance, Risk Management and Control. During the presentation of the report the Chief internal Auditor referred to the following:

The financial governance diagnostic tool had been presented to and agreed by members of the Audit and Standards Committee at its meeting in April 2019. Discussions took place with lead finance officers of the Combined Authority who were asked to self-assess arrangements against each of the questions in the Diagnostic tool.

Following the assessment Internal Audit sought and obtained where possible, evidence in respect of each diagnostic tool question and a final score awarded. Where improvements have been identified recommendations to address these have been agreed.

Internal Audit explained the work which had been undertaken by them and the outcomes at this stage. Given that the Combined Authority has so recently been established, effective systems have been implemented in a range of areas with some additional actions recommended to embed expected standards of practice in other areas examined. This is not uncommon and would be expected in any such new entity.

Internal Audit has recommended that existing arrangements are further enhanced by:

- The development of a financial regulations training programme.
- Additional documentation providing extra clarity and guidance on specific processes.
- The creation of bespoke processes where appropriate which are specific to the operation and needs of the Combined Authority.

Internal Audit will continue to work with the Combined Authority's finance staff to develop an action plan from the outcomes of the diagnostic tool. The completed action plan and a progress update from management will be presented to a future meeting of the Audit and Standards Committee.

In relation to the adequacy and effectiveness of the Framework of Governance, Risk Management and control the opinion of the Chief Internal Auditor that as the new

Combined Authority continues to embed its framework of governance, risk management and control (which is normal and to be expected for any entity at this stage in its evolution) careful attention should be paid by management and ‘those charged with governance’ to the risks inherent in the newly established governance framework. Further work is needed to fully embed all financial governance arrangements within the combined Authority. This judgement has been informed by the outcomes of Internal Audit’s initial coverage, which was the completion of the Financial Regulations Diagnostic Tool.

During discussion members put the following queries/comments

Reference was made to the Diagnostic Tool outcomes (table 4.1) and officers were requested to present committee with future update reports in respect of the results, in particular those scored as ‘Qualified No’.

RESOLVED that the Audit and Standards Committee –

- (i) Noted the Internal Audit’s report following assessment of fundamental financial processes, attached at Appendix 1.
- (ii) Noted the Chief Internal Auditor’s 2018/19 Opinion on the Adequacy and Effectiveness of the Framework of Governance, Risk Management and Control, attached as Appendix 2.

24 DRAFT STRATEGIC RISK AND OPPORTUNITIES REGISTER

Submitted: Report of the Risk Advisor to the NTCA (previously circulated and a copy attached to the Official minutes.

The purpose of the report was to provide Members with a draft Strategic Risk and Opportunities Register for the North of Tyne Combined Authority.

The Committee were advised that since the last meeting it had been agreed to assign the responsibility for Strategic Risks to a Portfolio Holder. The draft risks and opportunities identified are:

- Delivery of Devolution
- Operational Capacity and Resources
- Partnerships

During discussion concerns were voiced in respect of the tolerances highlighted on the risk management toolkit, which are used to assesses the potential impact if a risk were to occur.

The Risk Advisor explained that the tolerances against which the risks are assessed (objective, service delivery, financial and reputation) are the criteria used to determine the red, amber, green (RAG) assessment for individual risks and were not additional risk descriptions.

RESOLVED that the Audit and Standards Committee –

Reviewed the draft strategic risk and opportunities risk register

25 **STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT**

The purpose of the report was to update the Committee on progress with the production of the audited 2018/19 Statement of Accounts and the position of the local auditor.

The Chief Finance Officer outlined the report explaining the process used to appoint Ernst Young (“EY”) as the local auditor for NTCA; the appointment of a replacement local auditor and the publication of the Statement of Accounts.

Committee were informed that on 16 July 2019 EY contacted the Chief Finance Officer to advise that they could no longer act as the local auditor for NTCA as they had identified a material conflict of interest. The conflict of interest related to other (non-audit) services which EY have provided to Nexus. This impacted on their ability to carry out audit work for NTCA because NTCA’s Statement of Accounts must include Group Accounts with Nexus and EY could not audit accounts where they had been involved in providing advice.

NTCA now had 2 options regarding the appointment of a replacement local auditor: (i) carry out a procurement exercise to appoint a new local auditor or (ii) ‘opt-in’ to the national scheme for appointing local auditors operated by the Public Sector Audit Appointments Ltd (PSAA Ltd).

So far as option (ii) is concerned, PSAA Ltd can appoint a local auditor for NTCA, set the fee level for the contract and manage the contract with the appointed audit firm. The contract fee would need to be paid by NTCA. Guidance would need to be sought from PSAA Ltd on the duration of the contract and if PSSA were requested to appoint a local auditor for NTCA, it was likely that the auditor would be in place until 2022/23. The Chief Finance Officer explained that, in order to secure the appointment of a new local auditor as expeditiously as possible, officers would recommend to Cabinet that it follows the PSAA Ltd route.

It was noted that NTCA would now not be able to comply with the statutory deadline to publish the Statement of Accounts by 31 July 2019. A statement would be published on NTCA’s website explaining the reasons for this.

There followed a discussion where Members raised several issues/concerns which included:

A Member suggested that the local auditors must have been aware of the material conflict of interest at the time of their appointment and stated that the Combined Authority should not be in this position. Another Member expressed surprise that a procurement process (with 5 quotations) had not been carried out. In response the Chief Finance Officer explained that at the time of the appointment it was agreed by officers that it was not necessary to carry out a procurement process as standing orders could be waived and, in the Chief Finance Officer’s view, it was in the best interest of NTCA to appoint EY as EY was already appointed by the 3 constituent

authorities. EY had independent processes and had given assurance that they could act as local auditors. The Chief Finance Officer confirmed that she was asking questions about the situation.

Another Member referred to the failure to publish the Statement of Accounts and expressed concerns that the Committee did not have a draft set of accounts to consider at the meeting. The Member also commented that if a procurement process had been followed, officers would have had the option to approach whoever was second choice instead of opting-in to a national scheme. The Chief Finance Officer advised that another meeting of the Audit and Standards Committee would be required following the appointment of the new local auditors and also to receive the audited accounts. In the meantime, the Chief Finance Officer confirmed she would e mail the draft accounts to members of the Committee.

Other Members also expressed concerns that they did not have draft accounts at the meeting and would not see them before 31 July. A Member commented that the Committee was the responsible body to oversee/discuss the accounts.

The Chair confirmed that the accounts would come to the Committee. The Chair also advised Members that he had met with a partner at EY prior to 16 July 2019 and that no reference was made to a conflict of interest during discussions.

A Member asked about the risks and consequences of NTCA having no audited accounts. The Chief Finance Officer explained that there was no financial sanction but there was reputational risk. She also confirmed that no financial payment had been made to EY.

RESOLVED that the Audit and Standards Committee –

Noted the issues set out in the report.

26 **2018/19 ANNUAL GOVERNANCE STATEMENT**

Submitted: Report of the Risk Advisor to the NTCA (previously circulated and a copy attached to the Official minutes).

The purpose of the report was to present an updated 2018/19 Annual Governance Statement.

RESOLVED that –

The Audit and Standards Committee noted the Annual Governance Statement (AGS) and acknowledged that it cannot be agreed for inclusion in the Authority's 2018/19 annual accounts or recommended for signature by the Mayor and Head of Paid Service until such time when the annual accounts have been approved and signed off.

27 **DATE AND TIME OF NEXT MEETING**

17 September 2019 at 10.00am, North Tyneside Council

Subject: Internal Audit Quarterly Update Report

Report of: Allison Mitchell, Chief Internal Auditor

Report Summary

The purpose of this report is to outline progress to date against the 2019/20 Internal Audit Plan.

Recommendations

The Audit and Standards Committee is recommended to:

(a) Consider and note Internal Audit's report.

1. Background Information, Proposals and Timetable for Implementation

Internal Audit Coverage 2019/20

Completed Work

- 1.1 The Internal Audit Plan for 2019/20 was approved by the Audit and Standards Committee at its meeting on 4 April 2019. The Audit and Standards Committee agreed that for the first part of the year Internal Audit would focus on the completion of a bespoke diagnostic toolkit developed to help the Combined Authority assess the extent to which the Financial Procedure Notes contained within the Combined Authority's Financial Regulations have been implemented.
- 1.2 As reported to the Audit and Standards Committee on 26 July 2019, the assessment of fundamental systems and processes established within the North of Tyne Combined Authority using the diagnostic toolkit was completed in the first half of 2019/20 as planned. Subsequent to that meeting of the Audit and Standards Committee Internal Audit has prepared a Schedule of Recommendations arising from the diagnostic toolkit.

- 1.3 The Schedule of Recommendations now includes management responses that establish the action to be taken to address each recommendation, and a target completion date for each recommendation.
- 1.4 We understand from discussions with the Chief Finance Officer that resourcing is currently being reviewed and strengthened, in order to ensure that capacity is appropriate in respect of all fundamental financial activities. The Chief Finance Officer has confirmed to Internal Audit that the diagnostic work undertaken has been helpful in understanding how well current financial systems are working and where these might be improved, and intends to bring a report to the next Audit and Standards Committee to report on progress in implementing the actions.

Planned work for remainder of 2019/20

- 1.5 The Internal Audit Plan approved by Audit and Standards Committee on 4 April 2019 set out a number of audits which, following completion of the diagnostic toolkit described above, it was suggested should form Internal Audit's 'core coverage' for the second half of the 2019/20 year. The areas identified for coverage were based on the emerging risk profile of the Combined Authority at that stage.
- 1.6 The areas originally proposed and agreed by Audit and Standards Committee on 4 April 2019 have been reviewed in consultation with the Chief Finance Officer, to assess whether these remain areas of key assurance focus and to determine whether any additional areas would benefit from Internal Audit review in the 2019/20 year.
- 1.7 This review has confirmed that the areas originally proposed in April 2019 for Internal Audit coverage remain the areas of assurance focus. Advice on prioritising the areas for review has been sought from the Chief Finance Officer and the work will now be scheduled as follows:

Audit Plan	Discussions with the Chief Finance Officer	Proposal for audit
Planned Activity		
<p>Assurance Framework – This is an integral means by which the Combined Authority will measure and manage its outcomes. As such it is essential that robust arrangements are in place. Internal Audit will review these arrangements.</p>	<p>The Chief Finance Officer agrees this is a key area for the Combined Authority and suggested some early assurance work in relation to the processes around the approval of investment projects, which is a key strand of the Assurance Framework.</p>	<p>Internal Audit plan to undertake this work during Quarter 3 of 2019/20 and will report on the outcomes from this review to the Audit and Standards Committee meeting scheduled for 21 January 2020.</p>

Audit Plan	Discussions with the Chief Finance Officer	Proposal for audit
<p>Information Systems and Technology – IT systems are fundamental to the efficient and effective discharge of key processes, and it is essential these systems operate effectively and bear suitable safeguards. Internal Audit will undertake a programme of systematic reviews covering key risks associated with computerised delivery.</p>	<p>Information Systems are provided to the Combined Authority by Newcastle City Council under a Service Level Agreement (SLA) and therefore a key element of this review will be to assess the adequacy of the SLA and how effectively this is being managed by the Combined Authority. A number of key support services are provided through SLAs with the three constituent authorities and the robustness and performance management of these is vital to the effectiveness of the organisation.</p>	<p>It is proposed to commence this review in Quarter 4 of 2019/20.</p> <p>A wider review of SLA performance management should be considered for inclusion in the 2020/21 Internal Audit Plan.</p>
<p>Performance Management - The arrangements in place to manage relationships between the Combined Authority and its constituent authorities will be reviewed to ensure there is clarity and agreement on key deliverables.</p>	<p>The Combined Authority has a SLA with North Tyneside Council (NTC) for performance management. The Chief Finance Officer advised NTC are developing a Performance Management Framework, which is currently at development stage.</p>	<p>Internal Audit will liaise with the relevant officers at NTC to assess progress in developing the Combined Authority's Performance Management framework and report back to the Audit and Standards Committee at its meeting on 21 January 2020</p>
<p>Risk Management – Internal Audit will work with the Risk Management Officer to review the risk profile of the organisation and to evaluate the arrangements in place.</p>	<p>Risk Management is delivered to the Combined Authority under a SLA with Newcastle City Council. Effective risk management is a fundamental strand of governance.</p>	<p>Internal Audit will liaise with the relevant officers at Newcastle City Council to appraise risk management arrangements in Quarter 4 of 2019/20.</p>
Emerging Areas of Assurance Focus		
<p>Adult Education Budget (AEB) – This review was not included in the original Internal Audit Plan submitted in April 2019, however, this is</p>	<p>This is a key area for the Combined Authority.</p>	<p>Internal Audit will continue to monitor this area in conjunction with the Chief Finance Officer and develop an appropriate audit</p>

Audit Plan	Discussions with the Chief Finance Officer	Proposal for audit
an essential part of the work being delivered by the Combined Authority and would therefore benefit from audit coverage.		approach.

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority, detailing the key priorities and the first steps in the journey around the six key pillars. The work of Internal Audit and Audit and Standards Committee contributes to the overall achievement of the Authority's objectives, vision, policies and priorities.

3. Key Risks

- 3.1 The Internal Audit coverage proposed in this report is based on an assessment of risk, both that inherent in organisational service delivery and also those risks and opportunities associated with the North of Tyne Combined Authority's main aims. As such, Internal Audit is a key strand in the governance arrangements of the North of Tyne Combined Authority and an integral tool in managing risk.

4. Financial and Other Resources Implications

- 4.1 There are no direct financial or other resource implications arising from the recommendations set out in this report. Through its review of a range of audit, accounting and governance related items, the Audit and Standards Committee assesses the Authority's use of financial resources and value for money.

5. Legal Implications

- 5.1 The Accounts and Audit Regulations 2015 are a statutory instrument and require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 5.2 The Public Sector Internal Audit Standards and related Local Government Application Note establish the professional standards Internal Audit must apply when planning the use of its resources. This report and the Internal Audit Plan 2019/20 have been prepared in accordance with both the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

6. Consultation / Engagement

- 6.1 The Head of Paid Service and Chief Finance Officer were consulted in preparation of Internal Audit's proposed 2019/20 coverage.

7. Appendices

None

8. Background Papers

['Internal Audit Plan – Initial Assurance Coverage \(2018/19\) and Development of Strategic Audit Plan' report to Audit and Standards Committee, 14 February 2019](#)

[Internal Audit Plan - Internal Audit Initial Coverage 2018/19 and Internal Audit Strategic Audit Plan 2019/20](#)

9. Contact Officers

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10. Sign Off

Head of Paid Service ✓

Chief Finance Officer ✓

Monitoring Officer ✓

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Audit and Standards Committee

17 September 2019

Subject: Draft Strategic Risk and Opportunities Register

Report of: Risk Advisor to NTCA

Report Summary

The report provides members with a draft Strategic Risk and Opportunities Register for the North of Tyne Combined Authority (NTCA).

Recommendations

The Audit and Standards Committee is recommended to:

1. Review the strategic risk and opportunities risk register as well as highlight any additional strategic risks that may need to be considered for inclusion in the risk register
2. Acknowledge that the operational capacity and resources risk priority has reduced from red to amber. This is as a result of permanent Director appointments being made and other posts are now filled
3. Acknowledge that the draft strategic risk register will be presented to Cabinet for approval at a future meeting in October 2019
4. Acknowledge that strategic risks identified by the North East Joint Transport Committee will be presented to Audit and Standards Committee at its January 2020 meeting

1. Background Information, Proposals and Timetable for Implementation

- 1.1 This risk and opportunities register (Appendix A), covers the areas discussed at the last Audit and Standards Committee, with the most significant threats being; delivery of devolution and the Authority's operational capacity. An opportunity to strengthen the Authority's existing partnership arrangements is also being monitored. Target scores will be assessed following delivery of the next steps.
- 1.2 The risk which monitors NTCA's operational capacity and resources is moving in a positive direction of travel. There are a very limited number of vacancies with most posts now filled. The permanent positions of the Directors of Economic Growth and Policy, Communications and Business Operations have been appointed with anticipated start dates within the next couple of months. This has resulted in the risk priority decreasing from red to amber.
- 1.3 The draft strategic risk and opportunities register will be presented to NTCA Cabinet at a future meeting in October, where it will be recommended that the strategic risk register is approved.
- 1.4 The risks and opportunity are strategic risk areas which will be monitored by this Committee and presented at each meeting. Lower level operational and project risks will continue to be managed at a project level. However, there are communication plans and escalation processes being developed to ensure the biggest risks to individual programmes/projects are communicated and/or escalated to the strategic risk register.
- 1.5 Transport is of strategic importance to the North East and the collaborative working of both Combined Authorities allows effective decision making across the region. The North East Joint Transport Committee is responsible for bringing together members from both Combined Authorities allowing the collective identification and management of the most significant risks to the successful operation of the Joint Transport Committee and delivery of its objectives.

A draft risk register, which summarises the biggest threats to the operation of the Joint Transport Committee and therefore NTCA, has been prepared by the NECA risk management service. This Committee will receive an update on the draft risk register at its next meeting on 21 January 2020.

The aim going forward will be that at future NTCA Audit and Standards Committee meetings, a summary of the risks identified by the Joint Transport Committee will be reported alongside the strategic risks to NTCA. This will ensure Members have an overview of the most significant strategic risk areas which may impact upon delivery of NTCA's objectives and plans.

2. Potential Impact on Objectives

- 2.1 The development of the strategic risk register will not impact directly on the objectives of NTCA, however the approach to strategic risk management will support delivery of its aims and ambitions by acknowledging the biggest threats and putting plans in place to manage them.

3. Key Risks

- 3.1 There are no direct risk management implications from this report. The approach to risk management is documented within the NTCA's risk management policy and strategy.

The key risks will continue to be reported regularly to the Audit and Standards Committee.

4. Financial and Other Resources Implications

4.1 There are no direct financial implications arising from this report. Risk Management work is supplied to NTCA during 2019/20 through a Service Level Agreement with Newcastle City Council.

5. Legal Implications

5.1 There are no legal implications arising specifically from this report.

6. Consultation/Engagement

6.1 The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted on the proposed Strategic Risk and Opportunity Register.

7. Appendices

7.1 Appendix A – Draft Risk and Opportunity Register
Appendix B – Risk Management Toolkit

8. Background Papers

8.1 None

9. Contact Officers

9.1 Philip Slater – Chief Internal Auditor - Newcastle City Council. (acting as Risk Advisor to NTCA) Philip.slater@newcastle.gov.uk.
Telephone - 0191 2116511

10. Glossary

10.1 None

11. Sign-off

11.1 Head of Paid Service: Yes
Monitoring Officer: Yes
Chief Finance Officer: Yes

Draft Strategic Risks and Opportunities

<p>Risk – Delivery of Devolution Failure to deliver the Devolution Deal, and secure future negotiations with Government will restrict powers in future funding years.</p>	Risk Owner Cabinet	
	Risk Score	
	Current controlled score - Amber 8 Likelihood Low – Risk may occur Impact Critical – Inability to secure or loss of significant funding opportunity	
	Target Score - tbc	
<p>Cause:</p> <ul style="list-style-type: none"> • Decisions are not aligned to the Authority’s Vision and Strategic Framework which has already been agreed with Government • Inability to demonstrate devolution readiness to support key aspects of the devolution deal to DfE, MHCLG etc. • Insufficient projects/schemes are identified to meet investment fund spending targets • Projects and schemes are not delivered within agreed timeframes and do not satisfy key criteria or achieve required outcomes, such projects will cover all aspects of the devolution deal including: <ul style="list-style-type: none"> ▪ Adult Education Budget ▪ Education Challenge ▪ Housing & Land ▪ Investment Fund • Government do not fulfil their commitments under the devolution deal • Brexit causes delays or uncertainty which reduce the Authority’s ability to generate or deliver projects/schemes 		
<p>Impact:</p> <ul style="list-style-type: none"> • Inability to demonstrate that investment funding or other criteria has been met which may jeopardise future funding from Government • Reputational damage with Government and the public 		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Production of an Adult Education Budget (AEB) Strategic Skills Plan and ‘Readiness’ Self-assessment to demonstrate readiness for AEB devolution from 2020/21 • Assurance Framework agreed with Government which operates effectively • Constitution is in place setting out governance arrangement for the Authority • Establishment of the Investment Fund through which NTCA will administer the North of Tyne Single Pot allocation of Government funding • Housing and Land Board supports NTCA’s governance arrangements regarding the integrated strategic approach to improving the quality and quantity of homes in the North of Tyne area • Strong collaboration with the NELEP and North East Brexit Group to maintain a coordinated approach to cross-sector engagement and communications with Government • Development of a North of Tyne Brexit response plan, which includes the North of Tyne loan fund which will support areas where Brexit will have an impact on NTCA aims and objectives 		
Next Steps	Deadline	Lead Officer(s)
NTCA has consented to making of the AEB Devolution Order, which will be debated in the Autumn by Parliament. Once agreed DfE will make AEB budget payment to NTCA. The AEB will then become operational on 1 August 2020.	August 2020	Interim Director of Inclusive Growth
Following the AEB market engagement event in July further stakeholder consultation will be undertaken on 25 October 2019, to consult on the North of Tyne AEB Strategic Skills Plan.	Review outcome of the event - November 2019	Interim Director of Inclusive Growth

<p>The introduction of the NTCA Education Improvement Challenge initially through a Joint School Improvement Strategy which will focus on:</p> <ul style="list-style-type: none"> • Ready for School • Educational Achievement for All • Closing the Gap • Career Pathways • Leadership, Recruitment and Retention 	<p>Review December 2019</p>	<p>Interim Director of Inclusive Growth</p>
<p>Delivery of the Investment Fund – The Investment Plan sets out how NTCA will use the first £100m to support the Authority’s vision. The Plan is structured into three main themes – Business, People and Place</p>	<p>Review December 2019</p>	<p>Interim Director of Inclusive Growth</p>
<p>Through the M9 (meeting of Mayors) there is an opportunity to work together to lobby Government on agreed priorities which will benefit the NTCA.</p>	<p>Review December 2019</p>	<p>Interim Director of Policy, Communications and Business Operations</p>

<p><u>Risk - Operational Capacity and Resources</u> The Combined Authority is unable to demonstrate to Government and partners that it has the necessary capacity, skills and expertise to successfully deliver the devolution deal, within the constraints of approved funding streams, timeframes, conditions and performance criteria.</p>	<p><u>Risk Owner</u> Cabinet</p>	
	<p><u>Risk Score</u></p>	
	<p>Current controlled score – Amber 8 Likelihood Low – Risk may occur Impact Critical – Serious impact on delivery of investment plan</p>	
	<p>Target Score - tbc</p>	
<p>Cause:</p> <ul style="list-style-type: none"> • There is a lack of clarity and shared understanding in the constituent authorities of the roles and responsibilities of the officers working on the Devolution agenda and supporting the Combined Authority • The lack of capacity and recruitment into key officer disciplines 		
<p>Impact:</p> <ul style="list-style-type: none"> • Duplication of activity and conflicting priorities within Constituent Authorities • Existing resources are not fully utilised to effectively deliver the Authority’s strategic priorities • Projects and schemes are not delivered within the approved timeframes and do not meet performance criteria 		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Interim Statutory Officer appointments (Head of Paid Service, Monitoring Officer, Chief Finance Officer) Mayor and other key officers • Scrutiny Officer, Head of Inclusive Growth and the Investment Programme Manager are in post • Constituent Authorities provide support services to the Authority through Service Level Agreements • Recruitment Plan in place 		
Next Steps	Deadline	Lead Officer(s)
Organisational Development – A structured exercise will be undertaken to develop resource plans to ensure there is adequate capacity and clarity with assigned roles and responsibilities to ensure the effective operation of the Authority.	Review November 2019	Interim Director of Policy, Communications and Business Operations
Recruitment exercise is underway to recruit the Director of Inclusive Growth and Director of Policy, Communications and Business Operations.	November 2019	Head of Operational HR (Newcastle)
Extend all current Officer secondments.	Review March 2020	Head of Operational HR (Newcastle)
An Implementation Funding Bid has been approved by DfE to provide the Authority with financial resources to ensure appropriate capacity and resources are put in place to prepare for devolution of the Adult Education Budget.	August 2020	Interim Director of Inclusive Growth

<p><u>Opportunity - Partnerships</u></p> <p>The establishment of the Combined Authority provides us with an opportunity to strengthen the existing partnership arrangements in the region, and across the public and private sector to drive forward change to meet our ambitions and successfully deliver the North East Strategic Economic Plan.</p>	<p><u>Risk Owner</u> Cabinet</p>	
	<p><u>Opportunity Score</u></p>	
	<p>Current controlled Score - Amber 8 Likelihood Medium – Opportunity is likely to occur Impact Critical –Relationship between partners and stakeholders will be significantly strengthened</p>	
<p>Target Score - tbc</p>		
<p>Benefits:</p> <ul style="list-style-type: none"> • Strengthening the synergy between Cabinet, the North East Local Enterprise Partnership and Local Authorities • Influencing regional approaches to growth • Improving how we work with Government, business, investors and partners 		
<p>Barriers:</p> <ul style="list-style-type: none"> • The success of the Combined Authority will rely on the on-going commitment of all member authorities and how NTCA works with other partners in the region • It is important that Cabinet share the same vision and commitment to the Combined Authority, ensuring individual plans are aligned • It is recognised that there are a number of partners, therefore effective and timely communications and consultation is vitally important to reduce reputational impact 		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Regular meetings with the Business Community i.e. CBI, Federation for Small Businesses, Entrepreneurs' Forum • Community and Voluntary Sector engagement meetings • The North East LEP is leading the regional development of the Local Industrial Strategy • NTCA representation on: <ul style="list-style-type: none"> ▪ The North East LEP Boards (Investment, Employment & Skills, Innovation and Business Growth) ▪ The Board of Transport for the North ▪ The North East Joint Transport Committee (and sub-committees), responsible for preparing a single transport plan for the area of both Combined Authorities 		
<p>Next Steps</p>	<p>Deadline</p>	<p>Lead Officer(s)</p>
<p>Development of a partnership agreement with the Local Infrastructure organisations and the Voluntary & Community Sector.</p>	<p>October 2019</p>	<p>Interim Director of Policy, Communications and Business Operations</p>
<p>Continued engagement with AEB providers in the North of Tyne area to ensure a collaborative approach to aligning adult skills to deliver the Authority's vision.</p>	<p>Review November 2019</p>	<p>Interim Director of Inclusive Growth</p>
<p>Appoint the Mayor's Ambassador for Business and Ambassador for the Community and Voluntary Sector.</p>	<p>November 2019</p>	<p>Interim Director of Policy, Communications and Business Operations</p>

Risk Management Toolkit – Criteria to assess the likelihood of a risk occurring and its impact i.e. High (4) x Critical (4) = Red (16) **Appendix B**

Determine the risk priority					
Impact					
Likelihood		Insignificant	Minor	Significant	Critical
	High (4)	4	8	12	16
	Medium (3)	3	6	9	12
	Low (2)	2	4	6	8
	Negligible (1)	1	2	3	4

Assess the likelihood of the risk occurring	
High (4)	Risk will almost certainly occur or is occurring at present
Medium (3)	Risk is likely to occur in most circumstances
Low (2)	Risk may occur
Negligible (1)	Risk is unlikely to occur

Assess the impact should the risk occur

	Objective	Service Delivery	Financial	Reputational
Critical/Showstopper	<ul style="list-style-type: none"> Over half the objectives/programmes affected More than one critical objective affected Partners do not commit to the Shared vision 	<ul style="list-style-type: none"> Significant change in partner services Relationship breakdown between major partners and stakeholders Serious impact on delivery of objectives Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project 	<ul style="list-style-type: none"> Inability to secure or loss of significant funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on budgets (£3m – Transport; £0.2m Central Budget) 	<ul style="list-style-type: none"> Adverse national media attention External criticism (press) Significant change in confidence or satisfaction of stakeholders Significant loss of community confidence
Significant	<ul style="list-style-type: none"> One or more objectives/programmes affected One or more partners do not commit to shared vision Significant environmental impact 	<ul style="list-style-type: none"> Partner unable to commit to joint arrangements Recoverable impact on delivery of objectives Major project failure 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on budget (£0.5m-£1.5m Transport budgets) 	<ul style="list-style-type: none"> Notable external criticism Notable change in confidence or satisfaction Internal dispute between partners Adverse national/regional media attention Lack of partner consultation Significant change in community confidence
Minor	<ul style="list-style-type: none"> Less than 2 priority outcomes adversely affected Isolated serious injury/ill health Minor environmental impact 	<ul style="list-style-type: none"> Threatened loss of partner's commitment 	<ul style="list-style-type: none"> Minor financial loss in more than one partner Some/loss of funding or funding opportunity threatened 	<ul style="list-style-type: none"> Failure to reach agreement with individual partner Change in confidence or satisfaction Minor change in community confidence
Insignificant	<ul style="list-style-type: none"> Minor effect on priorities/service objectives Isolated minor injury/ill health No environmental impact 		<ul style="list-style-type: none"> Isolated/minor financial impact in a partner organisation <p>(Financial limits are under review)</p>	

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