

Audit and Standards Committee

Tuesday 23 November 2021 at 10.00 am

Meeting to be held: Banqueting Hall, Newcastle Civic Centre, NE1 8QH

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AGENDA

Page No

1. **Welcome and Apologies**
2. **Appointment of Vice-Chair**
3. **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.
4. **Minutes of the meeting on 20 April 2021, for agreement** **1 - 8**
5. **Action points from inquorate meeting held on 20 July 2021** **9 - 10**
6. **Internal Audit Quarterly Update Report** **11 - 18**
7. **Strategic Risk and Opportunities Register** **19 - 50**
8. **Audit Progress Report** **51 - 52**

9. **Standards Update**

The monitoring officer will provide a verbal update on any Standards issues as appropriate.

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

18 January 2021 at 10.00am

Contact Officer:

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North of Tyne Combined Authority, Audit and Standards Committee

20 April 2021

(10.00 - 11.13 am)

The meeting was held remotely

Draft Minutes

Present:

Chair: D Ross

Councillors: A Chisholm, C Ferguson, C Penny-Evans, C Seymour and M Swinburn

79 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and apologies for absence were received from Cllrs R Glindon, M Rankin and D Cox.

80 DECLARATIONS OF INTEREST

None.

81 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 19 JANUARY 2021 - FOR APPROVAL

The minutes of the meeting held on 19 January 2021 were agreed as a correct record.

82 INTERNAL AUDIT STRATEGIC AUDIT PLAN 2021/22

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

Consideration was given to the report the purpose of which was to outline the proposed Strategic Audit Plan for 2021/22 for consideration and endorsement by the Audit and Standards Committee.

The plan was based on an assessment of risk and where Internal Audit believed that they could add value to the plan. Officers had engaged with all stakeholders including the Audit and Standards Committee at its January meeting. Given the

ongoing pandemic situation the plan had to be flexible, allowing Internal Audit to amend and react to any emerging risks during the year. Any changes to the plan would be reported back to the Audit and Standards Committee. The plan sets out each area to be covered and includes the audit objectives.

Attention was drawn to the Public Sector Internal Audit Standards which required Internal Audit to provide programme assurance and communicate with members at any given time.

RESOLVED – that Audit and Standards Committee endorse the proposed Strategic Audit Plan 2021/22, attached as Appendix A, which is based on an assessment of audit risk and which was designed to focus on the North of Tyne Combined Authority's key objectives in the 2021/22 year.

83 **INTERNAL AUDIT QUARTERLY UPDATE**

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

Consideration was given to the report the purpose of which was to provide Audit and Standards Committee with an update on progress against the 2020/21 Internal Audit Plan, agreed by the Audit and Standards Committee at its meeting on 28 July 2020.

Members noted that the areas of work to be progressed and detailed in the report would be completed by the end of July.

Comments/questions from Members included:

- A Member questioned why two areas of work have been reprogrammed to the 2021/22 Strategic Audit Plan and whether it was appropriate to delay or a capacity issue. In response the Interim Chief Internal Auditor advised that there was an impact at the beginning of the year due to the pandemic, plus the additional work as a result of the National Fraud Initiative requirements. Discussions had taken place with the Director part way through the year as to how the audits would be profiled undertaking the work so that it maximised the benefits to the Combined Authority.
- Responding to a further question the Interim Chief Internal Auditor confirmed that there was capacity to complete the work.
- Responding to a query regarding the Policy Framework – Governance and Decision Making audit, completed since the last meeting of the committee, the Interim Chief Internal Auditor gave assurances that this would be monitored.

RESOLVED – that Audit and Standards Committee note the report

84 **AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME MUNICIPAL YEAR 2021/22**

Submitted: Report of the Acting Chief Internal Auditor and the Interim Monitoring Officer (previously circulated and a copy attached to the Official Minutes).

The report set out a proposed programme of core business to be considered by the Audit and Standards Committee during the 2021/22 Municipal Year, in line with its Terms of Reference as set out in the Combined Authority's Constitution.

Comments and questions from members included:

- A Member sought clarification as to how ad-hoc items for consideration were included in the work plan. The Acting Chief Internal Auditor explained that it was incumbent on Members to bring forward any items they may wish to be brought to the committee by notifying the Acting Chief Internal Auditor or the Interim Monitoring Office. Members were also advised that a training session for all Members of the Audit and Standards Committee may be provided in the next Municipal Year.
- A Member referred to section 8 of the report, Climate Change Implications, and the climate emergency declared by each of the three constituent authorities. The Acting Chief Internal Auditor was asked if Climate change should be included in the work plan. Members were advised that there is no direct Climate Change impact connected to any of the items in the work plan.

Members noted that a report regarding the Model Code of Conduct would be reported to the July meeting of the Committee.

RESOLVED that the Audit and Standards Committee –

- 1) Agreed the proposed core business work programme as set out within the report for the 2021/22 Municipal Year.
- 2) Noted that it may be necessary to change or adapt the proposed reports to be considered, to ensure optimum timing of consideration of governance issues and to respond to emerging trends during the year.
- 3) Noted that the committee would receive additional reports on any ad-hoc items of business arising during the year, as these relate to its responsibilities under its Terms of Reference

85 **AUDIT AND STANDARDS COMMITTEE SELF-ASSESSMENT OF EFFECTIVENESS**

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

The purpose of the report was to present an initial self-assessment of current Audit and Standards Committee arrangements, as a first step in undertaking a full review of the effectiveness of the Audit and Standards Committee during 2021/22, based on relevant legal requirements and the Chartered Institute of Public Finance and

Accountancy (CIPFA) good practice guidance, for Audit and Standards Committee's consideration.

Members were reminded that as a Combined Authority, there was specific legislation included in the Cities and Local Government Devolution Act which required the Authority to establish an Audit and Standards Committee. It was noted that the review of the effectiveness of the Audit and Standards Committee would in the future form the basis of an annual report from Audit and Standards Committee, which would be prepared for presentation to Cabinet.

Comments and Questions from Members included:

- Referring to the suggested programme of training for Audit and Standards Committee, a member asked if this could be undertaken in smaller bite size sessions rather than a full day. Also, assurance was sought that the Mayor and Cabinet were aware of the work of the Audit Committee given that there was no direct communication between Cabinet and the Audit and Standards Committee and could appropriate feedback be given to committee Members. In responding the Acting Chief Internal Auditor confirmed that smaller training sessions can be provided and tailored to correspond with agenda items. As to communications with Cabinet he advised that he was not aware of any feedback process. However, the suggested annual report to Cabinet would set out the terms of reference for Audit and Standards Committee, the areas of work considered for the year and any findings, demonstrating that Cabinet's expectations were met.

The Chair suggested that he could attend Cabinet to present the annual report and answer any questions. The Chair also asked if the minutes of Audit and Standards meetings were circulated to Cabinet. Members were advised that whilst the minutes were not circulated, they were available on the North of Tyne Combined Authority website.

RESOLVED that Audit and Standards Committee –

- 1) Noted the proposal to undertake a review of the effectiveness of the Combined Authority's Audit and Standards Committee arrangements during 2021/22, based on relevant legal requirements and the Chartered Institute of Public Finance and Accountancy (CIPFA) good practice guidance.
- 2) Considered and endorsed the initial self-assessment of Audit and Standards Committee arrangements attached as outlined at Annex A.
- 3) Agreed that the review of the effectiveness of the Audit and Standards Committee would form the basis of an annual report from Audit & Standards Committee, which would be prepared for presentation to Cabinet, demonstrating how the Audit and Standards Committee meets its Terms of Reference and providing a summary of the work of the committee during the year.

86 STRATEGIC RISK AND OPPORTUNITIES REGISTER - QUARTERLY UPDATE

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report the purpose of which was to provide assurance to Audit and Standards Committee that the most significant risks and opportunities had been identified, were being monitored and measures were being taken to mitigate them. A further review of the Authority's strategic risks and opportunities register had identified a new external risk which recognised the impact of the lockdowns imposed as a result of Covid-19 and the implementation of the new EU/UK trade deal procedures and the effect these may have upon delivery of the Authority's economic growth and employment opportunity schemes.

Questions and comments from Members included:

- A Member questioned why the new risk had been presented as only one risk to the authority as they were two different areas. In response the Risk Advisor explained that in terms of the risk impacts and controls both areas were very similar and it was difficult to know whether the impact was as a result of Covid-19 or the implementation of the new EU/UK trade deal procedure . Responding to a further question the Risk Advisor agreed that if it became evident that the risks had diverged then they could be split.
- Reference was made to Risk 2, Delivery of Devolution, and the cause leading to the risk. The Risk Advisor was questioned as to where he sourced the information relating to national political instability. The Risk Advisor stated that he would refer the risk back to the owner for review.

RESOLVED that the Audit and Standards Committee –

- 1) Acknowledged the new risk which would monitor the impact of Covid-19 and the new EU/UK trade deal procedures on the Authority's delivery plans.
- 2) Noted the review and where necessary challenged the outcomes of the strategic risk review.
- 3) Noted a summary of the strategic risks identified by the North East LEP (Appendix C) and North East Joint Transport Committee (North East JTC) (Appendix D) were included for information.

87 REPORT ON ACCOUNTING POLICIES TO BE USED IN COMPILATION OF ANNUAL STATEMENT OF ACCOUNTS

Submitted: Report of the Interim Chief Finance Officer (previously circulated and a copy attached to the Official Minutes).

The Strategic Finance Manager presented the report the purpose of which was to update Audit and Standards Committee on North of Tyne Combined Authority (NTCA) accounting policies to be applied in the preparation of the 2020/21 Statement of Accounts and to seek confirmation from the committee that appropriate policies were being applied.

It was noted that the accounting policies were the same as those used for the 2019/20 accounts. The details of the policies were set out in appendix1 of the report.

A verbal update was provided in relation to the preparation of the 2020/21 accounts. The Accounts and Audit Regulations 2020/21, which take effect from 31 March 2021, had revised the requirement for the audited accounts to be published from 31 July to 30 September. The revised regulation would also apply to the 2021/22 accounts. The draft accounts would be presented to Audit and Standards Committee on 20 July 2021 prior to publication on 30 September.

The accounts included the assets and liabilities for the Joint Transport Committee (JTC) and Nexus. It was noted that meetings had taken place with partners to agree a timetable to ensure that statutory guidelines were met. The accounts for the financial year 2020/21 would be the first year that the North East Local Enterprise Partnership (North East LEP) and Invest North East England (INEE) figures were included within the NTCA Accounts, since NTCA became the Accountable Body on 1 April 2020. Members noted that additional capacity had been brought into the North of Tyne finance team to assist with the production of the accounts.

In response to a request from the Chair it was agreed to circulate in writing the information provided to Members in respect of the verbal update.

RESOLVED that Audit and Standards Committee –

- 1) In response to a request from the Chair, information be circulated in writing in respect of the verbal update provided.
- 2) Note the Accounting Policies to be adopted by the Combined Authority and used to compile the accounts for the financial year ended 31 March 2021.
- 3) Authorise the Chief Finance Officer to review the accounting policies as necessary, and report changes to Audit and Standards Committee.

88 **DRAFT ANNUAL GOVERNANCE STATEMENT**

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the Official Minutes).

The Risk Advisor introduced the draft 2020/21 Annual Governance Statement (AGS). The AGS highlights the provisional outcome of the annual review of the Authority's governance and internal control arrangements.

Officers have begun to gather the evidence required to support the AGS. The internal and external audit opinion would be completed later in the year. In

accordance with the new CIPFA Financial Management Code, the Authority would undertake a self-assessment of the Code and the results would be included in the AGS.

RESOLVED that Audit and Standards Committee –

- 1) Considered the attached first draft of the NTCA 2020/21 Annual Governance Statement (Appendix A) acknowledging the activity underway to prepare for the introduction of the new Financial Management Code, which was highlighted in section 14 of the Statement.
- 2) Acknowledge that the Statement would be kept under review and amended as necessary should any weaknesses come to light before the committee receive a further draft at its July meeting and up to the date of final approval of NTCA financial statements.

89 **EXTERNAL AUDIT - AUDIT STRATEGY MEMORANDUM**

Submitted: Report of Mazars, External Auditor (previously circulated and a copy attached to the Official Minutes).

G Barker presented the report for the North of Tyne Combined Authority (the Authority) and the Group (the Group) for the year ending 31 March 2021. The purpose of this document was to summarise the audit approach, highlight significant audit risks and areas of key judgements. It was anticipated that the audit would be completed by September 2021

During the presentation G Barker highlighted the following areas –

Significant risks identified during the audit and the planned response: management override of controls, revenue recognition and Tyne Tunnel income and pensions fund. Members were reminded that the Tyne and Wear Pension Fund audit was not undertaken by Mazars.

Value for money - Identified risks of significant weaknesses in arrangements. This area of work was still to be completed and the value for money conclusion would be provided at a later time.

Fees – due to additional work requirements it was anticipated that the fees would be higher than the previous year.

G Barker responded to questions/comments from Members which included:

- A Member referred to the Tyne Tunnel toll income and asked G Barker about the nature of the handling, was this physical cash. Members were advised that the planned audit response was to ensure that income received was accounted for in the correct period.
- A further question was asked regarding the timeline for the audit of the pensions fund and whether there are any significant risks to the Combined Authority if the deadline was extended. G Barker advised that the pensions fund was an issue

for other authorities for the year ending 2020 but the fund was not audited by Mazars. The risk for the Combined Authority is whether Mazars can successfully recruit additional staff to ensure that they were properly resourced to react to potential issues. If the audit was not completed by September an update would be published on the North of Tyne website. The Interim Chief Finance Officer advised Members that the Combined Authority was required to ensure that the production and quality of the accounts was appropriate. Finance officers were involved in continuous discussions with Mazars. Any delay in the production of the accounts would be notified to Cabinet in the outturn report.

RESOLVED: that Audit and Standards Committee note the report.

90 **DATE AND TIME OF NEXT MEETING**

20 July 2021 at 10.00am

Audit and Standards Committee (inquorate)

20 July 2021

ACTION LIST

Present: D Ross (Chair), Cllr C Ferguson, Cllr C Penny-Evans

Agenda
Item

1 WELCOME AND APOLOGIES

Action:

- i. Appointment of Vice Chair to be deferred to next meeting

3 AGREEMENT OF THE MINUTES OF THE PREVIOUS MEETING

Action:

- i. Committee to be kept informed re: the devolution risk and referral back to the risk owner (see minute item 86).

5 INTERNAL AUDIT QUARTERLY UPDATE REPORT

Action:

- i. Next quarterly update to include update on the review of arrangements for ensuring and evidencing delivery of the Devolution Deal.

8 ANNUAL GOVERNANCE STATEMENT

Action:

- i. Audit & Standards attendance to be raised with R Redfern and H Kippin.

9 STATEMENT OF ACCOUNTS

Actions:

- i. Informal briefing/training session to be held for committee on the accounts, prior to discussion at the next meeting.
- ii. Next meeting to be deferred to 23 November at 10am, to reflect the revised timetable for the accounts.

10 **STANDARDS UPDATE**

Action:

- i. J Softly to use powers set out in the NTCA Constitution to deal with dispensations, until committee can meet to agree to grant the dispensations to Cabinet Members.

Audit and Standards Committee

23 November 2021

Subject: Internal Audit Quarterly Update Report

Report of: Kevin McDonald, Acting Chief Internal Auditor

Report Summary

A quarterly update from Internal Audit is included within the Work Programme for the Audit and Standards Committee at each scheduled meeting during the year. This report provides Audit and Standards Committee with an update on progress against the 2021/22 Internal Audit Plan, agreed by the Audit and Standards Committee at its meeting on 20 April 2021, and any other work undertaken during 2021/22.

Recommendations

The Audit and Standards Committee is recommended to consider and note Internal Audit's report.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The Internal Audit Plan approved by Audit and Standards Committee on 20 April 2021 set out a number of assignments. A summary of each of these, and any other work undertaken during 2021/22 is provided below.

Work Completed since Previous Meeting

Area of Review	Description of Assignment and Current Status
<p>Arrangements for ensuring and evidencing delivery of the Devolution Deal</p>	<p>The objective of this audit was to review the arrangements established by the Combined Authority to ensure delivery of key outcomes and outputs, as enshrined in the Devolution Deal, can be clearly evidenced.</p> <p>The audit has provided a Significant Assurance audit opinion on those aspects of the Combined Authority's arrangements examined as part of the audit.</p> <p>The review identified a number of areas of good practice, including documentation of performance indicator definitions, and regular reporting of performance.</p> <p>A small number of areas requiring further development were identified, with four medium priority and two low priority recommendations agreed with management. In respect of medium priority recommendations, these related to:</p>

Area of Review	Description of Assignment and Current Status
	<ul style="list-style-type: none"> • Defining a methodology for calculating Gross Value Added and reporting this figure annually. Management have agreed to develop a methodology and calculate this figure for inclusion in the Combined Authority's annual report. • Formal reporting of actual performance against forecast is only undertaken on the 30-year Devolution Deal targets. Reporting of performance against shorter term, interim targets is undertaken informally. Management have agreed to include an update on progress against interim targets within performance reporting from now on. • Production of reports from the recently introduced NE Ops performance management system. Management advised development work is underway in relation to the reporting functionality of this system. An interim system is in place with regular reports presented to senior management. <p>Overall, the audit concluded that foundations of effective performance management arrangements were in place and appropriate performance information is being collected and reported.</p>
Grant Certification	<p>In our quarterly update to the 20 July 2021 Audit and Standards Committee we reported on the provision of an assurance report in relation to the Department for Business, Energy & Industrial Strategy (BEIS) Peer Network Grant Funding – Period 2 (1 March 2021-30 April 2021) expenditure of £0.217m. The grant terms and conditions required such a report where the expenditure in a claim period exceeds £0.100m.</p> <p>The overall claim certification work (covering periods 1 and 2) has now been completed with an overall grant certification of £0.292m submitted to BEIS prior to the 30 September 2021 deadline.</p>
Evidence Checking of Recommendations	<p>In accordance with Internal Audit's established processes, evidence checking was undertaken in relation to the implementation of medium priority recommendations that have passed their agreed implementation date.</p> <p>During the audit of Policy Framework – Governance Arrangements, two medium priority recommendations were agreed with management relating to:</p> <ul style="list-style-type: none"> • Developing the framework for controlling policy documents, including policy development and review, and approval and implementation.

Area of Review	Description of Assignment and Current Status
	<ul style="list-style-type: none"> • Establishing the required level and frequency of training and ensuring compliance. <p>Evidence checking has established that a control document has been introduced covering all of the Combined Authority's policies which includes version control to ensure they are subject to regular review and approval, with all policies requiring approval at a meeting of Senior Management Team. The control document also establishes the training requirements in relation to each policy and will be used to ensure training is reviewed and updated on a regular basis. Based on the evidence checking undertaken Internal Audit are satisfied that the medium priority recommendations arising from this audit have been implemented.</p> <p>The implementation of agreed recommendations will continue to be monitored and reported to future meetings of Audit and Standards Committee, once target dates for implementation have been reached.</p>

Work In Progress

Area of Review	Description of Assignment and Current Status
Advice & Guidance	Ongoing. We are currently working with staff at both the North East Local Enterprise Partnership (NELEP) and the Combined Authority to provide advice and guidance on a new expenses claim process that is being developed for the NELEP.
Key Finance Systems	<p>The key financial systems are fundamental to internal financial control and management, as they are the systems by which the Combined Authority's income is received and disbursed. The Combined Authority needs to be assured that high standards of probity are present in these systems. During 2021/22 Internal Audit's review of the key financial systems will focus on the following areas:</p> <ul style="list-style-type: none"> • Creditor Payments • Payroll • Budget Monitoring and Reporting <p>Initial discussions have taken place with the Chief Finance Officer, Director of Policy and Performance, Strategic Finance Manager and the Principal Governance and Scrutiny Manager and the audit will include follow-up of key aspects of the Financial Regulations Diagnostic Toolkit work undertaken by Internal Audit and reported to Audit and Standards Committee on 26 July 2019. The Project Brief and associated work programme for the review are currently being prepared.</p>

Work Scheduled for the Remainder of 2021/22

Area of Review	Description of Assignment and Current Status
<p>Governance Arrangements in relation to the North East Local Enterprise Partnership (NELEP)</p>	<p>This audit will review the financial management, decision-making and reporting arrangements established between the Combined Authority and NELEP to ensure these adequately serve the Combined Authority's role as accountable body for the NELEP.</p> <p>Initial discussions have taken place with the Director of Policy and Performance, Chief Finance Officer and Principal Governance and Scrutiny Manager.</p> <p>This audit is scheduled for January 2022</p>
<p>Information Systems and Technology</p>	<p>Review of IT system controls in place within the OPS Project and Grant Management System. We will continue to offer advice and guidance on system controls during the final development and implementation stage should this be requested and look to provide early assurance once the system is operational.</p> <p>The assurance aspect of this audit is scheduled for January 2022</p>
<p>Monitoring of grant conditions (in respect of grant funding both received by NTCA and issued by NTCA)</p>	<p>This audit will examine and evaluate the arrangements established by NTCA to monitor its own grant conditions as a grant funding recipient and ensure that specified outcomes are delivered; and also to assess arrangements within NTCA as a grant funder to set appropriate grant conditions when issuing funding to other organisations and monitor and evidence compliance with those grant conditions. In this respect the audit will build upon the Investment Fund audit undertaken in 2019/20 when the Combined Authority was at an embryonic stage in establishing its Investment Fund arrangements.</p> <p>This audit is scheduled to take place in early 2022</p>
<p>Governance arrangements and Service Level Agreements</p>	<p>The Combined Authority has a number of Service Level Agreements (SLAs) in place with its constituent local authorities for the provision of key support services including HR and Payroll, Legal, Internal Audit, Finance, Risk Management, Data Protection, Democratic Services, IT and Procurement. This audit will examine the arrangements for key governance functions and monitoring the effectiveness of and compliance with the SLAs in place. It is anticipated this audit will draw upon other work completed by Internal Audit where SLAs are in place, for example, the high-level review of IT arrangements, review of key financial systems and risk management audit.</p> <p>This audit is scheduled to take place in early 2022</p>

Previously Completed and Reported Work

Area of Review	Description of Assignment and Current Status
<p>Annual Opinion 2020/21</p>	<p>This report was presented to the Audit and Standards Committee on 20 July 2021. The opinion of the Chief Internal Auditor was that the framework of governance, risk management and control for 2020/21 was satisfactory overall, at that stage in the Combined Authority’s development and given the range of responsibilities it is required to discharge. This was a positive assessment of the control environment of the organisation.</p>
<p>National Fraud Initiative Data Matching Exercise</p>	<p>The objective of this work was to investigate any ‘matches’ that were identified through the Combined Authority’s participation in the Cabinet Office’s National Fraud Initiative (NFI) data matching exercise. In summary, the exercise is a national scheme which helps with the prevention and detection of fraud. Data sets, such as trade creditors, are shared with the Cabinet Office by the participants who then analyse the data using analytics tools to identify matches. The matches do not necessarily mean that there is an issue, but highlight this for review locally.</p> <p>The exercise identified a small number of matches in relation to the data submitted by the Combined Authority. The majority of these were matches relating to trade creditors that required review to determine if duplicate invoice payments had been made. All matches were reviewed and no issues in respect of fraud or duplicate payments were identified.</p>
<p>Certification of NELEP Grant Returns</p>	<p>Internal Audit undertook grant certification work totalling £0.831m on behalf of the NELEP in relation to the following 2020/21 grant funding awarded by the Department for Business Energy and Industrial Strategy (BEIS):</p> <ul style="list-style-type: none"> • Core Growth Fund - £0.410m • Supplementary Growth Fund 20/21 - £0.311m • EU Transition Business Readiness Grant - £0.110m
<p>Brownfield Housing Fund Grant Claim Certification</p>	<p>The Combined Authority was awarded £23.8million by the then Ministry of Housing, Communities and Local Government over a five-year period to unlock between 1,500 and 2,500 new homes. Internal Audit has performed certification of expenditure of £0.585m in respect of year one of the programme.</p>

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Corporate Plan 2021-2022 sets out the strategic objectives and priorities of the Combined Authority. The work of Internal Audit and Audit and Standards Committee contributes to the overall achievement of the Authority's objectives and priorities.

3. Key Risks

- 3.1 Internal Audit coverage is based on an assessment of audit 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 Cities and Local Government Devolution Act 2016 established that Combined Authorities must arrange for the appointment of an Audit Committee and sets out the functions of the Audit Committee. This includes reviewing and assessing the authority's risk management, internal control and corporate governance arrangements.
- 5.2 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.
- 5.3 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 Strategic Plan 2021/22 have been prepared in accordance with both the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

6. Equalities and Implications

- 6.1 There are no direct equalities implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of its duty under the Public Sector Equality Duty and will always consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not

share it. The Committee also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

7. Inclusive Economy Implications

- 7.1 There are no direct inclusive economy implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability.

8. Climate Change Implications

- 8.1 There are no direct climate change implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful that the NTCA and the three constituent Local Authorities have declared a Climate Emergency.

9. Consultation and Engagement

- 9.1 The Managing Director, Chief Finance Officer and Director of Policy and Performance were consulted in preparation of Internal Audit's 2021/22 audit coverage.

10. Appendices

None

11. Background Papers

- (a) [Internal Audit Strategic Audit Plan 2021/22](#)
- (b) [Cities and Local Government Devolution Act 2016](#)
- (c) [Accounts and Audit Regulations 2015](#)
- (d) Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017
[Public Sector Internal Audit Standards](#)
- (e) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019

12. Contact Officers

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13. Glossary

Abbreviation	Description
NFI	National Fraud Initiative - The Cabinet Office's data matching exercise
NELEP	North East Local Enterprise Partnership

14. Sign-off

1) Head of Paid Service: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
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Subject: Strategic Risk and Opportunities Register
Report of: Risk Advisor to North of Tyne Combined Authority
(NTCA)

Report Summary

Following Cabinet approval of the NTCA 2021/22 Corporate Plan, NTCA's Senior Management Team (SMT) have developed a risk management approach which acknowledges its expansive partnership working to ensure it remains robust and inclusive.

The report describes the process undertaken to produce the revised NTCA strategic risk register, introduces the new register and seeks to provide assurance to Audit and Standards Committee that the most significant risks and opportunities have been identified, are being monitored and measures are being taken to mitigate them.

Internal organisational risks which monitor the Authority's business continuity arrangements and operational capacity, and resources remain on the revised risk register. The Partnership Opportunity which previously monitored the Authority's relationship with its partners also remains on the register, however its description has been strengthened to ensure its focus remains on the collective understanding and co-production of the Authority's delivery plans.

The new and updated Strategic Risk Register is attached at Appendix B.

Recommendations

The Audit and Standards Committee is recommended to:

1. Acknowledge the activity undertaken to re-focus the strategic risk and opportunities register
2. Review, challenge and accept the outcomes of the strategic risk review
3. Note the management of the threats around Covid-19, Devolution and the UK/EU Trade Deal are now included within the new risks and will be monitored as part of the revised strategic risk register reporting process

1. Background Information, Proposals and Timetable for Implementation

Reframing Risk Management

- 1.1 Following Cabinet approval of the NTCA 2021/22 Corporate Plan, which sets out how the Authority will deliver on its priorities over the medium and short term, NTCA's Senior Management Team (SMT) have developed a risk management approach which recognises that the identification and management of risks must be inclusive, encouraging dialogue with a range of its partners and stakeholders as they play a big part in the Authority's delivery plans.
- 1.2 This collaborative approach to exploring risks and opportunities will ensure the Authority is focussed on partnership working and exploring opportunities which, when managed effectively, will produce better outcomes for its citizens, recognising the challenges they face.
- 1.3 To start the process of developing a risk management approach which is both flexible and inclusive, a risk workshop was held on 28 June 2021 with the NTCA SMT and Officers. The workshop focussed on the Authority's three cross-cutting themes which form the strategic plan, to identify the possible threats and opportunities that delivering the plan may bring.
- 1.4 The Authority's three cross cutting themes are highlighted below with a summary of the new external risks identified from the workshop.

- **Net Zero** - *Failure to address climate change and environmental implications through North of Tyne investment*
- **Inclusive Economy** - *Failure to achieve the planned outcomes to reduce inequality and remove barriers to ensure 'good work' and jobs are available to traditionally underserved groups*
- **Innovation in Recovery** - *Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive to dynamic circumstances*

1.5 The opportunity which previously monitored the Authority's relationship with its partners remains on the register, however its description has been strengthened to ensure its focus remains on the collective understanding and co-production of the authority's delivery plans to ensure all the objectives are met:

- **Promote Trust and Confidence** - *Continuing to develop trust, cohesion and credibility with our partners, engaging effectively with all our stakeholders provides us with the opportunity to strengthen our relationships to ensure the collective understanding and co-production of our delivery plans and meet the objectives of our social, economic and green agenda.*

1.6 Organisational risks will also remain on the register and continue to be monitored as part of the risk management reporting process.

- **Business continuity** - *Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.*
- **Operational Capacity and Resources** - *NTCA is unable to demonstrate to Government, partners and stakeholders, that it has the necessary operational capacity, skills and expertise to successfully deliver its objectives, plans and responsibilities.*

1.7 An 'at a glance' view of the updated strategic risk register can be found at Appendix A.

1.8 The risk review by SMT has resulted in the following individual risks being removed from the Authority's Strategic Risk Register, with the potential threats captured in the new risks highlighted above, including the associated mitigation strategies to ensure they continue to be successfully managed.

- **Covid 19** - *The inability to fully deliver the Authority's schemes and achieve the required outcomes in relation to economic growth and employment opportunities has been significantly impacted by the lockdowns imposed as a result of Covid-19*
- **UK/EU Trade Deal** - *Planning and implementation of the new EU/UK trade deal procedures, and relationships between the UK and the European Union impacts negatively on the Authority's ability to deliver its schemes and achieve the required outcomes in relation to economic growth and employment*
- **Delivery of Devolution** - *Unable to deliver components of the Devolution Deal or negotiate further powers and resources*

2. Risk Register Format

2.1 To further strengthen the strategic risk management reporting process, the format of the strategic risk and opportunities register has also been revised. The register now clearly demonstrates how each risk or opportunity links to the Authority's cross-cutting themes, supporting its aims and ambitions. The risk register also provides the Committee with additional narrative to demonstrate how successful the mitigation strategies are and how effectively the risks and opportunities are being managed.

2.2 The new risk register template has been populated with the new risks and opportunities identified by SMT and can be found at Appendix B of this report.

3. Next Steps

- 3.1 The strategic risk register will continue to be reviewed regularly and updated accordingly, before it is presented to Audit and Standards Committee. Additional information will be added to the new risk register template at the next review point, which will include details of any changes to the RAG assessments and additional narrative to update the Committee on the success of the mitigation strategies and risk priority direction of travel i.e., improving, static, deteriorating.

To support internal reporting to Cabinet, March (half year) and November (full year), initial risk review dates of March 2022 have been assigned to each of the 3 strategic risks. These review dates also support the academic year cycles the Authority works on with the Adult Education Budget (AEB).

4. Additional Risk Information

- 4.1 The NTCA risks 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 developed to ensure the biggest risks to individual programmes/projects are communicated and/or escalated to the strategic risk register.

- 4.2 The strategic risks identified by the North East LEP are also included at Appendix C for information. This provides NTCA visibility of the North East LEP strategic risk areas to consider if the risks identified by the North East LEP have any impact upon the delivery of NTCA's plans and priorities or the Strategic Risk Register. Going forward we will work with the North East LEP officers to review the format of the LEP strategic risk register to consider aligning it to the new NTCA format.

- 4.3 The JTC Strategic Risk Register is reported for information only and records the biggest threats to the achievement of the strategic objectives of the North East JTC and its organisational risks. It was updated by NECA's risk management service and presented to the JTC Audit Committee at its meeting on 16 June 2021. A summary of the North East JTC strategic risks as reported in June 2021 is provided at Appendix D for information only. A full copy of the JTC strategic risk register and mitigation plans can be found on the JTC Audit and Standards Committee Agenda [here](#).

5. Potential Impact on Objectives

- 5.1 The development of the strategic risk and opportunities 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.

6. Key Risks

- 6.1 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, which will be updated over the coming months to reflect the activity underway to reframe the Combined Authority's approach to the management of risk. The key risks will continue to be reported regularly to the Audit and Standards Committee.

7. Financial and Other Resources Implications

- 7.1 There are no direct financial implications arising from this report. Risk Management work is supplied to NTCA (and the North East LEP) during 2021/22 through a Service Level Agreement with Newcastle City Council.

8. Legal Implications

- 8.1 There are no legal implications arising specifically from this report.

9. Equalities Implications

9.1 There are no equality and diversity implications arising from this report

10. Inclusive Economy Implications

10.1 There are no direct inclusive economy implications arising out of the recommendations in this report

11. Climate Change Implications

11.1 There are no climate change implications arising from this report.

12. Consultation and Engagement

12.1 The Mayor and the Cabinet Member for Investment and Resources have both been consulted on the revised Strategic Risk and Opportunity Register as well as the Managing Director, Monitoring Officer and Chief Finance Officer.

13. Appendices

13.1 Appendix A – ‘Risk at a glance’ shows the strategic risks and opportunities, including the risk priorities and direction of travel assessments

Appendix B – Provides a detailed assessment of the NTCA strategic risks and opportunities and future activity to reduce the overall risk exposure

Appendix C – Provides an assessment of the North East LEP strategic risks and future activity to reduce the overall risk exposure

Appendix D – A summary of the strategic risks, risk priorities and direction of travel assessments identified by the North East Joint Transport Committee

Appendix E – Risk Analysis Toolkit to determine the risk priority

14. Background Papers

14.1 The North East Joint Transport Committee (JTC) strategic risks can be found on the NECA website as part of the June 2021 JTC Audit Committee agenda [here](#).

15. Contact Officers

15.1 Philip Slater – Chief Internal Auditor – Newcastle City Council. (acting as Risk Advisor to NTCA)

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Telephone – 0191 2116511

16. Glossary

16.1 North East LEP - North East Local Enterprise Partnership

17. Sign-off

1) Head of Paid Service: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
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	Risk Priority	Direction of Travel
Strategic Risks & Opportunities		
External Risks		
A1 – Net Zero Transition Failure to address climate change and environmental implications through North of Tyne investment in line with Local Authority and national net zero targets. Failure to take advantage of and seize the opportunities for green and inclusive growth.	Amber 8	New Risk
A2 – Inclusive Economy Failure to achieve the planned outcomes to reduce inequality and remove barriers to ensure 'good work' and jobs are available to traditionally underserved groups. To meet current and future employer demand and grow a more resilient local economy in the North of Tyne.	Amber 9	New Risk
A3 - Innovation in Recovery Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive to dynamic circumstances.	Amber 8	New Risk
External Opportunity		
B1 – Promote Trust and Confidence Continuing to develop trust, cohesion and credibility with our partners, engaging effectively with all our stakeholders provides us with the opportunity to strengthen our relationships to ensure the collective understanding and co-production of our delivery plans and meet the objectives of our social, economic and green agenda.	Green 4	Improving
Organisational Risks		
C1 – Business Continuity Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.	Amber 8	Static
C2 - Operational Capacity and Resources NTCA is unable to demonstrate to Government, partners and stakeholders, that it has the necessary operational capacity, skills and expertise to successfully deliver its objectives, plans and responsibilities.	Amber 8	Static
Individual threats removed – now monitored as part of the new external risks		
Covid 19 - The inability to fully deliver the Authority's schemes and achieve the required outcomes in relation to economic growth and employment opportunities has been significantly impacted by the lockdowns imposed as a result of Covid-19.		
UK/EU Trade Deal - Planning and implementation of the new EU/UK trade deal procedures, and relationships between the UK and the European Union impacts negatively on the Authority's ability to deliver its schemes and achieve the required outcomes in relation to economic growth and employment.		
Delivery of Devolution - Unable to deliver components of the Devolution Deal or negotiate further powers and resources.		

A External Risks							
1. Net Zero Transition							
Aim	Ensuring our whole programme supports carbon reduction, clean growth and a new generation of jobs.						
Risk	Failure to address climate change and environmental implications through North of Tyne investment in line with Local Authority and national net zero targets. Failure to take advantage of and seize the opportunities for green and inclusive growth.						
Risk Owner	Chief Economist	Risk Priority	This section will include narrative to describe direction of travel at next review	Previous RAG	New Risk	Current RAG	Amber 8
Reason for change/current RAG rating:							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans			Additional Mitigation Plans		Review date
a) The UK Climate Change Act sets a legally binding target to achieve net zero greenhouse gas emissions across the UK economy by 2050 and reduce emissions by 78% by 2035 compared to 1990 levels. The constituent LA's have their carbon reduction targets. The scale of the challenge is enormous, and leadership is key to enabling everyone to play their part in the fight against climate change.		<ul style="list-style-type: none"> • Full political commitment and leadership from the Mayor and Cabinet to recognise the climate emergency and NTCA's role in reducing emissions and seizing the opportunities of the green economy. • NTCA's approach learns from and builds on the work already being done in the region. Our work is developed collaboratively with the three constituent Local Authorities and wider regional stakeholders including the North East LEP. • NTCA Corporate Environment Policy and annual report on organisational carbon emissions. • Newcastle City Council, North Tyneside Council and Northumberland County Council all have ambitious carbon reduction targets for their local areas, and all have approved climate emergency plans. • NTCA Energy, Green Growth and Climate Change Blueprint - £28m package of investment up to 2023. 			<ul style="list-style-type: none"> • Development of proposals for the 2023-2028 investment programme will provide an opportunity to continue to focus on green and inclusive economic growth • Regular reviews of delivery programme to ensure alignment with delivery of targets. 		March 2022

	<ul style="list-style-type: none"> The Low Carbon Working Group (LCWG) is made up of officers from NTCA, the three constituent LAs and the North East LEP and meets monthly to discuss climate change and low carbon issues. 		
b) The impacts of climate change and the green economy covers a wide range of areas. National policy related to climate change can change and be updated regularly.	<ul style="list-style-type: none"> In addition to drawing on the expertise of the regular members of the Low Carbon Working Group (LCWG), NTCA will reach out to experts from other policy areas and attend regional and national events/conferences/webinars. 	Existing controls sufficient at time of report.	March 2022
c) Climate change is a complex problem and solutions are likely to require significant social as well as technical transformations. This has direct implication for a more inclusive economy. Citizens, businesses and wider stakeholders need to be engaged, supported and at the centre of our response to the climate emergency.	<ul style="list-style-type: none"> The North of Tyne Citizens Assembly on Climate Change provided representative citizen engagement and their findings will help shape the development of the NTCA programme. The NTCA programme also covers a broad range of thematic areas, as described further in the September 2021 report to Cabinet. 	Cabinet has agreed to receive regular reports detailing how NTCA intends to work with the three constituent Local Authorities and wider regional stakeholders including the North East LEP and Transport North East to respond to the recommendations of the Citizens' Assembly.	March 2022
d) The scale of the challenge and the resources required to deliver local and national long-term carbon reduction targets and green growth ambitions is large, not fully known and requires a national as well as local approach. Attracting investment is essential to enable the North of Tyne to realise the potential and be a world leader in green growth.	<ul style="list-style-type: none"> Collaborative working across the North of Tyne, North East, with other Mayoral Combined Authority's and Government to develop knowledge, share best practice and to collaborate on projects/funding bids. Develop pipelines of projects which are investment ready via programmes such as the Offshore Wind Programme and Energy Accelerator. Work with academic institutions, VCSE sector and businesses to promote opportunities and share best practice e.g., Green Economy Summit. 	Existing controls sufficient at time of report.	March 2022
e) New jobs and new green skills are likely to be increasingly required in all sectors. Therefore, NTCA must understand the projected skills	<ul style="list-style-type: none"> Regular reviews of National and Local research to assess skills demand in the Green Economy – and input into the annual update of NTCA Strategic Skills Plan 	Green Growth Skills funding opportunity launched in September 2021 – the specification for this fund seeks	March 2022

<p>requirements and ensure the necessary provision is in place</p>	<ul style="list-style-type: none"> • Collaborative working with LA's, North East LEP to share research and insight into green skills requirements 	<p>proposals that will help inform the projected skills requirements of NTCA growth and recovery sectors. This funding aims to ensure provision is in place to contribute to a just and inclusive low carbon transition.</p>	
<p>f) Many of the measures required to reduce carbon are not within the Combined Authority's remit.</p>	<ul style="list-style-type: none"> • Work with partners to help make the changes required. • Influence decision makers at all levels. 	<p>Work with business, constituent LAs and North East LEP to develop key messages and policy positions/asks.</p>	<p>March 2022</p>

A External Risks							
2. Inclusive Economy							
Aim	Ensuring our work is underpinned by people, communities and inclusive economic growth, as well as ensuring inclusive economy thinking and practice is fully embedded across NTCA and our partnerships.						
Risk	Failure to achieve the planned outcomes to reduce inequality and remove barriers to ensure 'good work' and jobs are available to traditionally underserved groups. To meet current and future employer demand and grow a more resilient local economy in the North of Tyne.						
Risk Owner	Head of Inclusive Growth	Risk Priority	This section will include narrative to describe direction of travel at next review	Previous RAG	New Risk	Current RAG	Amber 9
Reason for change/current RAG rating:							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
a) External factors, primarily COVID-19 pandemic and Brexit counteract the impacts of the investment NTCA is able to make to reduce inequality and deliver good jobs.		NTCA's new portfolio structure covers Education, Inclusion and Skills, as well as Social Economy and Communities. Inclusive economy is a cross-cutting theme within the Corporate Plan 2021 and is supported by the advisory NTCA Inclusive Economy Board (IEB).		Wider promotion of the concepts of economic inclusion via: <ul style="list-style-type: none"> National networks and influencing e.g., M10 (the 10 directly elected Mayors in England), Comprehensive Spending Review (CSR) Submission Locally good relationships with our provider base to enable agility in reaction to further economic shocks Peer-learning and support e.g., national, Independent Inclusive Growth Network 		March 2022	
b) Reducing inequality is a key commitment made by the NTCA. However, many challenges around poverty and inequality are structural and have national or international		NTCA's Inclusive Economy Policy Statement provides a clear statement of our organisational commitment to a more inclusive economy with an emphasis on reducing poverty and inequality and promoting equity and cohesion.		Extension of the Inclusive Economy Innovation Fund and the development of the Prospectus to attract co-investment will support NTCA's ability and ambition to reduce inequality in the region.		March 2022	

<p>drivers. These are beyond the scope of NTCA to influence.</p>	<p>Inclusive economy is a cross-cutting theme in the Corporate Plan 2021, driven forward by the Inclusive Economy Board.</p>		
<p>c) To support NTCA's corporate plan we require a skills infrastructure that is fully aware of, and responsive to the sectors that have labour and skills shortages. The need to ensure our residents have the right skills to get a good job and progress in work, and employers have access to an adaptable, resilient and skilled local workforce, has never been greater.</p>	<p>NTCA Strategic Skills Plan has been updated in 2021 reflecting the area's skills needs for an inclusive economic recovery.</p> <p>Working with the devolved Adult Education Budget (AEB) provider base, to ensure delivery plans are aligned to labour market demand and skills shortages.</p> <p>Monitoring devolved AEB participation data to ensure provision is accessible to a broader range of under-represented groups.</p> <p>Monitoring the volume of provision and funding utilised by providers to address barriers to employment, including improving attainment in basic English, Maths and Digital.</p> <p>Launching the employer led Skills for Growth funding to enable employers to upskill and reskill their employees for the jobs and roles of the future.</p>	<p>Ongoing dialogue with Government, NTCA adult education providers and employers to ensure delivery continues to meet area skills needs.</p> <p>Utilising in year funding flexibilities to ensure AEB funding is flexible and responsive to labour market changes.</p>	<p>March 2022</p>
<p>d) Continuity of funded provision for NTCA residents is at risk if providers and grant-recipients across skills, employability and wider interventions become financially unstable.</p>	<p>Adult Education Budget - The launch of the 2021-2023 Strategic Skills Plan will ensure updates can be implemented quickly to ensure its ongoing relevance during the pandemic and into recovery.</p> <p>Employability and Wider Skills Interventions - Inclusive growth team's strategic framing includes DWP</p>	<p>Continued engagement with NTCA AEB providers, via provider roundtables and quarterly one to one performance monitoring meetings identifying the impacts of Covid-19 and informing the direction, priorities and allocations for the NTCA AEB providers</p>	<p>March 2022</p>

	<p>Employment Support Framework, Inclusive Economy Policy Statement, Inclusive Economy Board (governance) which work together to manage, mitigate, and react to risks.</p>	<p>Informing the plan for the immediate impact of Covid-19 and medium/long term mitigation planning.</p> <p>Continued engagement with recipients of funding and wider stakeholders such as sector representative organisations, central government departments and local authority partners.</p> <p>Supporting CRF applications for Skills and Employability interventions to prevent the 'cliff edge' of European Social Fund funding ceasing.</p>	
e) National and local conditions e.g., economic instability limit NTCA's ability to promote and drive good jobs and local economic resilience.	<p>The Investment Fund Business case includes a strengthened inclusive economy case, co-designed by the Programme Management Office and Inclusive Economy Team, to monitor, measure and assess Inclusive Economy impacts.</p> <p>Our Good Work Pledge promotes the value of good work, which is well-paid and secure, and drives positive change across the area's employers at all sizes and scales.</p>	<p>NTCA is developing an anchor network proposition to encourage large institutions across all sectors to support local economic resilience.</p>	March 2022
f) NTCA does not sufficiently fulfil its commitment to co-production and co-design by creating projects and programmes which are effective for local communities and residents.	<p>NTCA co-design and co-production strategy includes activities and mechanisms to make sure residents can contribute directly to our work and plans e.g., through our Poverty Truth Commission and forthcoming equalities assembly.</p> <p>This is supported by our VCSE Accord with the voluntary sector, and our Mayoral Ambassador.</p>	<p>Organisation-wide commitment to co-design and co-production</p>	March 2022

A External Risks							
3. Innovation in Recovery							
Aim	To ensure that our businesses, people and places can adapt, recover and thrive post coronavirus pandemic and that outcomes of NTCA investment are seen to clearly and directly contribute to this success. Overall, ensuring the NTCA area is attractive to residents, businesses and visitors as a result of a thriving economy, green credentials, exceptional quality of life and improved opportunities for all.						
Risk	Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive to dynamic circumstances.						
Risk Owner	Chief Economist	Risk Priority	This section will include narrative to describe direction of travel at next review	Previous RAG	New Risk	Current RAG	Amber 8
Reason for change/current RAG rating:							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
a) NTCA must respond to major economic shocks – and the pace of change externally.		<p>Regular updates are provided to NTCA Cabinet on the current economic context and implications for the NTCA's activities.</p> <p>Significant stakeholder networks ensure NTCA is tuned in to the external environment and the major economic trends.</p> <p>Clear processes and delegations provide opportunities to bring forward activity at pace – should the context demand it.</p> <p>Good relationships with NTCA grant recipients allow for activity to be refocussed and re-prioritised to meet external demands – if required</p>		NTCA business and assurance framework processes are reviewed regularly to ensure maximum agility and fitness for purpose.		March 2022	
b) NTCA must be able to clearly articulate policy priorities and how they deliver improved Innovation and recovery: this is included as a part of the 5-year Gateway Review.		NTCA policy priorities are drawn from NTCA's Devolution Deal, the Mayor's Manifesto, and the subsequent strategic direction agreed by our Cabinet through subsequent decisions. The evaluation		The Programme Management Office (PMO) monitor all projects on a quarterly basis – following Standard Operating Procedures and NTCAs agreed output indicators.		March 2022	

	<p>framework provides a systematic way that the investments made by NTCA are assessed in terms of effectiveness and value for money, but also that we can learn, adapt and improve the way that we work in a changing environment.</p> <p>Through the strategic and economic cases within the Green Book process all projects are required to clearly articulate their rationale which includes fit with NTCA objectives, contribution to headline devolution deal targets and the relevant NTCA output indicators that will be used to monitor this through the QMR process.</p>	<p>NTCAs investment plan and individual projects are aligned to the delivery of the corporate plan – giving a clear line of sight from priorities, investment decisions and impact.</p> <p>An evaluation framework to capture our achievements and learning is in development, supported by the introduction of a programme management system which will improve programme management and monitoring, streamlining the interface with delivery organisations for claims and output reporting. This evaluation framework is being shared with Government, as part of the process leading up to the Investment Fund Gateway Review.</p>	
c) The level of funding required may be beyond NTCA resources, and there is uncertainty associated with bidding for additional resources – which has both internal capacity risks and a need to be able to clearly demonstrate a track record in delivery and impact.	Senior Management Team (SMT) regularly review organisational capacity requirements and upcoming activity through the situation reporting process. NTCA collaborations with key officers within its constituent authorities ensures expertise is available when required. External consultancy budgets can be utilised to provide short term capacity for specific pieces of work.	NTCA is leading early engagement with stakeholders to understand changes in the European Structural Investment Funds (ESIF) funding landscape in advance of UK Shared Prosperity Fund and changes to other key government funding streams as a result of the Comprehensive Spending Review. This will inform the future capacity requirements and ways of working once government direction of travel becomes clear.	March 2022
d) Ability of NTCA to demonstrate clear targets and outcomes at all levels (organisational, theme, programme, project) and to have the ability and capacity to monitor them.	<p>NTCAs Monitoring and Evaluation Framework demonstrates:</p> <ul style="list-style-type: none"> • How our priorities, mission and values translate into mechanisms for delivery 	Monthly SitReps (situation reports) provide regular updates to managers and directors on all of the NTCAs key workstreams – which are reviewed, and	March 2022

	<ul style="list-style-type: none"> • How these mechanisms create value; and • How we understand, measure and learn from the impact that we are making. <p>NTCAs Assurance Framework and Green Book Business case process ensures projects are robustly developed and well-articulated and appraised in line with accepted conventions and best practice.</p> <p>Officer and Cabinet member scrutiny through the Technical Officer Group (TOG) and Investment Panel provides robust challenge and assurance.</p> <p>Projects are monitored through standard operating procedures by the PMO with agreed thresholds for escalation of performance issues to Investment Panel.</p>	<p>areas of concern are picked up directly with lead officers.</p> <p>Project evaluations are undertaken where there is an identified need. The findings of these feed into overall programme design.</p>	
<p>e) National or international economic downturns or the medium-longer term impact of Covid-19 on businesses and employment could have significant implications for the perceivable impact of NTCA innovation and growth investments, using official data sources.</p>	<p>Investment Fund Programme has been re-orientated to support recovery in the NTCA area, including through the Innovation Recovery Fund and measures to support the Kickstart programme of Youth unemployment – which provides a direct relevance to the specific needs of the economy during lockdown and recovery.</p> <p>Real life case studies are collected across a range of NTCA projects which provide a library of contemporary accounts of how the interventions have added value.</p> <p>Impact can be evidenced through a number of metrics for which NTCA collects its own data and evidence – e.g., investment made, jobs created, and outputs achieved.</p>	<p>Existing controls sufficient at time of report.</p>	<p>March 2022</p>

<p>f) It is important that all communities benefit from economic recovery; Inclusive Economy thinking, and practice has an important role in shaping innovation in recovery</p>	<p>Inclusive economy is a cross-cutting theme within the Corporate Plan 2021 and is supported by NTCA Inclusive Economy Advisory Board.</p> <p>The PMO is leading work to ensure inclusive economy outcomes and impacts are captured throughout the investment life cycle (business case, delivery, reporting and insight, Investment Fund evaluation)</p>	<p>New portfolio structure brings together Education, Inclusion and Skills. Social Economy and Communities bridges economic growth and inclusive economy work.</p> <p>NTCA equality objectives for 2021-25 shape policy, practice and learning.</p>	<p>March 2022</p>
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B		External Opportunity					
1. Promote Trust and Confidence							
Aim	Supporting a system response to complex challenges and collaborating strongly in everything we do with our local, national and cross-sector partners.						
Opportunity	Continuing to develop trust, cohesion and credibility with our partners, engaging effectively with all our stakeholders provides us with the opportunity to strengthen our relationships to ensure the collective understanding and co-production of our delivery plans and meet the objectives of our social, economic and green agenda.						
Opportunity Owner(s)	Managing Director/ Director of Policy and Performance	Opportunity Priority	Improving	Previous RAG	Amber 9	Current RAG	Green 4
Reason for change/current RAG rating: This opportunity is moving in a positive direction of travel. Partners and stakeholders have been key to the development of the Authority's values. The launch of the Customer Relationship Management system will further strengthen relationships with partners and stakeholders - ensuring the successful delivery of the Authority's aims and objectives.							
Benefits							
<ul style="list-style-type: none"> Collective understanding of the Authority's aims and ambitions to encourage the co-production of our delivery plans. Encourage a more participatory approach to risk which is built on trust and transparency which encourages everyone to share their uncertainties and challenges and work together to resolve them 							
Barriers							
<ul style="list-style-type: none"> Failure to maintain trust, cohesion and credibility with and between local NTCA system and partners Failure to develop trust, cohesion and credibility with those organisations who contribute to the achievement of our objectives who we don't currently engage with 							
Strategies to enhance the opportunity				Action Taken			Review date
a) Encourage inclusive dialogue with our partners and stakeholders				We have worked with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work: <ul style="list-style-type: none"> Driven by our mission Collaborative by design Innovative and agile in delivery Inclusive and aware Showing leadership The evidence for this is in our policies and supported by our team values and behaviours - demonstrating collaboration,			March 2022

	<p>taking ownership, being curious, empathetic, respectful, and in the strong focus on inclusion within our programme.</p> <p>NTCA priorities, projects and performance are regularly communicated externally – including through Cabinet reports and the Corporate Plan.</p>	
b) Identify those organisations who we don't currently engage with to communicate our vision and purpose – offering support	Development of the Customer Relationship Management System (CRM) will further inform this.	March 2022
c) Continued engagement with AEB providers, employers and stakeholders in the North of Tyne area to ensure a collaborative approach to aligning adult skills to deliver the Authority's vision.	Published documents which enable the alignment: NTCA Strategic Skills Plan NTCA Corporate Plan NTCA Inclusive Economy Policy Statement	March 2022
d) VCSE Ambassador appointed to engage with the VCS (Voluntary and Community Sector).	VCSE (Voluntary, Community and Social Enterprise) Accord - how the NTCA can add value to the work of our local government partners with the VCSE to build capacity, sustainability and be a catalyst for an inclusive economy. First year of operation completed and feedback is that it is working well.	March 2022
e) Continued engagement with regular meetings and consultation with the business community	<p>Frequent engagement with individual businesses and business representative organisations by officers and the Mayor.</p> <p>NTCA Inclusive Economy Board with member representation from the public, private and voluntary sector, including constituent LA's and North East LEP.</p> <p>NTCA Housing and Land Board membership.</p> <p>NTCA collaborates strongly in everything it does with local, national and cross-sector partners. The evidence for this is in the number of partnerships that have grown and been curated within the region and beyond.</p>	March 2022
f) Use of an agreed Assurance Process to ensure that the NTCA only funds high quality projects and through the development of the Investment Fund Evaluation Framework to improve our learning and understanding.	<p>Assurance Process includes internal project analysis, full appraisal (external for largest projects) and technical and political scrutiny.</p> <p>An evaluation framework to capture NTCA's achievements and learning is in development, supported by the introduction</p>	March 2022

	of a programme management system which will improve programme management and monitoring, streamlining the interface with delivery organisations for claims and output reporting. This evaluation framework is being shared with Government, as part of the process leading up to the Investment Fund Gateway Review.	
g) Customer Relationship Management (CRM) system	A CRM system is currently in development to be trialled with the Good Work Pledge, Kickstart and Mayor's Office. Review March 2022 to inform wider roll out.	March 2022
h) We continue to utilise existing expertise in our constituent authorities	Extensive engagement and involvement of LA colleagues, at all levels, across the organisation	March 2022

C Organisational Risks							
1. Business Continuity							
Aim	To ensure the corporate core of NTCA provides the necessary policies, procedures and plans to enable the Authority to carry out its work efficiently and effectively in all circumstances.						
Risk	Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.						
Risk Owner	Director of Policy and Performance	Risk Priority	Static	Previous RAG	Amber 8	Current RAG	Amber 8
Reason for change/current RAG rating:							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
a) Organisational arrangements are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively as and when breaches do occur.		Compulsory IT and data protection training modules for new starters and regular refreshers for existing staff. ICT SLA with Newcastle City Council.		SLA's will be reviewed to understand expectations of business and those of ICT Newcastle		December 2021	
b) Organisational arrangements need to be flexible enough to enable NTCA to adjust from usual office working to home working quickly and efficiently without causing delays to decisions and delivery.		A COVID-19 Contingency Plan has been in place since March 2020 and worked well.		The COVID-19 Contingency Plan will be amended to account for hybrid model of working following office move to the Lumen and to have options depending on levels of government guidance.		December 2021	
c) There should be no single point of failure in the organisation in case of unexpected leave or resignation.		Organisational Development Strategy in place to develop existing staff and encourage internal progression. No working files stored only on individuals' computers, all are saved in a folder accessible to at least the team if not the whole organisation. Regular team meetings (small work teams, service team and full staff meetings) to update each other on work and progress.		Existing controls sufficient at time of report.		Yearly – Next review March 2022	

<p>d) In the event of a major incident does NTCA have an agreed senior management protocol and incident command structure?</p>	<p>Business Continuity Plan (BCP) – the formulation of a full BCP to reflect the new office location at the Lumen has begun with an information gathering exercise underway. .</p>	<p>The BCP will be updated to include a major incident command structure and officers will be assigned to the role of Major Incident Designated Officer (MIDO). Security protocols for events which are attended by the Mayor and Officers will also be reflected in BCP.</p>	<p>December 2021</p>
<p>e) Do Service Level Agreements (SLA's) have sufficient controls/reference to BCP to ensure NTCA is kept informed/aware of action to be taken should something happen to a provider.</p>		<p>SLA's (e.g., HR, Democratic Services, Procurement, ICT) will be reviewed to understand and reflect expectations of the local authority and NTCA, should a service be unable to deliver.</p>	<p>December 2021</p>

C Organisational Risks							
2. Operational Capacity and Resources							
Aim	Innovative and agile in delivery - proactively looking for new ways of working, delivering, and ensuring we add value, learn and adapt in a constantly changing context.						
Risk	NTCA is unable to demonstrate to Government, partners and stakeholders, that it has the necessary operational capacity, skills and expertise to successfully deliver its objectives, plans and responsibilities.						
Risk Owner(s)	NTCA Senior Management Team	Risk Priority	Static	Previous RAG	Amber 8	Current RAG	Amber 8
Reason for change/current RAG rating:							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
a) Existing resources do not fully align with NTCA's policy intentions which may impact upon delivery of the Authority's strategic priorities.		<p>The Corporate Plan sets out the work programme to be achieved across the organisation providing visibility and clarity of expectations to all staff.</p> <p>A structured exercise has been undertaken to develop resource plans, gauge capacity and clarity with assigned roles and responsibilities to facilitate the effective operation of the Authority. A work programme has been developed for officer use and is referenced in all appraisals.</p> <p>Weekly SMT meetings and monthly SMT Strategy meetings provide a regular touchpoint for SMT to raise and discuss and resource issues</p> <p>The North East LEP operational capacity and resourcing risk is a significant risk to the LEP but will not impact upon the Authority's capacity and resources risk.</p>		<p>Next formal resource planning exercise scheduled for February 2022</p> <p>SitReps and work programmes are updated by all teams monthly, approved by Heads of Service and submitted to Managing Director/Director, enabling an assessment of progress and the ability to flag issues/areas of concern.</p>		February 2022	

b) NTCA is a prototyping, learning organisation in which there will be 'failures' but the team will learn from them.	Covid planning is an example of how well the organisation worked during a crisis situation and learning from this will be built into future Business Continuity Planning.	Lessons learned workshops to be built into all programmes of work	March 2022
c) CIPFA Financial Management Code – Non-compliance with the Code could lead to ill-informed decision making which could adversely impact on the Authority's financial sustainability.	In preparation for the first full year of compliance with the Code (2021/22) the Authority has undertaken a self-assessment to measure its compliance with the FM Code.	Monitoring of the Authority's compliance with the Code is included in the 2020/21 AGS as an area requiring improvement. Implementation of the actions to ensure full compliance with the Code will be monitored by SMT and regularly by Audit and Standards Committee as part of the AGS review process.	March 2022
d) NTCA is a very lean organisation with staff operating to a very high level. There is a nationwide recruitment shortage and NTCA may be unable to undertake new funding opportunities if unable to recruit officers to undertake the work as employee well-being is important to the Authority.	The Authority has a good retention rate and provides employees with a range of development opportunities. Agile Working Policy in place to support employees maintain a good work/life balance.	A review of where we place job vacancies and how we recruit had been undertaken and whether the number of applications for positions has increased will be monitored.	

North East Local Enterprise Partnership – Strategic Risks (for information only)

<p><u>Operational capacity and resourcing</u></p> <p>Medium term operational budget may not be sufficient to maintain the current capacity within the team to lead the delivery of the Strategic Economic Plan (SEP) and to react to the impact of Brexit, the impact of the Covid-19 pandemic and emerging Government policies due to multiple short term (often annual) funding sources.</p>	<p><u>Risk Owner</u> Chief Executive</p> <p><u>Risk Score</u></p> <p style="background-color: red; color: white; text-align: center;">Red 12</p> <p>Likelihood – Medium Impact – Critical</p>
<p>Cause: All funding sources relating to staff resourcing, the core operational budget and project delivery are time limited and are not sufficient to allow the Local Enterprise Partnership (LEP) to effectively plan a medium-term budget and operational model.</p>	
<p>Impact/Consequence: The LEP will need to adjust to operate with a reduced level of staffing resource, limiting and prioritising the scope of work that can be delivered, if future funding is not made available and/or secured.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The 2021/22 LEP operational budget including a three-year estimate budget was agreed by the LEP Board in May 2021 and separately by its accountable body • Some financial reserves are held by the LEP from previous financial years • Potential to call on financial resources relating to Enterprise Zone income if required • Ongoing monitoring of external funding landscape and actions to secure alternative sources • A company limited by guarantee is in place alongside the LEP structure which enables a wider source of funding applications to be made and the LEP to seek funding from other sources 	
<p>Next Steps</p>	<p>Lead Officer(s)</p>
<p>Budget management and forecasting on-going for 21/22 and later in this year planning for 22/23</p>	<p>Helen Golightly (Chief Executive)</p>
<p>Lobbying of Government to secure additional and longer-term resources for LEPs on-going</p>	<p>Helen Golightly (Chief Executive)</p>
<p>On-going horizon scanning for funding opportunities to support the team and delivery.</p>	<p>Helen Golightly (Chief Executive)</p>

<p><u>Changes in the role and scope of LEPs by government without the resource to support delivery alongside current contractual commitments</u></p> <p>Government fails to allocate sufficient operational budgets following the 2021 LEP Review to support the recommendations</p>	<p><u>Risk Owner</u> Chief Executive</p>	
	<p><u>Risk Score</u></p>	
	<p>Red 12</p>	
	<p>Likelihood – Medium Impact – Critical</p>	
<p>Cause: Government are reviewing the role of LEPs which is likely to be reported alongside the levelling Up White Paper. There needs to be sufficient financial resources made available to LEPs to support the recommendations including the transition period and future delivery model.</p>		
<p>Impact/Consequence: There is limited capacity in the LEP operational budget to meet the demands of any changes or transition period which would impact on their deliverability as well as their current workplan which would lead to current staff resources being spread too thinly, reducing impact and effectiveness in facilitating the delivery of the Strategic Economic Plan in a time when we emerge from the impact of the pandemic and the EU Exit.</p>		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The LEP continues to work closely with government to try to influence the LEP Review and the practical delivery implications • The LEP continue to play an active role to understand the implications and impact of the LEP Review • The LEP Network (national body) plays a key lobbying role with government 		
Next Steps	Lead Officer(s)	
Continue to lobby and influence Government	Helen Golightly (Chief Executive)	
Consider and respond to any future policy and funding programmes changes as they emerge	Helen Golightly (Chief Executive)	

<p><u>Government Capital and Revenue Funding</u></p> <p>Government capital and revenue funding to replace Local Growth Funding (LGF) (2015-2021) and European (ESIF) Funding (2014 – 2023) is insufficient to support the delivery of strategic regional capital and revenue projects within the SEP.</p>	<p><u>Risk Owner</u> Chief Executive</p>	
	<p><u>Risk Score</u></p>	
	<p>Red 12</p>	
	<p>Likelihood – Medium Impact – Critical</p>	
<p>Cause:</p> <p>The October 2021, Autumn Budget and Spending Review provided some narrative regarding the UK Shared Prosperity Fund (UKSPF) and levelling Up Funding, however, there is no further detail about accessing the remainder of these funds at present.</p> <p>The Local Growth Fund (LGF) is now concluded however, some legacy LGF funds remains in place.</p> <p>There remains a significant risk that funding for strategic capital and revenue pipeline projects will not be available in the medium term and will not be at the level of previous years to equal the form LGF and ESIF funding programmes.</p>		
<p>Impact/Consequence:</p> <p>Without a clear understanding of the future funding landscape, the development and delivery of strategic regional projects to boost economic growth as outlined by the SEP are at risk of not being funded.</p>		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The LEP is working with key government stakeholders and other partners to influence policy and funding thinking • The LEP is working with Government on the LEP Review being undertaken during 2021 • The LEP is working with regional partners to develop a pipeline of strategic projects • The LEP has allocated an investment fund to accelerate the development of strategic projects to ensure they are 'oven ready' to access Government funding when / if it becomes available. 		
Next Steps		Lead Officer(s)
Continue to develop a pipeline of projects (where appropriate) to be ready to 'win' funding as it becomes available.		Helen Golightly (Chief Executive)
Continue to work with government and influence emerging policy thinking.		Helen Golightly (Chief Executive)

<p><u>European Funding</u></p> <p>Failure of the North East LEP area to secure and deliver the full notional funding (circa £500m) allocated to the North East through European Structural and Investment Funding (ESIF) programmes will significantly impact on the delivery of the Strategic Economic Plan.</p>	<p><u>Risk Owner</u> Chief Executive</p> <p><u>Risk Score</u></p> <p style="background-color: yellow;">Amber 9</p> <p>Likelihood – Medium Impact – Significant</p>
<p>Cause: ESIF programme implementation was delayed whilst the impact of the EU Referendum was reviewed by government departments. This has led to national underperformance against profiled commitment/spend for some parts of the programme. The UK Shared Prosperity Fund (UKSPF) is stated to replace the ESIF Programmes beyond 2023, however the scale is lower and the accessibility and delivery mechanisms remain unclear.</p>	
<p>Impact/Consequence: The ability to secure the North East LEP area's full quota of European funding risks damaging local regeneration plans and stalling infrastructure projects, business growth, employment and skills schemes and local growth projects. This could result in the success of the Strategic Economic Plan being adversely affected and outcomes delayed or not achieved.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Government have confirmed ESIF projects will be underwritten following departure from the European Union, however, there is no guarantee that each region will maintain its notional allocation. • The seven local authorities with the LEP secured £58.5m of ESIF to continue the JEREMIE programme. A Special Purpose Vehicle has been established to deliver funding for projects, supporting small and medium sized enterprises known as the North East Fund Ltd. • The North East LEP, with both combined authorities, works with partners to develop local content to feed into the national project calls to ensure the funding is appropriately focussed on local need in order to maximise spend in the North East. • The SEP remains aligned to the North East ESIF Strategy, to direct the allocation of European Funding to grow the North-East Economy 	
<p>Next Steps</p>	
<p>The North East LEP and other local partners are working with the Managing Authorities (DHCLG, DWP and Defra) to ensure that the maximum funding will be allocated to the North East, in line with the notional allocation of €560m Euros.</p>	<p>Helen Golightly (Chief Executive)</p>
<p>The LEP Executive Team is working with key stakeholders to prepare projects ready for Government releasing further 'calls' for applications for funding.</p>	<p>Helen Golightly (Chief Executive)</p>

<p><u>North East Regional Governance</u></p> <p>The LEP area covers seven local authorities and two combined authorities, one of which is mayoral. The LEP area is unique in England to have more than one combined authority which may impact on clarity of roles and decision making, in particular when the Levelling Up White paper and LEP Review are launched.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium Impact – Critical</p>
<p>Cause:</p> <p>The North East Combined Authority’s (NECA) decision to proceed with the North of Tyne Mayoral Combined Authority led to the regional governance structures changing as two combined authorities were created in November 2018, both of which have agreed to support and operate effectively with the North East LEP. The LEP economic remit therefore spans both combined authority areas. One of the combined authorities should also act as the accountable body for the LEP. It was agreed that NTCA would be the North East LEP accountable body from 1 April 2020.</p>	
<p>Impact/Consequence:</p> <p>The governance, roles and responsibilities need to be clear at a local level and understood by national government to ensure effective strategy development, delivery of economic development activity, investment and partnership working.</p> <p>It is also vital that the change in accountable body must not be detrimental to the current effective operations or financial position of the LEP.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • All seven local authorities are committed to supporting the North East LEP and the delivery of the SEP as set out in their signed Deed of Cooperation which was reviewed and re-signed at the end of March 2020. • The Accountable Body Agreement was signed at the end of March 2020 and Service Level Agreements (SLA) are in place to support the delivery of LEP operations. • In both the new Accountable Body Agreement and Deed of Cooperation, changes made to support arrangements and financial model are to ensure no detrimental to the North East LEP. 	
Next Steps	Lead Officer(s)
Continue to work effectively with all seven local authorities and both combined authorities on shared agendas, strategy development and delivery.	Helen Golightly (Chief Executive)
Work with NTCA and SLA providers to ensure the North East LEP carries out its functions in an effective and compliant way.	Helen Golightly (Chief Executive)

<p><u>Covid-19 or any other epidemic / pandemic</u></p> <p>The lockdowns imposed as a result of the Covid-19 2020/21 in the UK had a significant impact on the regional economy and demonstrated that epidemics/pandemics pose a high risk to regional, national and global economies.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – High Impact – Critical</p>
<p>Cause:</p> <p>Epidemics and pandemics are rare but can have catastrophic effect. They stem from a range of factors and have various levels of infection and mortality rates. The global dimension of our society and economy means that highly infectious diseases and viruses such as Covid-19 can spread quickly, and containment and other mitigation efforts are complex and require joined up efforts across the world or a group of countries.</p> <p>The lockdown measures essential to control the virus has forced businesses to close or operate in different ways and often to reduced capacity during the lock down period, having a dramatic negative impact on the economy.</p>	
<p>Impact/Consequence:</p> <p>Covid-19 has had a severe impact on the economy forcing a large number of businesses to stop trading or slow down their activities and leading to a significant volume of the workforce to be furloughed and/or made redundant. The UK and regions potentially face an economic downturn. In practical terms for the North East LEP, initially this meant a change of focus for the LEP as it responded to the immediate impact of the pandemic working with regional partners and Government. Now responding to the current economic position is the LEP's core business.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • A North East Economic Response Group is in place. This is now focusing on the next steps following the progress that has been made as we emerge from the pandemic. It is a regional partnership comprising of the North East LEP, North of Tyne and North East Combined Authorities, CBI representing businesses, VONNE, the TUC, the universities and transport colleagues. • The Group meets on a regular basis and is focussing on how we continue to emerge from the pandemic, with a focus on our economy and our regional priorities • Ongoing liaison with the LEP Network and NP11 partners • A full evidence and data exercise is now concluding which will inform the delivery plan for the next year 	
<p>Next Steps</p>	<p>Lead Officer(s)</p>
<p>Continue to support and facilitate the Economic Response Group as we emerge from the pandemic</p>	<p>Helen Golightly (Chief Executive)</p>
<p>Ensure continued alignment and co-ordination of key messaging and interventions</p>	<p>Helen Golightly (Chief Executive)</p>
<p>Complete the evidence and data review and translate the findings into the next phase of the SEP</p>	<p>Helen Golightly (Chief Executive)</p>
<p>Actively lobby government including through the LEP Network and NP11</p>	<p>Helen Golightly (Chief Executive)</p>

North East Joint Transport Committee Strategic Risks (for information only)

*The North East JTC Strategic Risk Register has been prepared by NECA's risk management service
The register is presented regularly to the North East JTC Audit Committee.*

JTC Risks to Achievement of Strategic Objectives	Risk Priority	Direction of Travel
<p>Carbon Neutral Transport Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.</p>	Red 12	Static <i>Due to possible negative impact of Covid-19 on future funding and need for behavioural change</i>
<p>Inequality and Growth of the Economy Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area.</p>	Red 12	Static <i>Due to possible negative impact of Covid-19 on future funding and cost and service availability users of public transport</i>
<p>Health Failure of the transport system to achieve the planned outcomes to contribute the improvements in health of the population in the JTC area.</p>	Amber 8	Static <i>Positive impact of Covid-19 on active travel counter balanced by possible negative impact of Covid-19 on future funding and need for behavioural change</i>
<p>Appealing Sustainable Transport The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.</p>	Red 12	Static <i>Due to possible negative impact of Covid-19 on future funding and cost and service availability to users of public transport</i>
<p>Safety and Security The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.</p>	Amber 8	Static <i>Arrangements in place but possible negative impact of Covid-19 on future funding</i>
JTC Organisation Risks		
<p>Future Availability of Funding Sources and levels of funding available to the JTC to develop the North East regions transport infrastructure within the region may reduce.</p>	Amber 8	Static <i>Increased Funding Opportunities for JTC</i>

<p>Funding Opportunities Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Use of Funding and Resources Funding secured for transport initiatives within the North East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Governance Arrangements The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.</p>	<p>Green 4</p>	<p>Static</p>
<p>Operational Capacity and Resourcing The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Delivery of Transport Improvement Projects/Programmes Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Transport Infrastructure Assets Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.</p>	<p>Green 6</p>	<p>Static</p>
<p>Service Delivery Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.</p>	<p>Green 6</p>	<p>Static</p>
<p>'Catastrophic Event' Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel)</p>	<p>Amber 8</p>	<p>Static</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 E**

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>	



Subject: External Audit Progress Report – Delay to the External Audit of the 2020/21 NTCA Statement of Accounts

Report of: Chief Finance Officer

Report Summary

The purpose of this report is to provide Members with further detail from our External Auditors, Mazars, in relation to the delay to the External Audit on the NTCA 2020/21 Statement of Accounts including the Annual Governance Statement (AGS). The External Audit Director, Gavin Barker shall attend the Audit and Standards Committee on 23 November 2021 in person to provide an update on the revised timetable for the audit of the Statement of Accounts and the position in relation to the approach for the audit of the North of Tyne Group accounts.

Recommendations

The Audit and Standards Committee is recommended to note the External Auditor for the North of Tyne Combined Authority will be attending Audit and Standards Committee to respond to the further update on the delay to the audit of the NTCA 2020-21 Statement of Accounts and Annual Governance Statement.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 Mazars were appointed as the External Auditor of North of Tyne Combined Authority in 2018/19 and have since completed the 2018/19 and 2019/20 audit of the North of Tyne Statement of Accounts.
- 1.2 The Accounts and Audit Regulations 2020/21, which took effect from the 31 March 2021, extended the requirement for the audited accounts to be published from 31 July to 30 September. The External Auditors brought the re-drafted Audit Strategy Memorandum to 20 July 2021 Audit and Standards Committee which informed the Committee of a revised the timetable for audit fieldwork to October/November 2021 with completion of the audit in November 2021. This would be after the required publication date of 30 September 2021 with the audited Final Statement of Accounts being taken to Audit and Standards Committee on 23 November 2021 for review and recommendation to Cabinet 30 November 2021.
- 1.3 The External Auditors subsequently contacted the Chief Finance Officer in late September to notify her that there would be a further delay to the external audit which would mean the audit fieldwork would be deferred to late November with completion of the audit of the Final Statement of Accounts, being taken to Audit and Standards Committee 18 January 2022. There will be no report to the November Audit and Standards Committee. This situation is being reflected nationally by all audit firms throughout the audit sector as set out in the independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting.

2. Potential Impact on Objectives

- 2.1 The requirement for the audited accounts to be published by 30 September as per the Accounts and Audit Regulations 2020/21 will not be met. The timing of the audit fieldwork will coincide with the 2022/23 Budget Setting timeline impacting on staff time at an already demanding time.

3. Key Risks

- 3.1 There are no risk management issues arising from this report.

4. Financial and Other Resources Implications

4.1 The Public Sector Audit Appointments (PSAA) Panel scale audit fee for 2020/21 is included in the Re-drafted Audit Strategy Memorandum any further fee increase will be discussed between the Chief Finance Officer and Mazars. There are no other financial or other resource implications arising from this report.

5. Legal Implications

5.1 The Accounts and Audit Regulations 2020/21, which take effect from 31 March 2021, extend the requirement for the audited accounts to be published from 31 July to 30 September, with the exercise of public rights, common inspection date being removed and the draft accounts published no later than 1 August. This revised regulation will apply also to the 2021/22 accounts. The draft accounts were published by 1 August in line with this Regulation, however, the audited accounts were not published in line with 30 September deadline.

6. Equalities Implications

6.1 There are no equality implications arising from this report.

7. Inclusive Economy Implications

7.1 There are no inclusive economy implications arising from this report.

8. Climate Change Implications

8.1 There are no climate change implications arising from this report.

9. Consultation and Engagement

9.1 This report is to note and does not require any further consultation or engagement consideration.

10. Appendices

None

11. Background Papers

None

12. Contact Officers

Janice Gillespie, Chief Finance Officer

Tel: 0191 6435701 email: Janice.gillespie@northtyneside.gov.uk

13. Glossary

ASM	Audit Strategy Memorandum
PSAA	Public Sector Audit Appointments Panel

14. Sign-off

1) Head of Paid Service: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
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