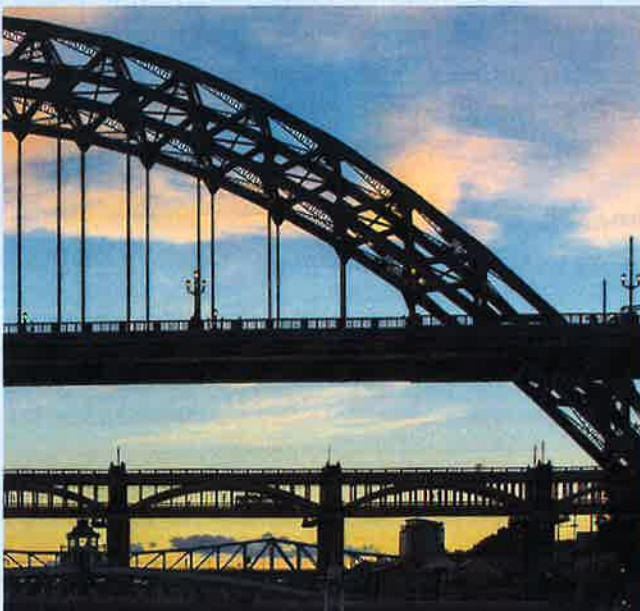




# ANNUAL GOVERNANCE STATEMENT 2021/22



# NORTH OF TYNE



# COMBINED AUTHORITY

## Section 1: Introduction

This Annual Governance Statement provides an overview of how the North of Tyne Mayoral Combined Authority's governance and internal control arrangements operated during 2021/22, including how they are reviewed annually to ensure they remain effective.

## Section 2: Scope Of Responsibility

The North of Tyne Combined Authority (NTCA) is a cross-party, cross-region collaboration led by a Mayor and Cabinet to create a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future.

It was established on 2 November 2018 to deliver the devolution deal agreed between Newcastle, North Tyneside and Northumberland Councils, the North East Local Enterprise Partnership (North East LEP) and Central Government. Devolution has given us the chance to make our own decisions about our own future - with a shift of power, funding and responsibility from central government to the region. It does not replace the three constituent councils, nor take away any of their statutory powers.

We work in partnership and create connections between our programmes and projects for the region. We target investment where we know we need it most and make connections between economic growth and providing the skills, education and confidence local people need to benefit. We work collaboratively with:

- The North East LEP to support delivery of the objectives of the regions Strategic Economic Plan. We are the accountable body of the North East LEP with all its funding decisions being held to account through NTCA.
- The North East Combined Authority to support the region, including transport. To oversee strategic transport functions a Joint Transport Committee has been established with members from both Combined Authorities.
- All seven Local Authorities, and other regional bodies on issues that relate to the wider region.

NTCA is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Authority's Cabinet and Statutory Officers are responsible for putting in place proper arrangements (known as a Governance Framework) for:

- (i) the governance of our affairs and
- (ii) facilitating the effective exercise of our functions, including arrangements for the management of risk

In relation to (ii) the Authority has developed a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to the achievement of our, aims and objectives; and

- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The Combined Authority has developed a Risk Management Strategy and Strategic Risk Register which is reported regularly at meetings of the Authority's Audit and Standards Committee. This information can be found under the [Audit and Standards Committee on the Authority's web-site](#).

### Section 3: Purpose Of The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Chartered Institute of Public Finance and Accountancy (CIPFAs) publication "Delivering Good Governance in Local Government" (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against to consider the extent to which the Authority complies with the principles of good governance as set out in the Framework. This is reported through the Annual Governance Statement. It also enables us to monitor the achievement of the Authority's priorities and to consider whether those priorities have led to the delivery of appropriate services which represent value for money.

The Governance Framework has been in place for the year ended 31 March 2022 and up to the date of approval of the Authority's Annual Report and Accounts.

This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 (6) (1) to conduct a review of the effectiveness of the system of internal controls required by Regulation 3 and prepare an Annual Governance Statement.

### Section 4: The Governance Framework

The core principles and outcomes of our Governance Framework are set out overleaf. This includes examples of how the Authority has adhered to its governance commitments set out in the Constitution and includes hyperlinks to sources of further information which include more detail about how NTCA has implemented its commitments.

#### Principles of Good Governance

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| <b>A.</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | <b>E.</b> Developing the entity's capacity, including the capability of its leadership and the individuals within it |
| <b>B.</b> Ensuring openness and comprehensive stakeholder engagement   | <b>F.</b> Managing risks and performance through robust internal control and strong public financial management      |
| <b>C.</b> Defining outcomes in terms of sustainable economic, social, and environmental benefits                     | <b>G.</b> Implementing good practices in transparency, reporting, and audit to deliver effective accountability      |
| <b>D.</b> Determining the interventions necessary to optimise the achievement of the intended outcomes               |  |

<b>The Governance Framework</b>		
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>		
<b><i>The Authority's Commitment of Good Governance</i></b>	<b><i>How the Authority meets these principles</i></b>	<b><i>Where you can see Governance in action</i></b>
<b>Behaving with Integrity</b>	<p>The 2022 budget and our medium-term financial plan for the period 2023-24/2025-26 has been developed within the context of the Authority's strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the Combined Authority's strategic plans are delivered within the financial resources available.</p> <p>A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area which outlines a framework for collaborative working across the region.</p> <p>A register of Members' interests (including gifts and hospitality) is also maintained. The register is reviewed on an annual basis.</p> <p>The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.</p> <p>Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer and are the responsibility of the NTCA Chief Finance Officer.</p>	<p><a href="#">2022-2026 Budget Proposals</a> (Agenda item 11a – page 323)</p> <p><a href="#">Gifts and Hospitality Policy</a></p>
<b>Demonstrating Strong Commitment to Ethical Values</b>	<p>Our Constitution defines our standing orders, standing financial instructions, and scheme of delegation. These clearly define how decisions are taken and the processes and</p>	<p>The <a href="#">Constitution</a> is available on the NTCA website.</p>

controls required to manage risks. We will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.

Codes of conduct are set out in the Constitution, defining standards of behaviour for Members and Officers working on behalf of the Authority. Audit and Standards Committee deal with issues of conduct and generally promote high standards among officers and members.

Our Freedom of Information Scheme is published on our website

We ensure that there are effective arrangements for “Whistle-blowing” and for receiving and investigating complaints from the public. Administration of the Authority’s policies on anti-fraud and corruption is undertaken by Internal Audit. Whistleblowing policy and procedure is at Part 5.5 of our Constitution

The Authority appoints Statutory Officers who have the skills, resources and support necessary to ensure statutory and regulatory requirements are complied with.

Data Protection and Confidentiality; Environmental; Equalities and Diversity; Modern Slavery; and Social Value policies are in place and available on our Transparency page of our website.

We work with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work which are outlined in our Corporate Plan.

Cabinet Rules of Procedure (“Standing Orders”) can be found at [part 3.1](#) of the Constitution

Codes of Conduct can be found at [Part 5.2](#) of the Constitution

[Freedom of Information Scheme](#)

[Whistleblowing Policy](#)

[Transparency Policies](#)

[Working Together: Our Corporate Plan 2022-2023](#) (page 3)

Respecting the Rule of Law

NTCA has measures to address breaches of its legal and regulatory powers. The Authority's Monitoring Officer has statutory reporting duties in respect of lawful decision and maladministration.

We review and update our standing orders, standing financial instructions, scheme of delegation and support procedure notes/manuals – these clearly define how decisions are taken and the processes and controls required to manage risks.

Scheme of Delegations - The proposed scheme identifies a number of officers as "designated officers" who can exercise the delegated functions allocated to them in the scheme. These designated officers are the Head of Paid Service, Chief Finance Officer, and Monitoring Officer, Chief Executive and Director of Policy and Performance, as well as the Chief Executive of the North East LEP (whose delegation relates to North East LEP matters only).

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer.

The Monitoring Officer is advised on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical.

Constitution 2.9 – Scheme of Delegations

B. Ensuring openness and comprehensive stakeholder engagement		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
<p><b>Ensuring Openness</b> Engaging Comprehensively with Institutional Stakeholders</p>	<p>We are clear on delivering the objectives of the Combined Authority and intended outcomes of our vision. Our Corporate Plan outlines the things we are doing and will do in future – using the powers and resources from our Devolution Deal, and the rapid progress we have made since – to drive jobs, inclusion, new homes and positive economic change in our region</p> <p>Our Annual Report 'Getting Stuff Done in 2021' sets out the Authority's achievements and the work of the Mayor and Cabinet over the last year.</p> <p>The Elected Mayor chairs the Cabinet and Cabinet decisions will be subject to scrutiny by the Overview and Scrutiny Committee. The Elected Mayor has a number of specific powers and financial resources which Cabinet can make representations on and which can also be subject to scrutiny by the Overview and Scrutiny Committee.</p> <p>Transport is of strategic importance to the North East and together with the North East Combined Authority a North East Joint Transport Committee has been established bringing together members from across the seven local authorities, allowing effective decision making across the region to ensure that the local needs and transport priorities are delivered.</p> <p>The NTCA updated Adult Education Strategic Skills Plan sets out our ambitious programme for skills development. It</p>	<p><a href="#">Working Together: Our Corporate Plan 2022-2023</a> (page 3)</p> <p><a href="#">Getting stuff done in 2021- Annual Report</a></p> <p><a href="#">Overview and Scrutiny Committee – Annual Report</a> – Agenda item 8</p> <p><a href="#">North East Joint Transport Committee</a></p> <p><a href="#">Opportunity for All – North of Tyne Strategic Skills Plan 2021-2023</a></p>

	<p>highlights strengths, opportunities and challenges across our region and sets out the NTCA key priorities to ensure our residents have the skills to get a good job, progress in work and that employers have people with the right skills.</p>	
<p>Engaging stakeholders effectively, including individual citizens and service users</p>	<p>Meetings, agendas and minutes are accessible via the website. All meetings are held in public (other than where consideration of confidential or exempt information) - during the pandemic, Cabinet meetings and all other Committees were held virtually, in accordance with their usual timescales, and live streamed for the public to view. Cabinet meetings continue to be livestreamed.</p> <p>We publish a register of key decisions to notify the public of the most significant decisions the Combined Authority is due to take. Details of each decision are included on the Forward Plan 28 days before the report is considered and any decision is taken. This allows an opportunity for people to find out about major decisions that NTCA is planning to take.</p> <p>In 2021 the Overview and Scrutiny Committee conducted a study group on co-production with three recommendations all accepted by Cabinet in July.</p> <p>Our Freedom of Information Scheme is published on our website.</p> <p>The appointment of a Mayoral Ambassador for the Voluntary, Community and Social Enterprise Sector (VCSE) and supporting Accord, which sets out a framework for a new relationship between NTCA and the VCSE to deliver our shared vision of an inclusive economy.</p>	<p><a href="#">NTCA website</a></p> <p><a href="#">Forward Plan</a></p> <p><a href="#">Co-production at NTCA Scrutiny Report</a> – Agenda item 6</p> <p><a href="#">Freedom of Information Scheme</a></p> <p><a href="#">VCSE Accord Agenda item 4</a>  <a href="#">VCSE Stakeholder Engagement Group Annual Report 2021/22</a> – page 19</p>



	<p>We set up a dedicated Coronavirus webpage which provides support for our businesses and communities, providing the latest government advice and available support. The website also signposts businesses to specialist sources of Brexit preparedness advice and support.</p> <p>We continue to use Facebook and Twitter as primary social media platforms to provide information on news and events for residents, businesses and visitors.</p> <p>Our website includes a transparency page where you will find the non-financial information the North of Tyne Combined Authority is required to publish under the Local Government Transparency Code 2015.</p> <p>We continue to work closely with our adult education providers providing stability and flexibility to ensure delivery is maintained throughout and beyond the Covid-19 pandemic. The hyperlink to the mid-year update provides an update on provision for the period 1 August 2021 to 4 February 2022.</p>	<p><a href="#">Coronavirus webpage</a></p> <p><a href="#">Brexit Support webpage</a></p> <p><a href="#">Transparency Information</a></p> <p><a href="#">Devolved Adult Education Budget – mid year update (Agenda item 6 – page 21</a></p>
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<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>		
<p><b>The Authority's Commitment to Good Governance</b></p>	<p><i>How the Authority meets these principles</i></p>	<p><i>Where you can see Governance in action</i></p>
<p>Defining Outcomes</p>	<p>Our Corporate Plan outlines the things we are doing and will do in future – using the powers and resources from our Devolution Deal, and the rapid progress we have made since – to drive jobs, inclusion, new homes and positive economic change in our region.</p>	<p><a href="#">Working Together: Our Corporate Plan 2022-2023 (page 3)</a></p>

	<p>The North East LEP works with its partners, which includes NTCA and NECA, to deliver the regions Strategic Economic Plan (SEP). The Plan reflects on recent changes to the global and national economy as well as the UK's departure from the European Union. It also looks at how the North East can maximise opportunities around the UK's Industrial Strategy.</p> <p>We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements.</p>	<p><a href="#">Strategic Economic Plan</a></p> <p><a href="#">UK's Industrial Strategy.</a></p> <p><a href="#">Significant Partnership Register</a></p>
<p>Sustainable, Economic, Social and Environmental Benefits</p>	<p>To build on the engagement that is already happening across the North of Tyne region regarding climate change, Cabinet has approved the creation of a Citizens' Assembly to look at a specific set of issues relating to climate change.</p> <p>NTCA have embedded our 'zero-carbon – zero poverty' approach; the Energy, Green Growth and Climate Change programme, improving the north bank of the Tyne, green crowdfunding and our Green New Deal which will create jobs, reduce emissions, and save money – it's the kind of innovation that's needed for local areas to become net-zero. Creating jobs need not cost the Earth.</p> <p>As part of the business planning process the Authority sets out how it will work towards its agreed equality objectives, with Equality Impact Assessments undertaken to ensure we consider the likely impact of our policies and plans on different groups of people to ensure they do not inadvertently disadvantage anyone.</p>	<p><a href="#">North of Tyne Citizens' Assembly on Climate Change</a></p>

Equality implications are considered in all our decision-making reports - with reporting templates prompting report authors to record the equality implications arising from their reports.

Our Social Value Policy sets out how the Authority will deliver social value through their commissioning and procurement activities and to set the Authority's priorities in relation to social value.

NTCA has developed a programme to understand what 'Good Work' should look like in the North of Tyne and how NTCA can promote and reward employers that are offering the elements of 'Good Work'. This has included the development of a Good Work Pledge, which enables employers to understand the key elements of 'Good Work', what they can do to achieve this for their employees and what support is available to help them get there. The pledge covers over 35,500 employees who now have secure employment, a decent wage and proper representation and a ladder to boost skills to turn a job into a career.

The Adult Education Budget provision supports key elements of the North East Strategic Economic Plan, and the emerging Local Industrial Strategy and plays a key role in NTCA's economic growth and reform agenda.

To support businesses during the Coronavirus pandemic we have made funding of £5m available with additional grant funding of around £1.5m to support businesses during the Coronavirus crisis.

[Social Value Policy](#)

[Newcastle college](#) receives good work pledge award

[Devolved Adult Education Budget mid-year update](#) – Agenda item 6

[Covid-19 Capacity Fund](#)

We have established a digital equipment loan scheme to support residents across the region giving them access to digital services and opportunities. Encouraging digital inclusion for everyone will help our residents' access new opportunities and in turn support our inclusive economy.

Inclusive Economy Board was launched in March 2020 and advises the NTCA Cabinet on inclusive economy interventions across the North of Tyne area, championing the NTCA vision and supporting the area to become a national exemplar in inclusive growth

The Housing and Land Board provides robust governance around an integrated strategic approach to improving the quality and quantity of homes in the North of Tyne area.

A North of Tyne Poverty Truth Commission will bring together community, civic and business representatives with people with experience of living in poverty. It will aim to better understand the specific effects of the Covid -19 pandemic for people living in Newcastle, North Tyneside, and Northumberland and come up with practical solutions.

Crowdfund North of Tyne will fund projects to help communities - its aim is to bring people together, create or improve green spaces, improve mental health, inspire creativity and opportunity for all, or support social enterprise and co-operative development.

[Digital Inclusion Scheme](#)

[Inclusive Economy Board Annual Report 2021/22](#) – page 13

[Housing and Land Board Annual Report 2021/22](#) – page 15

[Children North East to lead on Poverty Truth Commission](#)

[Child Poverty Prevention Programme](#) – Agenda item 9

[Crowdfund North of Tyne](#)

D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Determining Interventions	<p>Cabinet approved its draft budget for 2022/23, and the medium-term financial plan for the period 2023/24 to 2025/26 at its January 2022 meeting.</p> <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>A Cabinet Scrutiny Protocol has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.</p> <p>A Scrutiny Annual Report was presented to Cabinet at its Annual Meeting</p>	<p><a href="#">Cabinet Report (Agenda item 11a)</a></p> <p><a href="#">Constitution (Part 1.2)</a></p> <p><a href="#">Cabinet Scrutiny Protocol (Agenda item 6)</a></p> <p><a href="#">Overview and Scrutiny Committee – Annual Report – Agenda item 8</a></p>
Optimising Achievement of Intended Outcomes	<p>The strategic, crosscutting nature of much of the Authority's work means that delivery is often achieved through collaboration with NTCA partners and North of Tyne Council's. An example of this collaboration is in our Recover, redesign, reimagine plan which has been put forward to Government demonstrating our commitment to post-covid recovery and renewal.</p>	<p><a href="#">Recover, Redesign, Reimagine</a></p>

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Developing the Organisation's Capacity	We have defined and documented in our Constitution the roles and responsibilities of Cabinet, Scrutiny and 'proper' officer functions (Head of Paid Service, Monitoring Officer, Chief Finance Officer), with clear delegation arrangements and protocols for effective communication. The collective and individual roles and responsibilities of the Cabinet, Members and Officers have been agreed by the Combined Authority.	<a href="#">Part 2 Constitution – Responsibility for Functions - NTCA (northoftyne-ca.gov.uk)</a>  <a href="#">Minutes Cabinet 8 June 2021 (northoftyne-ca.gov.uk)</a>
Developing the Capability of the Organisation's Leadership and Other Individuals	<p>We identify and aim to address the development needs of members and senior officers through the annual appraisal process, in relation to their strategic roles, and support these with appropriate training.</p> <p>Values and behavior's workshops have been delivered to all staff, with staff appraisals undertaken with agreed targets and objectives linked to NTCA's work programme.</p> <p>During the Coronavirus pandemic national updates and latest Government guidance was regularly communicated to all our staff working remotely.</p> <p>Staff are also reminded of our information governance/data security requirements whilst working remotely, to ensure they continue to work safely and securely. Additional health and safety modules have been made available on our Learning Management System alongside advice from the Health &amp; Safety Executive to ensure all our staff work safely at home.</p>	

F. Managing risks and performance through robust internal control and strong public financial management		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Managing Risk	Our Risk and Opportunity Management Policy and Strategy outlines our arrangements for managing risk. Risk management is an integral part of our decision-making processes. To inform decision making all committee reports include a section which highlights the key risks to the decisions or proposed recommendations and how they are being addressed.	
Managing Performance	<p>Cabinet and Overview and Scrutiny Committees receive quarterly finance reports, monitoring the Authority's financial position and treasury management activity.</p> <p>Cabinet and Overview and Scrutiny Committees receive six monthly reports monitoring the financial position of the North East LEP and Invest North East England.</p>	<p><a href="#">Overview and Scrutiny Committee 8 February Budget Monitoring Report - Agenda item 9</a></p> <p><a href="#">Overview and Scrutiny Committee 5 July Outturn Report – Agenda item 9</a></p>
Effective Overview and Scrutiny	<p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution (Part 1.2) and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>A Cabinet Scrutiny Protocol has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.</p>	<a href="#">Adoption of Cabinet-Scrutiny Protocol</a>

	<p>A Scrutiny Annual Report was presented to Cabinet at its Annual Meeting</p> <p>There are regular meetings between the Mayor and the Chair and Vice Chair of Overview and Scrutiny Committee.</p>	<p><a href="#">Overview and Scrutiny Committee – Annual Report – Agenda item 8</a></p>
<p>Robust Internal Control</p>	<p>An Officer holds the position of Data Protection Officer and is responsible for overseeing the Authority’s Data Protection and Confidentiality Strategy and its implementation to ensure compliance with the General Data Protection Regulations.</p> <p>The Authority regularly reviews policies relating to records management, data quality, data protection and information security.</p> <p>The Audit and Standards Committee acts as principle advisory committee to NTCA, providing independent assurance on the adequacy of the risk management framework and internal control environment.</p> <p>An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Authority’s internal auditors. The Chief Internal Auditor will provide an annual opinion for 2021/22 to support this Annual Governance Statement.</p> <p>A 2022/23 Strategic Audit Plan which was approved by Audit and Standards Committee April 2022, has been prepared to ensure Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Authority. Progress against the 2021/22 Audit Plan was reported to Audit and Standards Committee at its January 2022 meeting.</p>	<p><a href="#">Data Protection and Confidentiality Strategy</a></p> <p><a href="#">Internal Audit report April 2022 – Agenda item 4)</a></p>



Managing Data	<p>All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continues during 2022/23.</p> <p>The Authority makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.</p>	<p><a href="#">Freedom of Information Scheme</a></p>
Strong Public Financial Management	<p>The control and financial management arrangements are reviewed by internal and external audit throughout the year. The outcomes for 2021/22 are noted in Section 5 of this Annual Governance Statement – Annual Review of Effectiveness of Governance Framework.</p>	

<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>		
<p><i>The Authority's Commitment to Good Governance</i></p>		
<p>Implementing Good Practice in Transparency</p>	<p><i>How the Authority meets these principles</i></p> <p>Mayor's Question Time – Mayor Driscoll hosts regular themed online Mayor's question time, welcoming questions and comments on key issues.</p> <p>We publish details of delegated decisions on our website.</p> <p>We publish NTCA's £500+ spend monthly</p>	<p><i>Where you can see Governance in action</i></p> <p>Mayor's Facebook Page - Mayor's question time</p> <p><a href="#">delegated decisions on our website.</a></p> <p><a href="#">2021/22 Transparency Spend Documents</a></p>
<p>Implementing Good Practices in Reporting</p>	<p>We ensure that our Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit</p>	<p><a href="#">Review of Audit and Standards Committee Arrangements – April 2022 – Agenda item 7</a></p>

	<p>Committees – Practical Guidance for Local Authorities and Police 2018.</p> <p>Internal Audit compliance with Public Sector Internal Audit Standards</p> <p>Production of the Authority's Annual Report and Accounts</p>	
<p>Assurance and Effective Accountability</p>	<p>The Assurance Framework explains the arrangements for NTCA to:</p> <ul style="list-style-type: none"> <li>• Demonstrate that arrangements are in place to ensure accountable and transparent decision-making</li> <li>• Appraise projects and allocate funding; and</li> <li>• Monitor and evaluate projects to ensure that they achieve value for money and projected outcomes</li> </ul> <p>The Assurance Framework has been designed to meet the National Guidance for Single Pot Assurance Frameworks, issued by MHCLG for localities in receipt of a Single Pot as part of their Devolution Deals.</p> <p>Section 5 of this Annual Governance Statement provides the views of our internal and external auditors. Auditors report regularly to Audit and Standards Committee and provide their annual opinion on the adequacy of the effectiveness of our governance, risk and control framework.</p> <p>The Authority monitors the implementation of internal and external audit recommendations. Audit and Standards Committee receive regular reports summarising performance regarding implementation of recommendations.</p>	

	<p>Information on expenditure, performance and decision making is sited together on the Transparency page of the Authority's website and can be accessed quickly and easily.</p>	
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## Section 5: Annual Review Of Effectiveness Of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our governance framework, including the system of internal control. The review is led by Officers and Members of Audit and Standards Committee who provide independence and challenge. The review is informed by:

- (a) An assessment of the Authority's Constitution, including its committee structure.
- (b) The views of Internal Audit. The Interim Chief Internal Auditor's report to the July 2022 Audit and Standards Committee gives the following opinion on the adequacy and effectiveness of the framework of governance, risk management and control in place for the North of Tyne Combined Authority for 2021/22: The opinion of the Interim Chief Internal Auditor is that the framework of governance, risk management and control is satisfactory overall, given the range of responsibilities it is required to discharge. This is a positive assessment of the control environment of the organisation.
- (c) Assurance from Statutory Officers, including the Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written signed statements.
- (d) The views of External Auditors.
- (e) The results of the Authority's self-assessment of compliance with the new CIPFA Financial Management Code
- (f) Activity of the Audit and Standards Committee, including ethical governance
- (g) Partnerships, including the North East Joint Transport Committee
- (h) The Risk Management process, particularly the Strategic Risk Register
- (i) Performance information which is reported to Cabinet and other meetings on a regular basis.

## Section 6: North East Joint Transport Committee and North East Combined Authority

Regional transport is operated and governed by the North East Joint Transport Committee, bringing together the two Combined Authorities, which allows effective decision-making across the region to ensure that the local needs and transport priorities are delivered. The Committee receive regular updates on North East and Regional Transport Plans. The Committee also receive regular updates from the Managing Director, Transport North East, in respect of transport partnerships, including East Coast Mainline, HS2 and Northern Powerhouse Rail.

The Joint Transport Committee, Audit Committee is also a key component of the corporate governance arrangements and is an important source of assurance about the Joint Transport Committee's arrangements for managing risk, maintaining an effective control environment; and reporting on financial and performance matters.

The Joint Transport Committee also has an Overview and Scrutiny Committee to enable local councillors, on behalf of their communities, to scrutinise and challenge the Joint Transport Committee, its committees and Nexus, and to investigate matters of strategic importance to residents with a view to influencing and adding value to the decisions.



## Section 7: Investment Fund Programme & Brownfield Housing

### Investment Fund Programme

Delivery of the initial 5-year Investment Programme is in a strong position as we approach the first Gateway Review with Government. To date £82.9m is committed (exc. £10m top slice) against a wide range of projects and programmes supporting businesses, skills and capital infrastructure. Project delivery is well underway and we are seeing an increase in the reporting of actual outputs, including 819 new jobs and 1773 safeguarded.

Forecast cumulative expenditure for 2022/23 currently stands at c£50m (taking account of attrition). In addition, a healthy pipeline of high-quality projects is in place with further significant investments planned in the coming months. This includes establishing a £10m Equity Fund to support business growth, as well as further investments around green growth, digital, culture and creative, enabling innovation in businesses, as well as broader programmes of support to our residents and communities. The Covid-19 pandemic has had an impact on North of Tyne residents and our economy, in addition to the implications of Brexit and war in Ukraine. The Combined Authority continues to work closely with project sponsors to provide additional support and enable the development of alternative delivery methods where appropriate to realise outcomes. The impacts continue to be monitored.

An evaluation framework to capture our achievements and learning has been approved by the Mayor and the portfolio holder for Investment and Resources. The Combined Authority also commissioned SQW to undertake an external evaluation against national indicators, to support the upcoming gateway review in early 2023. The joint baseline and one-year-out report was received positively by Cabinet in February, evident throughout was the increasing strength of partnership working and capacity building across the area since NTCAs inception. Performance is reported monthly, outcomes are slightly ahead of forecasts in terms of the creation of new jobs and attracting private sector leverage. A bespoke programme management system, shared with the North East LEP, was launched in April 2021 across all NTCA programmes. The system was developed through an agile methodology with further functionality built over 2021/22. As a cloud-based system, this will improve the efficiency of managing and monitoring programmes across the Combined Authority and will streamline the interface with delivery organisations for claims and output reporting.

### Brownfield Housing

In July 2020, the Combined Authority secured £23.850m from Government's £400m national Brownfield Housing Fund. This was increased by a further £7.9m announced within the Levelling Up White Paper in February 22. The funding will be delivered over five years up to 31 March 2025, to support the development of at least 2000 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. The Brownfield fund is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.

The Combined Authority has operationalised the programme at pace, working closely with Local Authorities to establish a pipeline of projects totalling £23.3m and legally committing £12.5m against 6 investments by March 2022. A further £21.1m of proposed projects is currently going through the assurance framework which will increase the pipeline to £44m.

### Levelling up

Government produced the Levelling up White Paper in February as a "*blueprint for spreading opportunity more equally across the country*", with a focus on productivity, quality of life, place improvements and stronger leadership.

The White Paper itself was not accompanied by major funding announcements, although the NTCA will receive nearly £8m of additional Brownfield Housing Funding and a devolved Shared Prosperity Fund allocation – with the amount not yet known.

Instead, the main focus of the White Paper is to provide the strategic backdrop for, and influence, future Government funding and decision making - in areas ranging from skills and regeneration to digital infrastructure. It also advocates that more funding should be devolved in future. Government departments will be asked to set spatial objectives and numerical targets, while a new Levelling Up Advisory Council will be created to oversee progress.

## **Section 8: Adult Education Budget**

Devolution of Adult Education Budget (AEB) has provided an opportunity to make commissioning decisions on an area focused and forward-looking basis. NTCA's ambition is to improve the impact of AEB in the NTCA region and we will continue our approach to strategic relationship building and partnership working to develop localised, flexible, high-quality provision that responds to the needs of our residents and employers.

In August 2020 the NTCA took control of £23,144,967 devolved AEB for academic year (AY) 2020-21. An additional allocation of £959,064 for one year only was devolved in September 2020 to invest in High Value Courses (HVC) and Sector-based Work Academy Programmes (SWAP). £409,894 was also delegated to NTCA in April 2021 to deliver the Lifetime Skills Guarantee – Level 3 Adult Offer. Bringing the total AEB for AY 2020-21 to £24,513,925.

With Cabinet approval, 100% of the NTCA AEB funding was allocated during AY 2020-21. 67% was allocated through Grant Funding Agreements, 27% was allocated through procurement exercises which were open to all adult education training providers and 3% was invested in the costs associated with managing the budget.

For AY 2021-22 NTCA have received a devolved AEB of £23,551,493 plus an additional £1,641,588 for the delegated Level 3 Adult Offer. Bringing the total AEB for AY 2021-22 to £25,193,081. NTCA Grant fund 10 Provider's. 26 Contracts for Service are held with 22 Provider's. And there are 13 Provider's delivering the delegated Level 3 Adult Offer.

Through the Scheme of Delegation 93% of the AY 2021-22 budget has been allocated through extensions to Grant Funding Agreements and procured Contract for Services. The remaining funding is being allocated through mini-competitions and contract growth as new opportunities are identified throughout the year. All NTCA Providers have developed an AEB Delivery Plan which is monitored at quarterly performance management meetings throughout the year.

The AEB is a cornerstone of investment in the skills system and has a significant role in supporting our region's economic recovery from the COVID-19 pandemic. Led by the priorities outlined in the published NTCA Strategic Skills Plan, NTCA officers work closely with education providers, employers and stakeholders to ensure that a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local labour market needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

The devolution of the AEB has provided NTCA with the opportunity to implement additional flexibilities on the funding for the benefit of our residents and employers. NTCA implemented a number of new funding flexibilities during AY 2020-21 and AY 2021-22 in response to consultation with the AEB provider base and in response to the ongoing impact of the crisis on adult learning. All of the flexibilities have been co-designed to specifically address disadvantage and remove barriers to learning.

NTCA AEB providers have delivered a range of provision targeting employed and unemployed residents including statutory entitlements in maths, English, English for Speakers of Other Languages (ESOL) and digital skills plus full Level 2 and Level 3 vocational programmes required to access the labour market and/or progress in work.

Despite the ongoing restrictions and interruptions to learning caused by COVID-19, in AY 2020-21 the AEB funded over 25,000 enrolment opportunities and by the mid-year point in this current AY 2021-22, the AEB has already funded over 17,400 enrolment opportunities.

Key priorities set out in the NTCA Strategic Skills Plan include supporting residents of all ages, including those in work, to develop their skills to progress into better jobs and increase their earnings. We also aim to extend the reach of learning opportunities to a broader range of underrepresented groups. Analysis of NTCAs devolved AEB investment reveals that

- 72% of residents accessing devolved AEB reside in the top 20% deprived wards in our region (45% of in the top 10% deprived wards)
- 71% of AEB opportunities are being undertaken by unemployed residents
- 16% of AEB opportunities are being undertaken by young people (19-24)
- 58% of AEB enrolment opportunities are being undertaken by women
- 47% of enrolment opportunities are being undertaken by residents from our BAME community
- 72% of AEB enrolment opportunities are undertaken by residents with low or no qualifications
- 18% participating in provision self-declared a learning difficulty/disabilities

### **Section 9: Significant Weaknesses In Governance and Internal Control**

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no significant weaknesses in governance or internal control during 2021/22.

### **Section 10: Governance and Internal Control Improvements**

The review also identifies activities that may need improvement, but which do not constitute “significant weaknesses” in our governance and internal control arrangements. These are set out in Appendix A and will be monitored as part of the next review.

### **Section 11: Conclusion**

We consider the governance and internal control environment operating during 2021/22, to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

The annual review has shown that the arrangements for 2021/22 are in place and operating as planned.



**Mayor of the North of Tyne Combined Authority**

**Full Name: Jamie Driscoll**

**Signature:**

**Date:**

29<sup>th</sup> Nov 2023

**Chief Executive**

**Full Name: Henry Kippin**

**Signature:**



**Date:**

29.11.23

**Chief Finance Officer**

**Full Name: Janice Gillespie**



**Date:**

28/11/23

## Section 13: Governance and Internal Control Improvements **Appendix A**

### CIPFA Financial Management Code

#### **Background Risk**

The Financial Management Code (FM Code) was an additional requirement in 2020/21 and is mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of a public authority.

In preparation for the first full year of compliance with the Code the Combined Authority undertook a self-assessment to ensure that it complied with the FM code in line with guidance issued by CIPFA and in a way that is appropriate and proportional to its own circumstances reflecting the structure, function and size of the Combined Authority.

The overall conclusion of each Financial Management Principle has been assigned a red, amber, or green rating in line with the scale of the improvements required for full compliance. A red rating indicates that significant improvements are required, an amber rating indicates that moderate improvements are required, and a green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each Principle are noted below:

- Leadership – Green
- Accountability – Green
- Transparency – Green
- Standards – Green
- Assurance – Green
- Sustainability – Green

The overall results from the self- assessment were green, however, the code requires any areas for improvement to be disclosed within an action plan. The self-assessment identified 4 areas for improvement, which once implemented will ensure the Combined Authority fully complies with the Financial Management Code.

**Accountable Officer: Chief Finance Officer**

**Action(s) required to enhance effectiveness**

**Implementation date**

<p><b>Assurance Principle – Standard (F)</b> The authority has carried out a credible and transparent financial resilience assessment.</p> <p><i>This requirement relates to whether the Combined Authority has undertaken an independent, credible, and transparent financial resilience assessment. Unlike Local Government the Combined Authority has full control over the grant and funding programmes it has with more certainty around the financial envelope to plan with, and no risk associated with Demand Led Services as our constituent authorities have. The factors which should be considered as part of the financial resilience assessment, will include getting routine financial management right, planning and managing revenue and capital resources well and using performance information effectively. As no assessment has been carried out to date externally, this has been consequently assessed as Amber.</i></p> <p><b>Progress update:</b></p> <p>An annual external assessment is carried out by the External Auditor to ensure the Combined Authority is a going concern and has put proper arrangements in place to secure value for money. In addition, the first 5-year Government Gateway Review is due to be undertaken in 2022-23 to provide independent assurance of the Combined Authorities funding programmes have resulted in positive impact for the Region.</p>	<p>March 2023</p>
<p><b>Standards Principle – Standard (H)</b> The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p> <p><i>Borrowing powers need to be secured to enhance the Combined Authority’s ability to achieve its ambitions. These powers may be secured during Q4 of 2021/22 (January – March 2022). At which time an appropriate Capital Investment Strategy will be laid before the Mayor and Cabinet for their consideration.</i></p> <p><b>Progress update:</b></p> <p>Confirmation received 28 March 2022 that the Minister had signed the Combined Authority (Borrowing Powers) Regulations 2022 on 22 March 2022. Chief Finance Officer will work on an appropriate Capital Investment Strategy including Minimum Revenue Provision (MRP) Policy to be laid before the Mayor and Cabinet for their consideration. The Capital Investment Strategy and MRP Policy will be taken alongside the Budget Proposals Report for 2023/24 to January 2023 Cabinet.</p>	<p>January 2023</p>
<p><b>Sustainability Principle – Standard (E)</b> The Financial Management Style of the authority supports financial sustainability – Has the authority sought an external view on its financial style, for example through a process of peer review?</p> <p><i>The Authority has evolved as a new entity in its entirety. The nature of the funding sources and delivery mechanisms the Authority has to achieve the Ambition and the requirements of the devolved funding mean that the level of risk associated with Financial Sustainability traditionally associated with Local Government Tiers is not the same. A peer review is not a requirement for compliance with the FM Code, the benefit of doing so will enable:</i></p>	<p>March 2023</p>

- *The creation of an action plan for any areas of improvement.*
- *Review adequacy of financial management support.*

**Progress update:**

Head of Paid Service and members of the Senior Management Team to take this action forward with consideration of engaging on a peer review with a fellow Mayoral Combined Authority.

**Transparency Principle - Standard (M)** Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in the International Federation of Accountants/Professional Accountants in Business Publication – Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?

*The Combined Authority have an Assurance Framework for appraising all projects, in line with the HM Treasury Green Book recommendations - a review is currently ongoing to further strengthen the requirements for options appraisals and relate this to the Business Case Guidance.*

**Progress update:**

A review of the Assurance Framework and Business Processes supporting the Assurance Framework is still ongoing with regular updates presented to NTCA Senior Management Team. Initiation phase almost complete.

March 2023