

Audit and Standards Committee

Tuesday 23 April 2024 at 10.00 am

Meeting to be held: Pandon Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

www.northoftyne-ca.gov.uk

AGENDA

	Page No
1. Welcome and Apologies	
2. Declarations of Interest	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Agreement of the Minutes of the Meeting held on 19 September 2023 - for approval	1 - 10
4. Agreement of the Notes of the Meeting held on 23 January 2024	11 - 14
5. 2022/23 Audit Completion Report and Auditor's Annual Report	15 - 18
Members are requested to note the intention to circulate the appendices to the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.	
6. 2022/23 Audited Statement of Accounts	19 - 22
Members are requested to note the intention to circulate the appendices to the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.	

7.	Audit and Standards Committee Self-Assessment of Effectiveness	23 - 32
8.	Internal Audit - Fourth Quarter Update on 2023/24 Audit Plan	33 - 36
9.	Strategic Risk and Opportunities Register	37 - 78
10.	2023/24 Preparation of the Statement of Accounts	79 - 82
11.	2023/24 Report on Accounting Policies to be used in Compilation of Annual Statement of Accounts	83 - 106
12.	2023/24 Draft Annual Governance Statement	107 - 134

Contact Officer: Helen Thompson
Tel: 0191 277 4512
Email: helen.thompson@northoftyne-ca.gov.uk



Audit and Standards Committee

19 September 2023

(10.00 am - 12.00 pm)

Meeting held: Armstrong/Stephenson Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

Draft Minutes

Present:

Chair: D Willis, OBE

Councillors C Gray, A Walker, C Ferguson, Castle, C Hardy, A McMullen, T Mulvenna and J Shaw

12 WELCOME AND APOLOGIES

The Chair introduced himself and welcomed everyone to the meeting. Brief introductions were made.

13 DECLARATIONS OF INTEREST

During discussion of item 4(b) – 2021/22 ACR Update Letter – Councillor Mulvenna declared an interest as substitute Member of the Pensions Committee.

14 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 4 JULY 2023

RESOLVED – That the minutes of the meeting held on 4 July 2023 be agreed as an accurate record and were signed by the Chair.

15 EXTERNAL AUDIT 2021/22 COMPLETION REPORT

Submitted: Report of Chief Finance Officer (previously circulated and a copy attached to the official records) to present Audit and Standards Committee with the External Auditors 2020/21 signed Audit Certificate, the 2021/22 Updated Letter to the Audit Completion Report, the 2021/22 Auditors Annual Report and the 2022/23 Audit Strategy Memorandum.

(a) **2020/21 Audit Certificate**

G Barker, Mazars, presented the Audit Certificate covering letter for the 2020/21 accounts. It was acknowledged that there was a delay before issuing the Audit Certificate following a delay in the audit due to the infrastructure assets issue and waiting for National Audit Office clearance that the NTCA would not be selected for additional Whole of Government Accounts work. The Certificate formally concluded the audit and drew 2020/21 to a close. An unqualified opinion was given and confirmed the authority had proper arrangements in place with no exceptions.

The Chair welcomed the conclusion of the 2020/21 audit.

RESOLVED – That the Committee reviewed and noted the 2020/21 Signed Audit Certificate and the Letter Accompanying Audit Certificate 2020-21.

(b) **2021/22 Audit Completion Report Update Letter**

G Barker, Mazars, presented the 2021/22 updated letter to the Audit Completion Report (ACR). It was noted that it was similarly delayed and was close to completion. The follow up letter explained how all issues which were left incomplete on the Audit Report had been addressed.

The Audit was delayed due to issues around Infrastructure Assets, which was explained in the report. There was also a further delay due to receiving Pension Fund Disclosure because of the triennial pension review. It was confirmed that the Tyne and Wear Pension Fund was audited by another firm and arrangements were in place to seek assurance from them in terms of aspects of the fund that impacts on disclosures in NTCA accounts for pension liabilities. It was noted that the Pension Auditor did not report to Mazars until March 2023, ordinarily it would have been the November prior. Triennial review of the Pension Fund had therefore been carried out by that point and updated information was available which meant it needed to be reflected in the financial statements.

Mazars worked on the revised report and looked at any changes in actuarial assumptions and found there were no issues arising.

It was noted that assurance was sought from the Pension Fund Auditor in terms of the membership data that was used in the triennial review to ensure the information TWPF used in the evaluation was properly supported. A report was received from the Pension Fund Auditor in September, work was ongoing through the queries and an initial response was received yesterday. It was expected that Mazars would be in a position in the next week to issue the Audit Report on the 2021/22 financial statements. It was anticipated that an unqualified opinion would be issued on the financial statements and that the report and follow up letter would be taken to Cabinet for endorsement and the report issued thereafter.

The Chair queried the recommendation relating to ‘related party declarations’ and invited John Softly to comment.

J Softly stated he would welcome a further conversation and he assured the Committee that the requirements for registration of interests met the legal requirements imposed on all local authorities and in fact goes beyond that. G Barker confirmed that, as there had been no time for discussion prior to publication, it would be fair to revisit that recommendation and make any changes necessary following a discussion with the Monitoring Officer and advised that an updated letter would be provided to Committee thereafter.

In relation to the other recommendation relating to the recording of access request forms, K Laing stated that IT management system services were provided by a third party and suggested further discussion on that recommendation would also be required.

RESOLVED - That the Committee reviewed and noted the 2021/22 Updated Letter to the Audit Completion Report.

(c) 2021/22 Auditors Annual Report

G Barker, Mazars, presented the 2021/22 draft Auditors Annual Report. It would be finalised once the Audit Report was issued and unqualified opinion given, however a draft had been brought to Committee to provide the substance of the report before it was finalised.

The report explained the key areas audited; financial sustainability, governance and improving economy, efficiency and effectiveness. Mazars were required to report exceptions and identify any significant weaknesses. It was reported that no significant weaknesses have been found in the authority's arrangements.

The report highlights the Audit fees charged for 2021/22 which were in line with the previous year, the only exception was the additional work in relation to pension auditor assurance and revisions as a result of that.

RESOLVED - That the Committee reviewed and noted the 2021/22 Auditors draft Annual Report.

(d) 2022/23 Audit Strategy Memorandum

J Dafter, Mazars, presented the Audit Strategy Memorandum for 2022/23 which set out the approach in how the audit work would be carried out.

A summary of the work to be undertaken was outlined, which included looking at; audit opinion, value for money, fraud and wider reporting and electors' rights. The Committee was advised on the audit scope, approach and timeline. It was reported that the audit would begin in October 2023 with completion expected in December 2023 to January 2024.

It was acknowledged that Mazars were responsible for the audit of the Group consolidation, made up of; NTCA, Nexus and NECA. The work was carried out in strict order with the audit of Nexus carried out first, as that feeds into the core elements of NTCA and NECA. The NECA audit was carried out secondly, as it carried out the transport element on behalf of the JTC, and NTCA was the last piece of audit work carried out. It was reported that the Nexus audit was well underway with conclusions expected in the next few weeks.

It was noted that there were some staffing challenges, but it was anticipated that completion would be by January 2024, however that was reliant on the Pension Fund audit coming back with assurance before that.

Committee was advised on the three significant risks assessed at this stage, which would be kept under constant review. It was noted that the risks were in line with previous years as management override of controls, revenue recognition (in relation to Tyne Tunnel tolls and grant income) and pension fund due to the size of the figures. The Strategy Memorandum also set out the planned response to how the audit would get that assurance.

Committee was advised on the three criteria areas that the audit would report under; financial sustainability, governance and improving economy, efficiency and effectiveness.

The Committee was directed to the statements within the Strategy Memorandum regarding the commitment to independence and the summary of initial materiality thresholds. Committee was also advised on the revised auditing standard on identifying and assessing the risks of material misstatement (ISA 315).

G Barker advised that there was a new team working on the Tyne and Wear Pension Fund Audit for 2022/23 and had indicated they would be reporting soon so assurance should be received before the report comes back to Committee. The Chair welcomed the indication that assurance would be received soon.

Councillor Ferguson questioned what the consequences would be if the timeline slipped and how would that be managed. It was confirmed that ultimately 2022/23 audit could not be signed off until everything was done to the right standards. The aim was January 2024, however there were staffing pressures so there was scope to shift, although it was acknowledged that it would not be a good year for things to be delayed. If timescales did slip beyond when NTCA ceased to be, the new combined authority would be responsible for the approval of the accounts. Councillor Ferguson made the point that accounts would need to be passed over for 2023/24, would it cause any more difficulty to do two years of accounts under those arrangements. It was acknowledged that audits really need to be brought up to date to ensure as far as possible that two audits were not open at the same time and therefore the focus was on removing the backlog.

The Chair advised that there would be a workshop in November time to look at 2022/23 figures with an aim to bring to Committee in January 2024. A further Committee date in April could be an opportunity to look at 2023/24 figures to make it easier for the new Mayoral Combined Authority to sign off the accounts.

G Barker made Committee aware that this was a national issue and proposals were developing with the DLUH around assist in getting rid of audit backlogs, details of the proposal were still unclear at present. It was noted that there were suggestions that this could mean issuing qualifications of accounts that were taking the time which were often the least meaningful figures as they were estimates to a large extent. However, there was a lack of clarity around those proposals at present.

Councillor Castle questioned who would be accountable once NTCA ceased to be. J Softly confirmed the new authority would take on responsibility and liability for the two previous combined authorities, NTCA and NECA. However, in terms of arrangements regarding accounting, discussions were ongoing with government about specific

provision to deal with accounting and audit arrangements due to the timings around year end in April and the new Mayoral combined authority being created in May, which would be clarified in legislation.

RESOLVED - That the Committee reviewed and noted the 2022/23 Audit Strategy Memorandum.

16 **2021/22 STATEMENT OF ACCOUNTS**

Submitted: Report of Director of Finance (previously circulated and a copy attached to the official records) to provide Audit and Standards Committee with the 2021/22 Audited Statement of Accounts for the year ending March 2022.

K Laing introduced the report and requested that Committee review the report, and it would be referred to Cabinet for final approval in November.

It was noted that the Statement has been prepared in compliance with the CIPFA Code to ensure a true and fair view of the financial position of the authority. A background of the audit was provided noting the delay relating to material infrastructure assets and the triennial revaluation of the TWPF.

Changes to the 2021/22 Statement of Accounts in terms of Infrastructure Assets, identified that there was insufficiently detailed information available to allow NTCA to demonstrate the material accuracy of the gross carrying value of infrastructure assets. Committee was advised that this issue was entirely technical in nature and did not impact on resources available to NTCA or the level of usable reserves. It was noted that CIPFA guidance was issued that allowed authorities to disclose net infrastructure and not disclose gross infrastructure and gross depreciation in the financial statements.

A further issue arose in April 2023 which led to a change to the Statement of Accounts for 2021/22. This related to the availability of more up-to-date information becoming available from the triennial revaluation of the TWPF, which needed to be reflected in the Statement. The way forward agreed was that authorities were to obtain updated valuation reports and amend the 2021/22 statements and Pension Fund Auditors were to complete testing on the reliability and accuracy of the update pension fund membership data used in the valuation. It was reported that NTCA embedded the changes to the updated pension figures through the 2021/22 Statement of Accounts including the Group Accounts.

Following the changes, it was reported that there was no change to the Movement in Reserves Statement (MRS), there was a small increase in terms of Consolidated Income and Expenditure (CIES) and this was reflected on the balance sheet in a reduction on the pension fund liability. The movement resulted in a £0.354m reduction in the deficit position.

The Committee was reminded that the changes in the financial statements were technical in nature and do not impact on the reserves or real resources available to the Authority.

It was noted that the Pension Reserves sat within Unusable Reserves within the Statement of Accounts and could not be used to fund expenditure and were used to hold technical accounting balances.

The Chair questioned whether the movements in the pension figures were material and if not why could the current figures not be used for the 2022/23 account. It was confirmed that previous figures could not be used as new pension figures would be produced with different actuarial assumptions so assurance would still be required on 2022/23 figures.

Councillor Gray asked about how figures relating to Members allowances were presented in the report and whether they should be broken down further into allowances, and expenses claimed. K Laing confirmed that the Chief Officer Remuneration Table included Salary, Fees and Allowances the Members Allowances were only required to show Allowances. Councillor Gray suggested that going forward this should perhaps be listed out more clearly for transparency purposes. K Laing confirmed that further information on the £67,000, and what sits below that figure, would be provided.

The Chair confirmed that the Annual Governance Statement had not differed from what was previously circulated. No questions arose from the Annual Governance Statement.

K Laing presented the Narrative Report and advised that this provided a background to the NTCA and what the main objectives were for the year. It also provided a financial performance summary and a look ahead to 2022/23. It was noted that the report supported the Statement of Account and showed the outturn position as it was when reported to Cabinet in June 2022.

Councillor Gray questioned the reporting on job numbers, and suggested clarity was required to understand the number of jobs created and delivered, as well as methodology around that. K Laing confirmed further detail could be provided around this issue. Comments about the role of the Scrutiny Committee in relation to the work of the Audit Committee were made, including how the job figures were calculated. The Chair agreed that this would be a good point for the workshop to look at in terms of the business of the combined authority and understanding the role of the Audit Committee in relation to the Overview and Scrutiny Committee. Chair asked for members to respond to the skills survey to state that they would like to know more about the business of the combined authority.

Councillor Mulvenna asked whether the number of jobs created included those created by the local authorities. K Laing confirmed that this figure was purely around delivery of the work of the combined authority. Councillor Mulvenna commented that it was important to understand how the figures were sourced, to ensure there was no double counting. It was agreed this would form part of the workshop in November.

RESOLVED – That the Committee reviewed and noted the 2021/22 Audited Statement of Accounts including the Narrative Report and Annual Governance Statement.

17 **STRATEGIC RISK REVIEW**

Submitted: Report of the Risk Advisor to NTCA (previously circulated and a copy attached to the official records) to provide Audit and Standards Committee with assurance that the most significant risks and opportunities have been identified, were being monitored and measures were being taken to mitigate them.

P Slater confirmed that the risk review had been carried out and any changes were highlighted within the report with the transition risks highlighted in blue and also extracted into a single appendix.

The Chair asked whether, aside from the transition risks, any risks had moved over the course of the year. P Slater confirmed that there was no significant movement with any of the risks. The Chair welcomed that the report clearly presented the risks and provided an appendix on 'risks at a glance'.

RESOLVED – That the Committee;

- (i) Reviewed, challenged and accepted the outcomes of the strategic risk review.
- (ii) Noted the summary of the strategic risks identified by the North East LEP.
- (iii) Noted the summary of the strategic risks identified by the North East Joint Transport Committee (North East JTC).

18 **RISK MANAGEMENT POLICY AND STRATEGY**

Submitted: Report of the Risk Advisor to NTCA (previously circulated and a copy attached to the official records) to provide the Audit and Standards Committee with the NTCA Risk Management Policy and Strategy.

P Slater advised Committee that it was good practice to review policies and procedures and confirmed that there was no substantial change from previous years.

RESOLVED – That the Audit and Standards Committee endorsed the 2023/24 Risk Management Policy and Strategy.

19 **INTERNAL AUDIT SECOND QUARTER UPDATE ON THE AUDIT PLAN**

Submitted: Report of Interim Chief Internal Auditor (previously circulated and a copy attached to the official records) to provide the Audit and Standards Committee with the second quarterly progress update against the 2023/24 Audit Plan.

R Dunlop introduced the report and confirmed that the second quarter was fairly quiet. It was noted that the draft Net Zero Transition audit had been drafted and was awaiting management response. Work on the Information Governance audit has commenced and would be reported back to Committee in due course.

RESOLVED – That the Committee considered and noted the Internal Audit report. Work in progress

20 **NEMCA TRANSITION UPDATE (PRESENTATION)**

Presentation received providing the Audit and Standards Committee a Devolution update, building on the seven Portfolio areas set out in the Devolution Deal.

G Mansbridge, NTCA, presented to Committee, providing an outline of the breadth and scope of the Devolution Deal. The scope of the deal was noted based around the following areas:

- Transport
- Economy and Investment Fund
- Skills, Education and Inclusion
- Housing, Land and Digital Infrastructure

- Clean Energy and Net Zero
- Rural Economy and Sustainability
- Culture, Tourism and Place
- Business Growth and Inward Investment
- Health and Public Service Reform

The Portfolio Plans were discussed around the work which was ongoing to develop these portfolios building the connections between them. Four areas were identified as overarching the portfolios; Net Zero, ensuring this percolated through all the portfolios; inclusive growth, ensuring a fair and just society; quality of place should remain at the heart of communities and build on the good work already started and health and wellbeing, which was an opportunity for NEMCA to take convening role in that.

Each of the portfolio areas were discussed and emerging key priorities highlighted;

- Transport Portfolio – building on the work of TNE and the JTC, continuing work on the City Region Sustainable Transport Fund, Bus Service Improvement Plan and Electric Vehicle Infrastructure roll out. Publish a refreshed Regional Transport Plan that support NEMCA’s vision and priorities.
- Finance and Investment Portfolio – developing an investment strategy which sets out what is targeted in order to have the greatest impact for the North East and ensuring investment was maximised as far as possible. It was noted that being proactive in terms of attracting inward investment was key as well as ensuring every part of the region sees the benefit. It would also be important to develop an assurance framework to set and monitor targets in order to feedback intelligence thus ensuring there were improvements and investment targeted.
- Rural and Environment Portfolio – ensuring rural parts of the region sit at the heart, as well as ensuring investment in coastal communities where there remains unique challenges in terms of deprivation.
- Culture, Creative, Tourism and Sport Portfolio – building on opportunities to invest in tourism and the visitor economy. Also, building on the work within the creative sector to establish greater opportunities for the region in terms of film, media and production. This would allow skill development so more businesses are attracted to the region.
- Economy Portfolio – developing individual strategies for key sectors that would drive the economy forward, with particular focus on innovation and inward investment in order to build an economic strategy for the whole region. This strategy would be the glue that holds everything together and provide the evidence base for what works and makes the most impact across the piece.
- Housing and Land Portfolio – ensuring there was an acceleration of pace of affordable housing in region. It was noted that the planning system alone could not deliver the number of homes needed so the combined authority would need to intervene alongside Homes England to make that happen. It was also a key priority to ensure there was investment in the region’s high streets and town centres, with the eventual development of a Housing Strategy for the region.
- Education, Skills and Inclusion – building on the work the NTCA had already carried out in respect of developing education and skills budget.

The next steps were identified, including further development work on the portfolio plans and Medium-Term Financial Plan, which would be reported to Cabinet in November. Work was ongoing in terms of developing operational plans as well as work with Leaders around the vision for NEMCA. It was expected that there would be a clearer vision by November in terms of what success looks like. In addition, work was underway to ensure links between corporate plans for NEMCA, the delivery plan that was needed,

the investment plan and setting of budgets so there was clarity in relation to where investment could be targeted to make the biggest impact.

The Chair acknowledged the large amount of work that was currently ongoing.

Councillor Gray questioned the transition arrangements for those projects already underway, in particular around staff who may move to new employment before the transition was completed, to ensure no good work was lost during the transition period. It was acknowledged that this was an opportunity to bring together a lot of good work and build on that. The Committee was reassured that delivery of projects and initiatives would continue from day one of the Combined Authority.

Councillor Ferguson questioned the position of the combined authority if the Mayoral vision and manifesto does not align with the vision of NEMCA. Committee was advised that ultimately decisions would be taken by Cabinet, the Mayor would be a member of the Cabinet and the priorities being developed were wide in scope and could flex to a focus agreed by Cabinet. The Corporate Plan would need to be confirmed by the new Cabinet when it first meets in May and at that point it would be important to have a real tangible evidence base in terms of what works for the region.

It was also confirmed that internal audit work was ongoing around the transition to NEMCA, this was primarily focused on providing assurance over business-as-usual activity. It was agreed that a briefing note would be brought back to Committee in January which would provide an update on that assurance work.

RESOLVED – That Committee noted the information presented.

21 **CHAIR'S ANNOUNCEMENTS**

The Chair reminded the Committee that a workshop would be held in November and requested that any members who have not already done so should respond to the Skills Survey to allow the event to be planned.

The Chair advised the Committee that it was Richard Dunlop's last meeting. On behalf of the Committee the Chair thanked him for his work and wished him well for the future.

22 **DATE AND TIME OF NEXT MEETING**

Tuesday 23 January 2024, 10.00am at North Tyneside Council

This page is intentionally left blank



Audit and Standards Committee (not quorate)

23 January 2024

(10.07am - 10.57am)

Meeting held: Chamber 0.02, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

Draft Notes

Present:

Chair: D Willis, OBE

Councillors: G Castle, C Ferguson, C Hardy, A McMullen and T Mulvenna

23 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and brief introductions were made. It was noted the meeting was not quorate.

Apologies for absence were received from Councillors Gray, Grimshaw, Shaw and Walker.

An apology for absence was also submitted by independent member, E Richards.

24 DECLARATIONS OF INTEREST

None.

25 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 19 SEPTEMBER 2023

The minutes of the meeting held on 19 September 2023 were agreed as an accurate record by those members in attendance.

As the meeting was inquorate, the approval of the minutes was deferred until the next meeting.

26 **INTERNAL AUDIT - THIRD QUARTER UPDATE ON 2023/24 AUDIT PLAN**

Submitted: Report of Chief Internal Auditor to provide the Audit and Standards Committee with the third quarterly progress update against the 2023/24 Audit Plan.

M Oldham, Group Assurance Manager, presented the report advising work was on-track to conclude by the end of the extended financial year, on 6 May 2024. The Net Zero Transition audit and Information Governance audit had been completed and both provided Reasonable Assurance opinions, which were considered positive by internal audit standards.

The Programme Assurance work completed provided support to NTCA on transition to the new combined authority, including operational activities, identified assets and liability, and work transition.

In response to a question from the Chair in relation to the Evidence Checking of Recommendations work undertaken by Internal Audit during December 2023, referred to on page 13 of the agenda documentation, M Oldham advised the remaining seven recommendations that had not yet been implemented, had revised pragmatic targets agreed.

J Gillespie, Director of Finance, added the management team had considered how the recommendations could be addressed under the new combined authority and would look to integrate them into the operations of the new combined authority, rather than address them at this current point in time.

It was also noted that the human resources policies were being reviewed so there would be a set of consistent policies across all the organisations for NEMCA, following differences identified between staffing arrangements across locations.

27 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report of the Risk Advisor to NTCA to provide Audit and Standards Committee with assurance that the most significant risks and opportunities have been identified, were being monitored and measures were being taken to mitigate them.

P Slater, Chief Internal Auditor, Newcastle City Council (acting as Risk Advisor to NTCA), presented the report stating that due to the transition to a new combined authority there was only a few weeks remaining before the Strategic Risk and Opportunities Register for NTCA ceased to exist. All risks were rated Amber or Green, except for one Red rated risk. He assured Committee that a new risk register would be produced for the new combined authority and that he would be involved in the exercise to ensure everything was transferred going forward.

In response to members questions about the LEP, J Gillespie, Director of Finance advised the LEP had been part of the core transition work and its functions would be part of NTCA after 31 March 2024 in line with the Government announcement about LEP funding in August 2023. The functions would also be replicated in NEMCA.

Responding to a member, E Kerr, Head of Corporate Services clarified the scoring behind the risk around Business Continuity which was rated as Amber 8, explaining that not all recommendations had been implemented due to the transition to a new mayoral combined authority, for example, the training for NTCA SMT was not considered to be suitable now when the organisation was to change.

A member sought assurance with regard to the integration and alignment of policies to the new combined authority. In response, J Gillespie assured Committee there was a range of governance processes set out for 7 May 2024 and the combined authority steering group, involving the seven local authority partners, would receive monthly updates on the status of the transitional plan on an operational basis, and on the development of investment plans. She explained the Operational Transition Board continued to manage ongoing key work through the governance, finance, human resources, communication workstreams, and the development of the statutory order. A key area of forthcoming work was the close down of the final accounts at the year-end on 6 May 2024 and involved working closely with NECA, NTCA and Nexus alongside internal audit colleagues to address the challenges faced. There was also a Shadow Executive Team which focussed on daily work activity preparations for day one of the new combined authority. There would be office accommodation at locations across the region and the Lumen would continue to be a key central hub.

J Gillespie confirmed to the Chair that the Transition Board had a risk register for each workstream. For assurance, it was requested by the Chair if the risks could be provided as a roadmap at the next Audit and Standards Committee meeting.

S Richards, Risk Advisor, confirmed the NTCA risks would be reviewed in March 2024 and the risk register would therefore be updated for the next Committee meeting in April 2024.

28 **EXTERNAL AUDIT UPDATE**

Submitted: Report of Director of Finance for the External Auditors, Mazars, to update Audit and Standards Committee on the progress made in completing the 2021-22 and 2022-23 Statement of Accounts Audits.

J Dafter, External Auditors, Mazars, presented the report to provide an update on audit progress. He confirmed the 2021/22 Statement of Accounts audit was complete and signed off at the end of November 2023. The National Audit Office had not confirmed whether NTCA had been selected for further sample inspection.

He advised that the 2022/23 Statement of Accounts audit had been started in accordance with the agreed audit timetable and the audit planning was complete.

The audit opinion work was expected to be finished by 31 March 2024 and submitted through the NTCA committee process by the end of April 2024.

In terms of value for money, there were no significant risks or recommendations to report to date, and it was planned to report the value for money through the Auditors Annual Report.

He informed Committee the government had issued a national backstop timetable for all outstanding audits, up to and including 2022/23, to be completed by end of September 2024 or to issue a disclaimer opinion to advise work would not be finished and an opinion could not be given. J Dafter confirmed that Mazars were looking to complete all their outstanding 2022/23 audits by end of September 2024 and acknowledged the amount of work involved was a big challenge.

In response to the Chair, J Dafter confirmed the pension issue was resolved and he fully expected the 2022/23 Statement of Accounts to be signed off at the next Audit and Standards Committee meeting in April 2024. Furthermore, he assured the Chair there were no outstanding matters to prevent issuing the audit opinion for 2021/22.

29 **NORTH EAST MAYORAL COMBINED AUTHORITY - TRANSITION UPDATE (PRESENTATION)**

J Gillespie, Director of Finance provided a verbal update on the transitional arrangements towards the establishment of the new North East Mayoral Combined Authority.

Further to the information shared during the discussion under agenda item 8, J Gillespie advised there was a mix of service provision being looked at across the seven local authority partners and assured Committee the ongoing work would connect in readiness for day one of the new combined authority. She explained that as part of the planning process some services would be brought in-house and some service level agreements would extend into 2024/25 to enable a smooth transition.

The Chair opened a discussion about how the membership structure of the new Audit and Standards Committee would look under NEMCA, involving seven local authority partners, and the numbers required to make a quorum.

J Softly advised there would need to be a constitution for the new combined authority and the Draft Order stated there would be an equal number of members from each local authority. The work on the proposed structure and composition of the new committees would take place in the next couple months. He confirmed that the Order provided the Chairperson of the Audit Committee would be an independent person.

30 **DATE AND TIME OF NEXT MEETING**

Tuesday 23 April 2024, 10.00am at Newcastle Civic Centre.

The next meeting would be the final meeting of the NTCA Audit and Standards Committee. The importance of being quorate was highlighted. Members were encouraged to prioritise the meeting and add the date to their diaries.



**Subject: Audit Completion Report 2022/23 and
Auditors Annual Report 2022/23**

**Report of: Chief Finance Officer
Portfolio: All**

Report Summary

The purpose of this report is for the External Auditors, Mazars, to provide to Audit and Standards Committee the Audit Completion Report (ACR) and Auditors Annual Report (AAR) relating to NTCA Statement of Accounts 2022/23.

Recommendations

The Audit and Standards Committee is recommended to note:

- a) the Audit Completion Report (ACR) 2022/23; and
- b) the Auditors Annual Report (AAR) 2022/23.

(As the reports are not yet available for circulation they will be sent to members of the Committee separately ahead of the meeting.)

1. Background Information, Proposals and Timetable for Implementation

- 1.1 As required by International Standards on Auditing (UK), External Audit are required to provide an Audit Completion Report (ACR), the purpose of which is to summarise the audit conclusions.
- 1.2 The Auditors Annual Report (AAR) summarises the work undertaken as the auditor for the North of Tyne Combined Authority for the year ended 31 March 2023. The responsibilities of the External Auditors are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office (NAO). The AAR outlines how Mazars have discharged these responsibilities and the findings from their work. This is summarised in four key sections:
 - Opinion on the financial statements
 - Value for money arrangements
 - Whole of Government Accounts (WGA)
 - Wider reporting responsibilities

2. Potential Impact on Objectives

- 2.1 The production and publication of an Audited Statement of Accounts is the statutory responsibility of the Combined Authority as per the Accounts and Audit Regulations 2015.

3. Key Risks

- 3.1 The NTCA Statement of Accounts include a share of the assets and liabilities of the Joint Transport Committee. The issue outlined by the External Auditors in relation to infrastructure assets whilst not relevant to NTCA, as an entity, due to the incorporation of JTC in our accounts, NTCA accounts are impacted.

4. Financial and Other Resources Implications

- 4.1 There are no financial or other resource implications arising from this report.

5. Legal Implications

- 5.1 The Combined Authority has a duty to ensure it produces an Annual Statement of Accounts in accordance with the Accounts and Audit Regulations. Part of the approval process is the endorsement of the Accounting Policies by Audit and Standards Committee.

6. Equalities Implications

- 6.1 There are no equality and diversity implications arising from the recommendations in this report

7. Inclusive Economy Implications

- 7.1 There are no inclusive economy implications arising from the recommendations in this report.

8. Climate Change Implications

- 8.1 There are no climate change implications arising from the recommendations in this report.

9. Consultation and Engagement

- 9.1 Consultation will take place with the key personnel and interested parties involved in the Statement of Accounts.

10. Appendices

- 10.1 Appendix A External Auditors 2022/23 Audit Completion Report.

11. Background Papers

11.1 None

12. Contact Officers

12.1 Janice Gillespie, Chief Finance Officer Janice.gillespie@northoftyne-ca.gov.uk

13. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------

This page is intentionally left blank



Subject:  2022/23 Audited Statement of Accounts
 Report of:  Chief Finance Officer
 Portfolio:  All

Report Summary

The purpose of this report is to present Audit and Standards Committee with the 2022/23 Audited Statement of Accounts including the Narrative Report and Annual Governance Statement for the North of Tyne Combined Authority (NTCA).

March Cabinet approved a delegation to the Chief Finance Officer in consultation with the Mayor and Chief Executive to agree to any final amendments or changes to the NTCA 2022/23 Statement of Accounts, Narrative Statement and Annual Governance Statement arising from the completion of the audit by the external auditors and after taking into account the views of Audit and Standards Committee.

Recommendations

The Audit and Standards Committee is recommended to review the 2022/23 Audited Statement of Accounts including the Narrative Report and Annual Governance Statement for the North of Tyne Combined Authority.

1. Background Information, Proposals and Timetable for Implementation

1.1 The NTCA (North of Tyne Combined Authority) Statement of Accounts sets out the financial performance of the Authority for the year ending 31 March 2023 and its financial position at that date. They have been prepared in accordance with proper practices as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The production of the Statement of Accounts is the statutory responsibility of the Combined Authority as per the Accounts and Audit Regulations 2015. Regulations

1.2 The Statement of Accounts includes:

- Annual Governance Statement (Appendix A)
- Narrative Report (Appendix B)
- NTCA Single Entity Accounts – including Group Accounts consolidating the accounts of Nexus Group (Appendix C)

(As these documents are not yet available for circulation they will be sent to members of the Committee separately ahead of the meeting.)

1.3 The NTCA Accounts reflect the fact that, under the 2018 order which created NTCA, NTCA and NECA jointly hold transport assets and exercise transport functions jointly through the Joint Transport Committee (JTC). The Constitution of the JTC is such that it meets the definition of Joint Control and is classified accordingly as a Joint Operation. In order to comply with the requirements outlined above NECA as accountable body must split the revenue, expenditure, and assets and liabilities into those which relate to NTCA and NECA based on population.

1.4 NTCA undertakes the following on an annual basis:

- Conduct a review of the effectiveness of its governance framework, including the system of internal control
- Preparation of an Annual Governance Statement
- Through a relevant committee review and approve the Annual Governance Statement

1.5 Cabinet on the 12 March 2024 approved a delegation to the Chief Finance Officer in consultation with the Mayor and Chief Executive to agree to any final amendments or changes to the NTCA 2022/23 Statement of Accounts, Narrative Statement and Annual Governance Statement arising from the completion of the audit by the external auditors after taking into account the views of Audit and Standards Committee.

1.6 A briefing was held November 2023 in relation to 2022/23 Draft Statement of Accounts to share with members of Audit and Standards Committee the movement on the key statements of the Accounts from 2021/22 to 2022/23 and providing explanation to the reason behind the variances.

1.7 Elsewhere on the agenda the External Auditors will be presenting the Audit Completion Report for 2022/23 which will detail the audit conclusions. This will include reference to two key changes to the 2022/23 Statement of Accounts since the draft set was published.

1.8 Firstly, in relation to Going Concern now that the Order for the creation of the North East Mayoral Combined Authority has been placed, the accounts need to be updated to reflect this. Although NTCA is going to cease to exist on 7 May and be replaced by NEMCA, the going concern assumption is still valid because of the continuity provisions included in the Order. This is now referenced and updated in the Narrative Statement and Note 33 Accounting Policies, Sub Note 1, General Principals and also Note 34 Events after the Balance Sheet Date.

1.9 As part of the preparation towards the 2023/24 Accounts, Management identified an issue in relation to the treatment of Capital Loans on the balance sheet. The impact being a movement from useable reserves to unusable reserves in both the prior year (2021/22) and 2022/23 and although the value of the movement was above the materiality level there was no impact to the outturn position of the accounts. This matter was brought to the attention of External Audit and is therefore reflected in the Audit Completion Report.

2. Potential Impact on Objectives

2.1 There are no impacts on objectives arising from this report.

3. Key Risks

3.1 There are no risk management implications arising from this report.

4. Financial and Other Resources Implications

4.1 There are no financial or other resource implications arising from this report.

5. Legal Implications

5.1 The Combined Authority has a duty to ensure it produces an Annual Statement of Accounts in accordance with the Accounts and Audit Regulations. Part of the approval process is the endorsement of the Accounting Policies by Audit and Standards Committee.

6. Equalities Implications

6.1 There are no equality and diversity 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 The draft Statement of Accounts were published on the NTCA website for public inspection from 11 September 2023 to 23 October 2023.

The Mayor and Chief Executive have been consulted on the draft Statement of Accounts and a presentation on the 2022-23 Annual Governance Statement and Key Statements from the 2022-23 draft Statement of Accounts given to Audit and Standards Committee Members at a briefing in November 2023.

Internal consultation has taken place with the Chief Finance Officer, relevant Finance staff and the External Auditor.

10. Appendices

- Annual Governance Statement (Appendix A)
- Narrative Report (Appendix B)
- NTCA Single Entity Accounts (Appendix C)
- Group Accounts consolidating the accounts of Nexus Group within the NTCA Single Entity Accounts (Appendix C)

(To be circulated separately ahead of the meeting.)

11. Background Papers

11.1 None

12. Officers

12.1 Janice Gillespie, Chief Finance Officer

<mailto:Janice.gillespie@northoftyne-ca.gov.uk>

13. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------

Audit and Standards Committee

23 April 2024

Subject: Audit and Standards Committee – Self-Assessment of Effectiveness

Report of: Ian Pattison, Chief Internal Auditor

Report Summary

The purpose of this report is to support Audit and Standards Committee to complete its annual review of effectiveness.

Recommendations

The Audit and Standards Committee is recommended to:

- (a) Subject to discussions and amendments as agreed by Committee, endorse the self-assessment of Audit and Standards Committee arrangements against good practice attached as Appendix A.
- (b) Agree that the self-assessment will form the basis of the 2023/24 annual report of Audit and Standards Committee and delegate responsibility to the Chair to compile this report on behalf of Committee for presentation to the North East Mayoral Combined Authority's Cabinet.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 Audit Committees – Practical Guidance for Local Authorities and Police, last updated and published in October 2022 by the Chartered Institute of Public Finance and Accountancy (CIPFA), sets out good practice guidance covering the role, functions, and operation of Audit Committees and includes a template for self-assessment against good practice. CIPFA Position Statement on Audit Committees in Local Authorities and Police 2022 sets out the principles CIPFA recommend committees operating in local government follow and also that the Committee's annual report should include the results of a performance assessment in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 1.2 Whilst as a Combined Authority the prevailing legislation for Audit Committees is the Cities and Local Government Devolution Act 2016 and the subsequent Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017, the principles within the CIPFA good practice are relevant to the operation of Audit and Standards Committee.
- 1.3 The Chair of the Audit and Standards Committee, in conjunction with senior officers, has undertaken this review of effectiveness which builds upon the previous self-assessment undertaken in April 2023 and has considered the operation of Committee since the last review. The detailed review is attached as Appendix A. Where questions are not completely applicable to the Combined Authority, such as question two which refers to reporting to 'Full Council' then the maximum score of five has been awarded.

- 1.5 Based upon this self-assessment, subject to endorsement by the Audit and Standards Committee, the Committee is deemed to be operating effectively with a good level of performance against the recommended practice. There are a small number of areas where scores could be improved, such as obtaining quoracy for every Audit and Standards Committee meeting, however as the organisation will not exist beyond May 2024 actions have not been raised. This report will be made available to the Audit and Standards Committee of the new North East Mayoral Combined Authority.
- 1.6 The self-assessment will form the basis of the 2023/24 Annual Report of Audit and Standards Committee to Cabinet. The Annual Report will also include an update on the work of the Committee throughout the municipal year and commentary on how it is meeting its terms of reference.

2. Potential Impact on Objectives

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

3. Key Risks

- 3.1 There are no key risks identified within, or arising from, this report. The report considers an assessment of the effectiveness of the Audit and Standards Committee with the aim of identifying areas for improvement.

4. Financial and Other Resources Implications

- 4.1 There are no direct financial or other resource implications arising from this report.

5. Legal Implications

- 5.1 There are no direct legal implications arising from this report but it does consider conformance with the Cities and Local Government Devolution Act 2016, and subsequent Combined Authorities (Overview and Scrutiny Committee, Access to Information and Audit Committee) Order 2017 in respect of the appointment of an Audit Committee and sets out the functions of the Audit Committee.

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.

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 approach to the review of Audit and Standards Committee arrangements was agreed with the Independent Chair of the Audit and Standards Committee. The self-assessment completed by the Chair, in conjunction with officers, was circulated to Committee members for comment and feedback.

10. Appendices

Appendix A - Self-Assessment of Audit and Standards Committee Arrangements

11. Background Papers

- (a) [The Cities and Local Government Devolution Act 2016](#)
- (b) [The Combined Authorities \(Overview and Scrutiny Committees, Access to Information and Audit Committees\) Order 2017](#)
- (c) [The Accounts and Audit Regulations 2015, as amended June 2022](#)
- (d) [Audit Committees, Practical Guidance for Local Authorities and Police, CIPFA, 2022](#)
- (e) [North of Tyne Combined Authority Constitution, November 2018](#)

12. Contact Officers

Ian Pattison, Chief Internal Auditor
Ian.Pattison@northtyneside.gov.uk
0191 6435738

Marc Oldham, Group Assurance Manager
Marc.Oldham@northtyneside.gov.uk
0191 64375711

13. Glossary

None

14. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------

Audit Committee Arrangements: Self-Assessment of Good Practice – March 2024

(Extract from CIPFA, Audit Committees: Practical Guidance for Local Authorities and Police, published October 2022)

CIPFA outlines that the checklist below provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement on Audit Committees in Local Authorities, and broader practical guidance referred to above. Within the practical guidance CIPFA specifically states:

“Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.”

Good Practice Question		Does not comply	Partly Complies and extent of improvement needed			Fully Complies	Comment
			Major improvement	Significant improvement	Moderate improvement		
Weighting of Answers		0	1	2	3	5	
Audit Committee Purpose and Governance							
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?				3		The Audit Committee is established in line with requirements of the Cities and Local Government Devolution Act 2016. Whilst it is combined with Standards, there is little work in relation to Standards. It is felt that it would be disproportionate to split the Committee and the duties associated with Standards do not impact upon the effectiveness or independence of the Committee.
2	Does the audit committee report directly to the governing body (PCC and chief constable / full council / fire authority etc)					5	Whilst not directly applicable, the Committee reports to Cabinet which is the only decision-making body for the Combined Authority and as such is the closest thing to a governing body.
3	Has the audit committee maintained its advisory role by not taking on any decision-making powers?				3		No, the Committee does have powers to grant dispensations to members in its Standards role, so is

							not purely advisory. However, this element is historically minor and does not impact upon the effectiveness or independence of the Committee or limit our advisory capacity in any way.	
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFAs 2022 Position Statement? Additionally, as a Combined Authority does the terms of reference set out the purpose of the Committee in accordance with the Cities and Local Government Devolution Act 2016 and The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017					5	The terms of reference, set out in 2.7 of the Constitution, make clear the purpose of the Committee. The purpose is similar to that in the Position Statement and covers the core functions and powers specified within the Cities and Local Government Devolution Act 2016.	
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					5	All senior staff in leadership roles and those charged with governance have significant prior experience coupled with the necessary required qualifications for their roles. As such they have consistently demonstrated a good understanding of the role and purpose of the ASC and supported its operation.	
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5	Yes, there has been several discussions over the last 12 months or so between Committee Members and officers regarding the national local audit backlog, and delays in approval of the draft accounts by the external auditors.	
7	Does the governing body hold the audit committee to account for its performance at least annually?					5	An Annual Report from the Committee is presented to Cabinet each year with the report for the 2022/23 financial year presented in 25 July 2023. The report included commentary on the Committee's review of its own effectiveness, how it met its Terms of Reference and provided a summary of the work it undertook throughout the year. This allows Cabinet to ask questions and hold the Committee to account.	
8	Does the audit committee publish an annual report in accordance with the 2022 guidance, including:							
	• Compliance with the CIPFA position statement 2022					5	Yes, the annual report for 2022/23 was reported to Cabinet in July 2023. The annual report for the	
	• Results of the annual evaluation, development work undertaken and planned improvements					5		

	<ul style="list-style-type: none"> How it has fulfilled its terms of reference and the key issues escalated in the year? 					5	2023/24 financial year will be based upon this current assessment and will be reported accordingly.	
Functions of the Audit Committee								
Page 28	9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's position statement and, additionally as a Combined Authority, requirements for Audit Committees within the Cities and Local Government Devolution Act 2016 and The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 as follows:						
		Governance arrangements					5	Yes, Terms of reference address core areas identified
		Risk management arrangements					5	Yes. Terms of reference address core areas identified.
		Internal control arrangements, including <ul style="list-style-type: none"> Financial management Value for money Ethics and standards Counter fraud and corruption 					5	Requirements within Cities and Local Government Devolution Act 2016 are referenced. In respect of CIPFA's position statement, financial management is not explicitly referenced in the terms of reference but adherence to the CIPFA Financial Management Code (FMC) is reported within the Annual Governance Statement.
		Annual governance statement					5	Yes - Constitution 2.7 4 (a)
		Financial reporting					5	Yes - Constitution 2.7 4 (g)
		Assurance framework					5	Yes - Constitution 2.7, 1.2, 4 (a)
		Internal Audit					5	Yes - Constitution 2.7 4 (f)
		External Audit					5	Yes - Constitution 2.7 4 (f)
	10	Over the last year, has adequate consideration been given to all core areas?					5	Yes. The annual work programme reflects the core areas within the terms of reference. Whilst there are some areas which could not be fully considered, e.g. annual accounts due to delays, all other core areas reviewed as demonstrated through Committee minutes. Where full consideration could not be given the Committee have asked questions around progress and pushed for reports to be received.

11	Over the last year, has the committee only considered agenda items that align with its core functions, as set out in the 2022 guidance?				3		Yes. The Committee has only considered items aligned to its core functions in respect of audit activities but also considered relevant Standards matters which are also part of its remit as per its terms of reference.
12	Has the committee met privately with the external auditors and head of internal audit in the last year?					5	The Chair has spoken to the External Auditors on several occasions by telephone and by email about matters that impact the Committee, and in addition, the Chair has also spoken with Internal Audit. The full Committee is aware that it can meet with these parties if desired.
Membership and Support							
Page 29	13	Has the committee been established in accordance with the 2022 guidance and, additionally as a Combined Authority, requirements for Audit Committees within the Cities and Local Government Devolution Act 2016 and The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 as follows?					
		<ul style="list-style-type: none"> Separation from executive 				5	Yes. Constitution 2.7 and it operates separately from the executive.
		<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 				5	The size and make-up of the Committee, i.e. three from each constituent authority and politically balanced plus an independent co-opted Chair, is as specified in the Order. The Committee does not feel 'unwieldy' and does not impact on the operation of Committee. There is not widespread use of substitutes, but substitutes are allowed to attend and can help ensure meetings are quorate.
		<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation. 				5	Yes. The Chair is appointed as a co-opted independent member in line. This fulfils the mandatory requirements around lay/co-opted independent members under Schedule 5A (referred to in Schedule 3) of the Cities and Local Government Devolution Act 2016.
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?					5	The co-opted, independent Chair was appointed based upon their experience, knowledge and skills in matters relating to the business of the Committee,

							<p>Elected members are appointed by the respective political parties of the three constituent Authorities. This does not necessarily consider the experience, knowledge and skills required by Committee, but due consideration of appointments will be given by each constituent Authority as far as practically and pragmatically possible in the democratic circumstances.</p> <p>There has been training undertaken with members following completion of the latest evaluation of knowledge, skills and the training needs (see 16 for more details).</p>
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?					5	Yes. A skills survey was undertaken against the checklist within CIPFA best practice during summer 2023 with eight (including one substitute) members responding. . This identified that, as a collective, there was a good level of knowledge and skills across the Committee.
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5	Training workshops were undertaken in June and November 2023, and all ASC members were invited to attend. The training included items such as Internal Audit, finance and governance which are core functions within the guidance.
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					5	As expected, the individual level of knowledge and skills of Committee members varies. However, the evaluation of knowledge, skills and training needs undertaken did assess that, as a collective, there is a good level of knowledge and skills across the Committee.
18	Is adequate secretariat and administrative support provided to the committee?					5	Yes. The Committee is satisfied with the support it receives from the Combined Authority's Governance team and Democratic Services from Newcastle City Council.
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	Yes, the independent Chair regularly meets with the Chief Finance Officer (CFO) and other key officers. The CFO and other key officers attend Audit and Standards Committee meetings.

Effectiveness of the Committee							
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					5	Cabinet thanked Committee and provided positive comments when the annual report for 2022/23 was presented to it in July 2023.
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	The independent Chair ensures the meetings are well run in line with the agenda and discussion is encouraged.
22	Are meetings effective with a good level of discussion and engagement from all the members?				3		There is a good level of discussion at Committees but the effectiveness of these can be limited when meetings are inquorate. Previously quoracy has been an issue but has improved with only one out of the last four meetings being inquorate.
23	Has the committee maintained a non-political approach to discussions throughout?					5	Whilst membership does consist of elected members of political parties, there have not been any examples of politics being brought into discussions around the business of the Committee.
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					5	Senior officers and service providers for key functions attend each Committee meeting and engage with members around these meetings.
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5	The Committee has done so in the past where it felt it was necessary to do so. However, there have been no recent examples of improvement required or recommended by the Committee.
26	Do audit committee recommendations have traction with those in leadership roles?					5	Were there to be any recommendations the Committee is confident they would be taken up as the senior officer team are engaged with the Committee.
27	Has the committee evaluated whether and how it is adding value to the organisation?					5	The annual report sets out how the Committee has discharged its responsibilities outlined in its terms of reference, and through this it is 'adding value'.
28	Does the committee have an action plan to improve any areas of weakness?					5	Actions have been taken to develop areas identified in the review undertaken last year. Over the last 12 months. to improve weaknesses are identified, including through this self-assessment, and form part of the ASC Annual Report. For example, it was reported in the 2022/23 annual report that the ASC could develop through:

							<ul style="list-style-type: none"> • a better understanding of the knowledge and skills of ASC members (to facilitate targeted training) • improvement of attendance to assist with quoracy of meetings. <p>Action has been taken to develop these areas over the last 12 months.</p>
29	Has this assessment been undertaken collaboratively with the audit committee members?					5	This draft was shared with all Audit and Standards Committee Members on 26 March 2024, with a request to return any comments or provide any feedback by 5 April 2024.
	Subtotal Score	0	0	0	12	180	
	Total Score (max score is 200 – 40 questions multiplied by 5)	192					

Audit and Standards Committee

23 April 2024

Subject: Internal Audit - Fourth Quarter Update on
2023/34 Audit Plan

Report of: Ian Pattison, Chief Internal Auditor

Report Summary

The Work Programme for the Audit and Standards Committee was approved at its meeting on 25 April 2023. The programme includes quarterly updates from Internal Audit at each of the four scheduled meetings during the year. This report provides Audit and Standards Committee with the fourth quarterly progress update against the 2023/24 Audit Plan.

Due to timings and the extension of the financial year to into May 2024, the Chief Internal Auditor's Annual Opinion on the Framework of Governance, Risk Management and Control for 2023/24 will be presented to a future meeting of the Audit and Standards Committee of the new Mayoral Combined Authority.

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 2023/24 Internal Audit Plan (the Plan) was approved by Audit and Standards Committee at its meeting on 25 April 2023 and set out proposed audits and programme assurance work as well as including a contingency for the provision of advice and guidance. A summary of progress for each of the agreed assignments is provided below.

1.2 Summary and Indicative Timetable of all work items in the 2023/24 Audit Plan

Audit Assignment	Status	Opinion
Net Zero Transition	Complete	Reasonable
Information Governance	Complete	Reasonable
Risk Management	Draft report	N/A
Key Financial Systems – Creditors Purchasing & Payments	Commenced	N/A
Key Financial Systems – Payroll	Commenced	N/A
Key Financial Systems – Budget Monitoring and Reporting	Commenced	N/A
Other Areas of Work		Status
Performance Management – Programme Assurance		Complete
Adult Education Budget Steering Group – Programme Assurance		Ongoing
Transition to new North-East Mayoral Combined Authority		Ongoing

1.3 Overview of Work in Progress

Area of Review	Description of Assignment and Current Status
Risk Management	<p>The objective of the audit is to review risk management arrangements and assess the extent to which appropriate risk assessment and identification systems are in place and operating effectively.</p> <p>The draft report has been issued to management.</p>
Key Financial Systems	<p>To assess and provide an opinion on the effectiveness of the framework of management control in operation for the key financial systems, i.e. Budget Monitoring & Reporting, Payroll, and Creditors Purchasing & Payments.</p> <p>Our review and testing of these systems is ongoing with fieldwork expected to be concluded by end of April 2024.</p>
Adult Education Budget (AEB) Steering Group (Advice and Programme Assurance)	<p>Internal Audit periodically attend the AEB steering group and provide support in a programme assurance capacity. Additionally, we have provided advice, guidance and support in relation to grant funding and contract management arrangements.</p>
Transition to new North-East Mayoral Combined Authority (Advice and Programme Assurance)	<p>Work is focussed on providing timely advice and programme assurance around the work undertaken by NoTCA as it prepares to transition arrangements to the new Mayoral Combined Authority. This includes matters relating to operational activities such as preparedness for transfer of assets, including information assets and business as usual (BAU) activity.</p> <p>Work is ongoing and will continue, as required, up to the date of transfer and we have taken some assurances from other audit work completed / being completed, e.g. Information Governance audit.</p> <p>In respect of Financial Information & Assets discussions have focussed on the action plan for key operational tasks required to ensure finances and assets transfer with minimum disruption. There is a dedicated planning tool to support this which identifies nominated officers and deadlines for completion of tasks. Key actions around the set-up of new financial systems provide a degree of assurance that existing financial assets and liabilities can be transferred as necessary into the new Combined Authority. There have also been discussions about establishing an interim register of financial operations required for early / 'day-one', to assist with contingency planning for critical tasks.</p> <p>The Information Governance audit identified that NoTCA is updating its information asset register and understanding where information assets are held and this is a key control to ensure data can be effectively transferred / realigned as necessary.</p>

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Corporate Plan 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, as amended, 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 2022/23 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 NoTCA'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 NoTCA and the three constituent Local Authorities have each declared a Climate Emergency.

9. Consultation and Engagement

- 9.1 The Chief Executive, Chief Finance Officer and Director of Policy and Performance were consulted in preparation of Internal Audit's 2023/24 audit coverage.

10. Appendices

There are no appendices.

11. Background Papers

- (a) Internal Audit Strategic Audit Plan 2023/24
- (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
- (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

Ian Pattison, Chief Internal Auditor
Ian.Pattison@northtyneside.gov.uk
0191 6435738

Marc Oldham, Group Assurance Manager
Marc.Oldham@northtyneside.gov.uk
0191 6435711

13. Glossary

None

14. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------



Subject: Strategic Risk and Opportunities Register
Report of: Risk Advisor to North of Tyne Combined Authority
(NTCA)

Report Summary

The aim of the report is to provide assurance to Audit and Standards Committee that the most significant risks and opportunities have been identified, continue to be monitored and measures are being taken to mitigate them.

Management of the NTCA risks will continue to be the responsibility of the Risk Owners (with support from their lead officers) up to 6 May 2024, when NTCA will end as an organisation and the new North East Mayoral Combined Authority (NEMCA) comes into existence. This will result in the risks recorded within the NTCA risk register being closed.

In advance of the new NEMCA being created the NTCA risk register will be shared with the Risk Advisor who has been appointed to the NEMCA (It is anticipated that the North East Combined Authority will also share its risk register). Having an understanding of the current risks and opportunities being managed within both organisations and how they are being mitigated will support the development of a NEMCA Strategic Risk Register, which will identify the risks that NEMCA faces as it seeks to achieve its objectives.

In addition to this strategic risk agenda item the Committee will receive a verbal update from the Director of Finance on the NEMCA transition arrangements.

Recommendations

The Audit and Standards Committee is recommended to:

- a) Review, challenge and accept the outcomes of the strategic risk review;
- b) Accept that the NTCA Strategic Risk Register will be closed on 6 May 2024;
- c) Note a summary of the strategic risks identified by the North East LEP are included for information (Appendix C); and
- d) Note a summary of the strategic risks identified by the North East Joint Transport Committee (North East JTC) (Appendix E) are also included for information.

1. Background Information, Proposals and Timetable for Implementation

The aim of the report is 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.

2. Strategic Risk and Opportunities Update

- 2.1 Each risk and opportunity action plan has been revisited by the responsible officers to ensure they remain on track for delivery and continue to support NTCA priorities and support the transition into the new North East Mayoral Combined Authority.

A detailed assessment of each risk and future activity to reduce the overall risk exposure is attached at Appendix B.

2.2 Business Continuity

The Business Continuity risk has been revisited and updated to reflect the arrangements in place as NTCA prepares for its dissolution and the creation of the new NEMCA. It was agreed that at this stage the impact of any changes transition may bring are consider low risk.

The ICT provision is remaining with the current provider and the existing policies of the five organisations becoming the NEMCA are being carried over to ensure sufficient processes are in place from day one. This has resulted in the RAG assessment reducing from Amber to Green.

- 2.3 Management of the NTCA risks will continue to be the responsibility of the Risk Owners (with support from their lead officers) up to 6 May 2024, when NTCA will end as an organisation and the new North East Mayoral Combined Authority (NEMCA) comes into existence. This will result in the risks recorded within the NTCA risk register being closed.

In advance of the new NEMCA being created the NTCA risk register will be shared with the Risk Advisor who has been appointed to the NEMCA (It is anticipated that the North East Combined Authority will also share its risk register). Having an understanding of the current risks and opportunities being managed within both organisations and how they are being mitigated will support the development of a NEMCA Strategic Risk Register, which will identify the risks that the NEMCA faces as it seeks to achieve its objectives.

- 2.4 There has been no change in the risk assessments (with the exception of the business continuity risk) since the risk register was reported to the Committee in January 2024 - There is however continued confidence in the actions being taken to mitigate those risks and a detailed assessment of each risk and future activity to reduce the overall risk exposure can be found at Appendix B.

3. **North East Local Enterprise Partnership (North East LEP)**

- 3.1 The North East LEP strategic risks have also been reviewed by the Chief Executive and responsible officers of the North East LEP.

The strategic risks identified by the North East LEP are included at Appendix D 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.

4. **North East Joint Transport Committee (North East JTC)**

- 4.1 The North East 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.

To allow for an effective handover of the North East JTC risk register into the NEMCA it has been updated by the NECA risk management service following discussions with key officers and presented to the JTC Audit Committee at its meeting on 13 March 2024. A summary of the risk register is provided at Appendix E.

A copy of the JTC strategic risk register and mitigation plans can be found on the JTC Audit 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.

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 2023/24 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 direct 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 direct climate change implications arising from this report.

12. Consultation and Engagement

- 12.1 The Chief Executive, Monitoring Officer, Chief Finance Officer and NTCA Senior Management Team have been consulted on the strategic risk register.

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 ‘at a glance’ view of the North East LEP strategic risks, including the risk priorities and direction of travel assessments
- Appendix D – Provides a detailed assessment of the North East LEP strategic risks and future activity to reduce the overall risk exposure.
- Appendix E – A summary of the strategic risks, risk priorities and direction of travel assessments identified by the North East Joint Transport Committee
- Appendix F – 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 March 2024 North East JTC Audit Committee agenda [here](#).

15. Contact Officers

- 15.1 Philip Slater – Chief Internal Auditor – Newcastle City Council. (Acting as Risk Advisor to NTCA)
E-mail: Philip.slater@newcastle.gov.uk
Telephone – 0191 2116511

16. Glossary

- 16.1 North East LEP – North East Local Enterprise Partnership
North East JTC – North East Joint Transport Committee
NECA – North East Combined Authority

'Risk at a glance'

Appendix A

	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	Static
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	Static
A3 – Innovation in Recovery Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive to dynamic circumstances.	Amber 8	Static
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	Static
Organisational Risks		
C1 – Business Continuity Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.	Green 6	Improving
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

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	Static	Previous RAG	Amber 8	Current RAG	Amber 8
Reason for change/current RAG rating: N/A							
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 LAs 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.		<p>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.</p> <p>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 developing a joint Net Zero/energy team with the North East LEP</p> <p>NTCA Corporate Environment Policy and annual report on organisational carbon emissions.</p> <p>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.</p>			<p>Development of proposals for the 2023-2028 investment programme will provide an opportunity to continue to focus on green and inclusive economic growth.</p> <p>Regular reviews of delivery programme to ensure alignment with delivery of targets.</p> <p>Over £20m of investment by NTCA in low carbon economy, including the Green New Deal Fund and SME decarbonisation programme.</p> <p>NTCA co-funds the North East Energy Accelerator to support the development of low carbon projects</p> <p>Net Zero being developed as a cross-cutting theme for NEMCA</p>		May 2024

	<p>NTCA Energy, Green Growth and Climate Change Blueprint - £28m package of investment up to 2023.</p> <p>NTCA meets regularly with both North of Tyne LA officers and south of Tyne officers to discuss net zero issues through the Net Zero North East England officers' group and the quarterly operations meeting for the Energy Accelerator</p> <p>Net Zero North East England (NZNE) is a new collaboration between local government, business, education, the public sector and civil society to drive a comprehensive regional approach to tackling the climate emergency.</p> <p>NTCA is working with the North East and Yorkshire Net Zero Hub and is hosting the Regional Project Manager which supports LAs to achieve their net zero goals. NTCA also sits on the Hub Board.</p>		
<p>b) The impacts of climate change and the green economy covers a wide range of areas including but not limited to energy policy, climate change and biodiversity. National policy related to climate change can change and be updated regularly. Mayoral Combined Authorities are not currently required to develop climate adaptation plans</p>	<p>In addition to drawing on the expertise of the regular members of the Net Zero North East LA Group, NTCA will reach out to experts from other policy areas and attend regional and national events/conferences/webinars.</p> <p>NZNE has published a regional evidence base, including decarbonisation, clean growth, environmental protection and a just transition and will continue to develop this regional North East Evidence base. This will include consideration of gaps in the evidence base for example, what evidence may be required to support climate adaptation risk assessment and planning. Building on the Local Nature Recovery Pilot in Northumberland, Northumberland County Council (on behalf of North of Tyne region) is leading the</p>	<p>Existing controls sufficient at time of report.</p>	<p>May 2024</p>

	work on Local Nature Recovery Strategies with NTCA the responsible authority.		
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.	<p>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.</p> <p>The NTCA programme also covers a broad range of thematic areas, as described further in the September 2021 report to Cabinet.</p> <p>NZNE partnership have convened a number of policy roundtables to engage with a broad range of expert stakeholders</p> <p>NTCA have commissioned work to support the development of retrofit advice across North of Tyne and the wider North East</p>	<p>NTCA has recruited officers to support the development of the Net Zero North East England partnership.</p> <p>NTCA has procured Energy Saving Trust to deliver two projects providing retrofit advice to residents until 31.03.25, one operating across NoT, one across the LA7 geography.</p>	May 2024
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.	<p>Collaborative working across the North of Tyne, North East, with other Mayoral Combined Authority's, the Net Zero Hub and Government to develop knowledge, share best practice and to collaborate on projects/funding bids.</p> <p>Develop pipelines of projects which are investment ready via programmes such as the Offshore Wind Programme and Energy Accelerator.</p> <p>Work with academic institutions, VCSE sector and businesses to promote opportunities and share best practice e.g., NZNE Annual Summit NTCA leveraged £9m of investment to its Green New Deal Fund</p> <p>Net Zero Hub Project Manager responsible for updated DES NZ project tracker which helps to demonstrate the pipeline.</p>	<p>North of Tyne supported the 3Ci North East and Yorkshire Investment forum on 31st January 2024.</p> <p>The North East Investment Zone will target key low carbon sectors across the North East as part of the Devolution Deal, including offshore wind, battery technology, low carbon materials and advanced manufacturing</p>	May 2024

<p>e) New jobs and new green skills are likely to be increasingly required in all sectors. Therefore, NTCA must understand the projected skills requirements and ensure the necessary provision is in place.</p>	<p>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</p> <p>Collaborative working with LAs, and the North East LEP and the Net Zero Hub to share research and insight into green skills requirements - this has included funding the Green Skills for Growth projects and co-funding the Green Economic Sector Study to provide intelligence on skills gaps and opportunities.</p> <p>NTCA sits on Energi Coast’s Skills Group.</p> <p>In 2022 NTCA allocated £2m of its Skills for Growth funding to support the development of Green Growth Skills. In FY 2022-23 NTCA secured over £14m - £5.4m of funding for the delivery of Skills Bootcamps across our region. £1m will support residents to access the growing demand for skills in the Green Economy.</p>	<p>£1.5m of funding to support skills demand for a low carbon economy.</p> <p>A growing proportion of AEB delivery supports Green Skills with provider incentives to develop sector-based Work Academy Programmes to enhance opportunities for the unemployed to take advantage of the job opportunities that will be created in the transition to a green economy.</p> <p>The Green economic sector study of Newcastle and the wider region and the Green Growth Skills research was completed in late 2023 and shared with NTCA skills team to support commissioning of green skills.</p>	<p>May 2024</p>
<p>f) Many of the measures required to reduce carbon emissions and adapt to climate change are not within the Combined Authority’s remit.</p>	<p>Net Zero North East England (NZNE) is a new collaboration between local government, business, education, the public sector and civil society to drive a comprehensive regional approach to tackling the climate emergency.</p> <p>Influence decision makers at all levels.</p>	<p>Work with business, constituent LAs, North East LEP and Net Zero Hub to develop key messages and policy positions/asks, including through Net Zero North East, Tyne Taskforce, Energy Central Partnership etc</p>	<p>May 2024</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	Static	Previous RAG	Amber 9	Current RAG	Amber 9
Reason for change/current RAG rating: N/A							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
<p>a. External factors, primarily COVID-19 recovery, cost of living crisis and Brexit counteract the impacts of the investment NTCA is able to make to reduce inequality and deliver good jobs.</p>		<p>NTCA's new portfolio structure covers Education, Inclusion and Skills, as well as Social Economy and Communities.</p> <p>Inclusive economy is a cross-cutting theme within the Corporate Plan and is supported by the advisory NTCA Inclusive Economy Board (IEB).</p> <p>Significant breadth and depth of IE projects and programmes now into delivery mode.</p>		<p>Wider promotion of the concepts of economic inclusion via:</p> <ul style="list-style-type: none"> National networks and influencing e.g., M10 (the 10 directly elected Mayors in England), <p>Locally good relationships with our provider base to enable agility in reaction to further economic shocks.</p> <p>Roll out of a new NTCA Post-16 Skills flexible procurement framework to provide additional join-up and agility to respond to labour market skills needs.</p> <p>Peer-learning and support e.g., national, Independent Inclusive Growth Network</p> <p>New NEMCA devolution deal commits to a significant investment to reduce inequality and create good jobs.</p>		<p>May 2024</p>	

		The UKSPF investment has been co-developed in partnership with a wide range of stakeholders to ensure the funding is targeted where it is needed most.	
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 drivers. These are beyond the scope of NTCA to influence.	<p>NTCA's Inclusive Economy Policy Statement and Equalities Objectives provide a clear statement of our organisational commitment to be a more inclusive economy with an emphasis on reducing poverty and inequality and promoting equity and cohesion.</p> <p>Inclusive economy is a cross-cutting theme in the Corporate Plan driven forward by the Inclusive Economy Board.</p>	<p>Working up proposals to extend the Inclusive Economy Innovation Fund beyond 2023</p> <p>The traction of the Good Work Pledge, which now has over 100 business sign ups who employ over 46,000 NoT residents is championing and driving the movement of reducing poverty (particularly in-work poverty), beyond the scope of what NTCA can do alone.</p>	May 2024
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>NTCA Strategic Skills Plan reflects the area's skills needs for an inclusive and productive economy.</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>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>In addition to the devolved Adult Education Budget, NTCA have secured further funding from the NTCA Investment Fund and DfE 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 e.g. Level 3 Free Courses for Jobs, Skills Bootcamps, Skills for Growth, UKSPF and Multiply.</p>	May 2024

		DfE have also routed additional funding through the devolved AEB for programmes such as Traineeships and Sector Based Work Academy programmes (SWAPS).	
d. In addition to the existing NTCA AEB programme, the NTCA Skills team are progressing the devolution of the AEB to the North East Mayoral Combined Authority in anticipation of its creation in May 2024. The North East Devolution deal includes a fully devolved Adult Education Budget across the LA7 geography. Subject to the readiness conditions which the NTCA Skills team have prepared and submitted to DfE on behalf of NEMCA, and successful passage through Parliament AEB funding (circa £68m per annum) will be transferred to the North East Mayoral Combined Authority (NEMCA) from the academic year 2024-25. As the NTCA Skills team is leading on the implementation of the NEMCA AEB alongside managing the NTCA AEB and other skills programmes, this is impacting on the capacity of the Skills team.	NTCA have created an LA7-wide Implementation task group to support with the implementation of the NEMCA AEB. NTCA submitted an application to DfE requesting Implementation Funding for NEMCAs AEB which was approved in August 2023. This funding includes provision for additional roles in the skills team, finance team, legal team and procurement team.	Additional roles have been recruited in line with the roles approved by DfE in the NEMCA AEB Implementation Funding proposal. Corporate Services are exploring opportunities through NTCAs SLAs to increase capacity of the finance, legal and procurement teams, utilising the funding secured for the NEMCA AEB Implementation funding.	May 2024
e. Continuity of funded provision for NTCA residents is at risk if providers and grant-recipients across skills, employability and wider interventions become financially unstable.	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. Employability and Wider Skills Interventions - Inclusive growth team's strategic framing	Continued engagement with NTCA AEB providers, via provider roundtables and quarterly one to one performance monitoring meetings which inform the direction, priorities, flexibilities and allocations for the NTCA AEB providers.	May 2024

	<p>includes DWP Employment Support Framework, Inclusive Economy Policy Statement, Inclusive Economy Board (governance) which work together to manage, mitigate, and react to risks.</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>Key priorities set out in the Strategic Skills Plan include supporting residents of all ages, including those in work to develop their skills to progress into better jobs. We also aim to extend the reach of learning opportunities to a broader range of underrepresented groups.</p> <p>Launch of Post 16 Skills Flexible Procurement Framework to secure continuity of funding for providers from AY2023-2024, bringing all Skills funding together, and providing longer term contracts where possible, to increase the stability of the provider base.</p> <p>Co-developing UKSPF Skills and Employability interventions to reduce the 'cliff edge' of European Social Fund funding ceasing.</p>	
<p>f. National and local conditions e.g., economic instability limit NTCA's ability to promote and drive good jobs and local economic resilience.</p>	<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>NTCA has developed an anchor network proposition to encourage large institutions across all sectors to support local economic resilience. First meeting of key stakeholders was held, and next steps agreed.</p>	<p>May 2024</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 – 100 organisations accredited as of March 2023 who represent over 46,000 NoT residents.</p>	<p>Leadership on key priorities is distributed across partners improving resilience and reducing reliance on one lead organisation to deliver.</p>	
<p>g. 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>	<p>NTCA co-design and co-production strategy includes activities and mechanisms to make sure residents can contribute directly to our work and plans This is supported by our VCSE Accord with the voluntary sector, and our Mayoral VCSE Ambassador.</p>	<p>Organisation-wide commitment to co-design and co-production with active investment in tools and platforms to get direct input and views from residents and businesses. E.g. Commonplace, Crowdfund NoT, NextDoor, Poverty Truth Commission, Equalities Assembly, Wellbeing Framework, plus programme specific surveys, workshops etc.</p> <p>Co-production and co-design targets are embedded within NTCA's Equalities Objectives.</p>	<p>May 2024</p>

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	Static	Previous RAG	Amber 8	Current RAG	Amber 8
Reason for current RAG rating: N/A							
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.		May 2024	
b) NTCA must be able to clearly articulate policy priorities and how they		NTCA policy priorities are drawn from NTCA's Devolution Deal, the Mayor's		The Programme Management Office (PMO) monitor all projects on a		May 2024	

<p>deliver improved Innovation and recovery: this is included as a part of the 5-year Gateway Review.</p>	<p>Manifesto, and the subsequent strategic direction agreed by our Cabinet through its decisions.</p> <p>The evaluation 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>quarterly basis – following Standard Operating Procedures and NTCA's agreed output indicators.</p> <p>NTCA's 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 has been approved and is 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> <p>Following a review of NTCA's approach to evaluation, the M&E framework has been updated. Both NTCA and NELEP have undertaken training to embed and underpin the M&E framework.</p> <p>Work is underway to support the evaluation of existing programmes, future Gateway Reviews for NTCA, and facilitate the transition to NEMCA.</p>	
---	--	---	--

		<p>The Data and Insights team has continued evolving flexibly in response to the changing needs of NTCA and its partners, expanding the reach of its work programme. New data and insights products have been trialled and communicated internally, such as data dashboards, a CRM pilot, and insights articles. They are hosted on a newly created online Intranet channel with a dedicated Insights page. These activities are supporting development of the Insights Platform, and the team are enhancing the quantity, quality, and coverage of the work that feeds into this product.</p>	
<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.</p>	<p>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.</p>	<p>NTCA is making good progress in mobilising recent additional funding streams to come into the organisation including UK Shared Prosperity Fund and other funding announced in the Budget 2023.</p> <p>Project management capacity has been increased significantly to ensure existing funding is delivered on and proposals for future funding can be resourced.</p> <p>The NTCA programme is drawing to an end, although risks of discontinuity in delivery have been minimised through progress on NEMCA early wins, by early work on strategic programme development and by ensuring that learning is transferred into the new</p>	<p>May 2024</p>

		organisation. Capacity constraints are being managed through detailed project planning.	
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 • 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. Projects are monitored through standard operating procedures by the PMO with agreed thresholds for escalation of performance issues to Investment Panel.</p>	<p>Regular SitReps (situation reports) provide regular updates to managers and directors on all of the NTCAs key workstreams – which are reviewed, and 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>	May 2024
e) National or international economic downturns or the medium-longer term impact of Covid-19 on businesses and	Investment Fund Programme has been re-orientated to support recovery in the NTCA area, including through the	Existing controls sufficient at time of report.	May 2024

<p>employment could have significant implications for the perceivable impact of NTCA innovation and growth investments, using official data sources.</p>	<p>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>f) It is important that all communities benefit from economic growth; Inclusive Economy thinking, and practice has an important role in shaping innovation in recovery from pandemic and other economic challenges e.g. cost of living crisis</p>	<p>Inclusive economy is a cross-cutting theme within the Corporate Plan 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>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>NTCA's investment has a prominent 'place based' dimension including investment in Culture and Creative Zones and High Street Recovery ensuring targeted impact on the most deprived communities.</p>	<p>May 2024</p>

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)	Chief Executive/ Consultant Director	Opportunity Priority	Static	Previous RAG	Green 4	Current RAG	Green 4
Reason for change/current RAG rating: 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. The new North East Mayoral Combined Authority (NEMCA) demonstrates our strength in this area.							
Benefits							
a) Collective understanding of the Authority's aims and ambitions to encourage the co-production of our delivery plans. b) 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 			May 2024	

	<p>The evidence for this is in our policies and supported by our team values and behaviours - demonstrating collaboration, 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> <p>Our work for transition to NEMCA has allowed us to cement relationships with partners and stakeholders beyond the NTCA footprint.</p>	
b) Internal Communications – ensuring the family of organisations (e.g., NTCA, NELEP etc) are kept well informed during the transitional integration period for the organisations as we move towards the new NEMCA	<p>Work continues on the shared intranet site to make information centrally available in one place.</p> <p>Clear and consistent messages communicated to existing employees about the process of the transition to the new NEMCA.</p> <p>Recruitment of a lead communications role to support the communications channels for the NEMCA transition.</p>	May 2024
c) External Communications – balancing clear communications about NEMCA and the new devolution deal while being sensitive to ongoing regional politics regarding NTCA's role as we move towards the new Mayoral Combined Authority	<p>We continue to work closely with communication leads from the LA7 to work together on messaging and communications.</p> <p>Communicating with the public and partners in relevant ways that help them to feel included in the work as it develops.</p> <p>Navigating political sensitivities as the formation of the new organisation progresses and as the election for the Mayor approaches.</p>	May 2024
d) Identify those organisations who we don't currently engage with to communicate our vision and purpose – offering support	<p>NTCA officers are undertaking significant and deep engagement with a range of stakeholders and in many cases engaging in active co-design processes with stakeholders. Several strategic partners (e.g. Power to change have been engaged for their reach into audiences NTCA is less well known.</p>	May 2024

e) 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: <ul style="list-style-type: none"> • NTCA Strategic Skills Plan • NTCA Corporate Plan • NTCA Inclusive Economy Policy Statement 	Complete
f) 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. The VCSE Stakeholder Engagement Group Annual Report 2023/24 outlines the achievements and progress over the past twelve months. A CVS representative will be appointed to the new Combined Authority Cabinet.	May 2024
g) Continued engagement with regular meetings and consultation with the business community	Frequent engagement with individual businesses and business representative organisations by officers and the Mayor. In new Combined Authority the Chair of a new Business Board will be a member of Cabinet. NTCA's Inclusive Economy Board and Housing and Land Board both have member representation from the public, private and voluntary sector, including constituent LA's and North East LEP. 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. Work establishing the new Combined Authority has included in engagement across to the four south of the river local authorities and the North East LEP.	May 2024
h) 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.	Assurance Process includes internal project analysis, full appraisal (external for largest projects) and technical and political scrutiny.	May 2024

	An evaluation framework to capture NTCA's achievements has been approved and is 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 was shared with Government, as part of the Investment Fund Gateway Review which was tested and agreed and a such will be used as the basis for the new NEMCA Assurance Framework.	
i) Customer Relationship Management (CRM) system	A CRM system was piloted in 3 key areas of the organisation the Good Work Pledge, Kickstart and Mayor's Office. Learning from this pilot will be taken forward in a wider workstream around ongoing development of organisational IT systems and data handling/analysis capability.	Complete
j) We continue to utilise existing expertise in our constituent authorities	Extensive engagement and involvement of LA colleagues, at all levels, across the organisation	May 2024

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	Consultant Director	Risk Priority	Improved	Previous RAG	Amber 8	Current RAG	Green 6
Reason for change/current RAG rating: Current mitigations and controls sufficient as the organisation prepares for its dissolution and the creation of the North East Mayor Combined Authority. Impact of any changes transition may bring are considered low risk for this area of work as ICT provision is remaining with current provider.							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
090620	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. Monitoring is undertaken of training completion with escalation to senior management where not completed. Good compliance to date. All SLAs reflect business need and Newcastle ICT policy and procedures for BCP purposes.		Existing controls sufficient at time of report.		May 2024
	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.		Delegations and urgent decisions procedures robust and understood. All NTCA staff can work from home for a sustained period of time if necessary		Constituent authorities can provide ad hoc space for individuals if required.		May 2024

<p>c. There should be no single point of failure in the organisation in case of unexpected leave or resignation.</p>	<p>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. Induction and leaving processes to reiterate this policy. Regular team meetings (small work teams, service team and full staff meetings) to update each other on work and progress. SMT Delivery meetings allow Heads of Service to update each other on work and progress. Organisational Development Strategy in place to develop existing staff and encourage internal progression.</p>	<p>Existing controls sufficient at time of report.</p>	<p>May 2024</p>
<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) in place. Internal Audit reviewed the BCP in August 2022 and recommended that a formal business impact analysis process needed to be developed further and the BCP itself strengthened including processes for testing and staff training. These recommendations have all been accepted and are being actioned with good progress being made.</p>	<p>Existing policies of the five organisations becoming the North East Mayoral Combined Authority are being carried over to ensure sufficient processes are in place from day one.</p>	<p>May 2024</p>
<p>e. Do Service Level Agreements (SLAs) 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>SLAs (e.g., HR, Democratic Services, Procurement, ICT) reflect expectations of the local authority and NTCA, should a service be unable to deliver.</p>	<p>Existing controls sufficient at time of report.</p>	<p>May 2024</p>
<p>f. Existing SLAs end with the financial year which leaves a gap until NEMCA comes into being in May 2024.</p>	<p>Agreements to extend existing arrangements being discussed.</p>	<p>Anticipated all SLAs will continue until NEMCA comes into being.</p>	<p>May 2024</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:							
The North East Mayoral Combined Authority (Establishment and Functions) Order was made in March 2024. The transition period has the potential to impact on the capacity of NTCA to deliver its existing commitments and plan for the future and this has the potential to impact on recruitment and retention as people respond to change and uncertainty in different ways.							
Issues to be aware of & potential impact	Existing Controls & Mitigation Plans		Additional Mitigation Plans			Review date	
<p>Existing resources do not fully align with NTCA's policy intentions which may impact upon delivery of the Authority's strategic priorities.</p>	<p>The Corporate Plan sets out the work programme to be achieved across the organisation providing visibility and clarity of expectations to all staff 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 resource issues.</p> <p>A resource planning exercise was undertaken in February 2023 and recruitment to new roles commenced.</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>SitReps and work programmes are updated by all teams monthly, approved by Heads of Service and submitted to Chief Executive/Director, enabling an assessment of progress and the ability to flag issues/areas of concern.</p> <p>In summer 2023 a review of services and teams' posts was undertaken against NTCA delivery needs and funding to ensure the right capacity was in place to secure delivery of NTCA commitments.</p>			<p>May 2024</p>	

<p>b. NTCA is a prototyping, learning organisation in which there will be 'failures' but the team will learn from them.</p>	<p>Regular anonymous pulse surveys to gauge feeling and experiences among the whole team followed up by drop-in sessions to allow for discussion of issues. SMT and Managers' meetings share learning and experiences and receive reminders of best practice and procedure.</p>	<p>Review of business processes extended to ensure it can accommodate the implications of a larger mayoral combined authority and a Corporate Plan has been agreed.</p>	<p>May 2024</p>
<p>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.</p>	<p>In preparation for the first full year of compliance with the Code (2021/22) the Authority carried out a self-assessment in line with guidance issued by CIPFA</p>	<p>Action plans have been implemented, to address the improvement areas, resulting in the Authority being fully compliant with the CIPFA Financial Management Code.</p>	<p>Complete</p>
<p>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. Uncertainty over the larger MCA may impact on NTCA's ability to recruit.</p>	<p>The Authority has a good retention rate and low sickness. Implementation of learning and development programme after all staff completed individual assessments.</p> <p>Agile Working Policy in place to support employees maintain a good work/life balance.</p>	<p>Internal promotion of benefits (e.g. salary sacrifice schemes for purchase of bikes, cars and electronic goods, agile working) available to NTCA employees and implementation of exit interviews to identify any issues.</p> <p>Learning and development offer live for every member of staff.</p>	<p>May 2024</p>
<p>e. As with any organisation going through a period of significant change there is a risk to employee morale and engagement resulting in a risk of increasing turnover rates.</p>		<p>To ensure staff are kept up to date on the plans for change and feel included in the change as this evolves - Regular staff briefing sessions will continue - including team meetings/121 - face to face meetings with colleagues from the other organisations.</p> <p>Change management sessions will be delivered to mitigate uncertainty over larger Mayor Combined Authority.</p>	<p>May 2024</p>

		<p>The website will be kept up to date to ensure staff see the same information.</p> <p>Good employee relations and consultation processes developed with our recognised trade unions and inclusive, fair and consistent change management processes as each organisation moves through the TUPE transfer process.</p> <p>Additional HR and OD resources have been created to support the NEMCA people management transition work.</p>	
--	--	--	--

North East Local Enterprise Partnership – Strategic Risks

'Risks at a glance'

	Risk Priority	Direction of Travel
Strategic Risks	RAG	
A1 – Inability to deliver the North East Strategic Economic Plan	Red 12	Static
<p>The North East Strategic Economic Plan has been the economic plan for the region since 2014 and is due to conclude in 2024.</p> <p>The region is rightly now focused on the establishment of the new Mayoral Combined Authority and the resource and capacity required to deliver the devolution deal. As a consequence, focus and commitment to deliver the final stages of the SEP has reduced.</p> <p>The LEP remains accountable to government and the region for its delivery and therefore we need to manage messaging and reporting as part of the transition.</p>		
A2 – The ‘business voice’ not having a meaningful platform to influence decision making	Amber 9	Improving
<p>The Devolution Deal outlines the requirement of a Business Board and there is agreement in principle that the LEP board will transition into this role. It is important that this is formalised and agreed with a clear progression pathway. A draft Terms of reference was discussed at the January 2024 LEP Board.</p> <p>The Business Board is only one component to the regional business voice and it is important to keep the wider business community engaged as the transition progresses. Business community briefing sessions took place in July, October and December 2023, which were well received.</p>		
A3 – Loss of regional knowledge and expertise as the regional governance and delivery model changes	Amber 9	Improving
<p>The loss of the LEP executive team and developed partnerships’ regional knowledge and expertise during the transition to form a new mayoral combined authority is a significant risk that needs monitoring. It is important the nationally recognised work of the LEP, developed over the past 13 years is not lost but built upon. Effective knowledge transfer is important to ensure the new mayoral combined authority is the strongest it can be and can better from early portfolio wins. The LEP team will transition into the new Mayor Combined Authority.</p>		
Operational Risks		
B1 – Inability to meet contractual commitments and timelines due to reduced team capacity	Amber 9	Improving
<p>Uncertainty around future governance and team structures inevitably brings about changes within the team. Some people choose to seek more secure, stable employment, as well as the transition arrangements is seeing some employees accelerate into new interim team structures more quickly.</p>		

Collectively, this could lead to reduced capacity within the team and our ability to deliver contractual arrangements. The current head count is stable.		
<p>B2 – Maintaining staff morale and commitment during a period of uncertainty and change</p> <p>Change, particularly when it is accompanied by uncertainty, can create feelings of insecurity, stress, and anxiety among staff members. This can have a negative impact on their morale and commitment to their work, leading to decreased productivity, increased absenteeism, and turnover. It can also impact team dynamics, collaboration, and overall organisational performance. Internal communications and in-person meetings are being effective, vindicated by staff surveys.</p>	Amber 9	Static
<p>B3 - Having a meaningful route into developing the new MCA portfolios as the LEP functions transfer into the new organisation.</p> <p>The North East Local Enterprise Partnership has over a decade of experience of working with businesses and developing an executive team that hosts nationally recognised expertise in their areas of responsibility. Effective collaboration and partnership working with the local authorities as they develop their portfolios is essential to avoid the expertise not being utilised and delivery on the ground to continue to ensure the portfolio content is maximised and the region’s reputation is not damaged.</p>	Amber 9	Static

A		Strategic Risks			
A1 - Inability to deliver the North East Strategic Economic Plan					
Aim	To continue to deliver and evaluate the North East Strategic Plan in its final year and to ensure that knowledge exchange is implicit in the transition development				
Risk	<p>The North East Strategic Economic Plan has been the economic plan for the region since 2014 and is due to conclude in 2024.</p> <p>The region is rightly now focused on the establishment of the new Mayoral Combined Authority and the resource and capacity required to deliver the devolution deal. As a consequence, focus and commitment to deliver the final stages of the SEP has reduced.</p> <p>The LEP remains accountable to government and the region for its delivery and therefore we need to manage messaging and reporting as part of the transition.</p>				
Risk Owner	LEP Chief Executive	Risk Priority	Static	Current RAG	Red 12
Issues to be aware of & potential impact			Mitigation Plans		Review date
<p>Loss of funding allocated by LA7/CA2 and other partners.</p> <p>Loss of delivery priorities agreed by other partners.</p> <p>Loss of regional mandate to develop the successor plan to the SEP.</p> <p>Loss of input into NEMCAs developing portfolio plans.</p>			<p>A coordinated approach to ensure transition arrangements is taking place.</p> <p>Updates to the LEP Board.</p> <p>Involvement in NEMCA portfolio plan development.</p>		3 May 2024

A		Strategic Risks			
A2 – The ‘business voice’ not having a meaningful influencing route to influence decision making.					
Aim	To position the business board and the voice of business centrally within the new mayoral Combined Authority governance structure.				
Risk	<p>The Devolution Deal outlines the requirement of a Business Board and there is agreement in principle that the LEP board will transition into this role. It is important that this is formalised and agreed with a clear progression pathway. A draft Terms of reference was discussed at the January 2024 LEP Board.</p> <p>The Business Board is only one component to the regional business voice and it is important to keep the wider business community engaged as the transition progresses. Business community briefing sessions took place in July, October and December 2023, which were well received.</p>				
Risk Owner	LEP Chief Executive	Risk Priority	Improving	Current RAG	Amber 9
Issues to be aware of & potential impact			Mitigation Plans		Review date
<p>Change in the regional governance from a private sector led economic development board (LEP Board) to the new MCA model.</p> <p>To ensure the MCA business board is fit for purpose and maintains the strong private sector leaders on the current LEP Board.</p> <p>To ensure the business community have a meaningful pathway to input and influence the MCA decision making.</p>			<p>The LEP continues the role of ensuring a robust evidence base is available to inform economic strategy development and investment decisions across the region, and key to this is ensuring the business voice is heard.</p> <p>Maintaining the business voice through effective LEP governance to the time of transition.</p> <p>New MCA governance to ensure the business voice and influence is built in a meaningful way into the governance model.</p> <p>LEP Business Advisory Board membership reviewed and broadened.</p>		3 May 2024

A	Strategic Risks			
A3 - Loss of regional knowledge and expertise as the regional governance and delivery model changes				
Aim	To build upon the regional knowledge and expertise and ensure effective knowledge transfer into the new Mayoral Combined Authority			
Risk	The loss of the LEP executive team and developed partnerships' regional knowledge and expertise during the transition to form a new mayoral combined authority is a significant risk that needs monitoring. It is important the nationally recognised work of the LEP, developed over the past 13 years is not lost but built upon. Effective knowledge transfer is important to ensure the new mayoral combined authority is the strongest it can be and can better from early portfolio wins. The LEP team will transition into the new MCA.			
Risk Owner	LEP Chief Executive	Risk Priority	Improving	Current RAG
				Amber 9
Issues to be aware of & potential impact			Mitigation Plans	Review date
<p>Loss of regional expertise and capacity during time of change and uncertainty as staff leave for more secure opportunities.</p> <p>Degree of LEP executive and board member involvement in the development of the new portfolio plans yet to be determined, risking loss of knowledge and expertise transfer, and risk of impacting on current delivery performance.</p>			<p>Operational Transition Board established to ensure a coordinated approach.</p> <p>Regular LA7 Economic Directors' meetings.</p> <p>Regular one-two-one meetings between LEP CEO and interim NEMCA CEO.</p> <p>Strategic Economic Plan Learnings project completed.</p>	3 May 2024

B		Operational risk			
B1 – Inability to deliver on contractual commitments, spend funding on time and achieve outputs due to reduced capacity in the team due to uncertainty about the future and funding constraints.					
Aim	Proactive management of these challenges through clear communication, resource prioritisation, and support to team members can help mitigate the risks and ensure effective delivery of regional economic development initiatives.				
Risk	Uncertainty around future governance and team structures inevitably brings about changes within the team. Some people choose to seek more secure, stable employment, as well as the transition arrangements is seeing some employees accelerate into new interim team structures more quickly. Collectively, this could lead to reduced capacity within the team and our ability to deliver contractual arrangements. The current head count is stable.				
Risk Owner	LEP Chief Executive	Risk Priority	Improving	Current RAG	Amber 9
Issues to be aware of & potential impact			Mitigation Plans		Review date
Funding not being spent on time if there are further staff losses, leading to reduced outputs being delivered and potential clawback.			Monitoring will be undertaken at a programme and project level to ensure commitments are on target. Funds will be monitored through Senior Management Team, Technical Officer Group, Investment Board, LEP Board, with reporting to the Board to review performance.		3 May 2024

B		Operational risk		
B2 – Maintaining staff morale and commitment during a period of uncertainty and change				
Aim	Supporting the team during transition.			
Risk	Change, particularly when it is accompanied by uncertainty, can create feelings of insecurity, stress, and anxiety among staff members. This can have a negative impact on their morale and commitment to their work, leading to decreased productivity, increased absenteeism, and turnover. It can also impact team dynamics, collaboration, and overall organisational performance. Internal communications and in-person meetings are being effective, vindicated by staff surveys.			
Risk Owners	LEP Chief Executive	Risk Priority	Static	Current RAG
				Amber 9
Issues to be aware of & potential impact		Mitigation Plans		Review date
Decrease in productivity and organisational performance.		Through 1:1s with line managers and reviews the team will be supported to ensure that priorities are being met but that the individual also feels supported.		3 May 2024
Increased absenteeism, morale and commitment.		Supporting the team with 1:1 support, advice and guidance.		3 May 2024
Supporting change management and understanding the transition.		Training and support with change management offered across the team and sessions undertaken. Regular communication sessions including Team Huddles are held with the team to ensure they are aware of changes. Team briefing sessions with the other organisations involved in the transition started in October 2023 and will continue through to the end of April 2024. Internal communications ramped up		3 May 2024

Project

B	Operational risk				
B3 - Having a meaningful route into developing the new MCA portfolios as the LEP functions transfer into the new organisation.					
Aim	To ensure effective collaboration and partnership working as the LEP functions transfer.				
Risk	The North East Local Enterprise Partnership has over a decade of experience of working with businesses and developing an executive team that hosts nationally recognised expertise in their areas of responsibility. Effective collaboration and partnership working with the local authorities as they develop their portfolios is essential to avoid the expertise not being utilised and delivery on the ground to continue to ensure the portfolio content is maximised and the region's reputation is not damaged.				
Risk Owners	LEP Chief Executive	Risk Priority	Static	Current RAG	Amber 9
Issues to be aware of & potential impact			Mitigation Plans		Review date
Reduced respect for political leaders from the business community			LEP to input and shape the governance arrangements of new NEMCA business board		3 May 2024
Reputational damage to the region			A coordinated approach and partnership working with the local authorities to ensure that portfolio development can be maximised, through regular meetings and expertise/knowledge transfer.		3 May 2024
Loss of nationally recognised expertise and knowledge			There have been a number of staff who have secured opportunities elsewhere. This is being discussed and gaps in delivery being identified by the Senior Management Team.		3 May 2024

North East Joint Transport Committee Strategic Risks (as of March 2024) - 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>	<p>Amber</p>	<p>Decreasing Current bids are live for Zero Emission Buses and significant investment in EV charging infrastructure. Future CRSTS funding will allow significant investment in sustainable transport infrastructure.</p>
<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>	<p>Amber</p>	<p>Decreasing Significant funding opportunities and powers within the North East devolution deal will enable improvements to sustainable transport infrastructure and services.</p>
<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>	<p>Amber</p>	<p>Static Significant funding opportunities and powers within the North East devolution deal will enable improvements to sustainable transport infrastructure and services.</p>
<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>	<p>Amber</p>	<p>Decreasing Significant funding opportunities and powers within the North East devolution deal will enable improvements to sustainable transport infrastructure and services. The region has also a live Enhanced Bus Partnership delivering improvements on the bus network.</p>

<p>Safety and Security The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.</p>	<p>Amber</p>	<p>Static Arrangements are in place and new initiatives, such as investment by Nexus in Security staff on the Metro system. TCF investment in safer securer stations could be built on through CRSTS funding.</p>
<p>JTC Organisation Risks</p>		
<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>	<p>Green</p>	<p>Decreasing Significant funding has been acquired in recent years including BSIP and Active Travel funding with funding bids current for Zero Emission Buses and Electric Vehicle Charging Infrastructure. Move to a Mayoral Combined Authority allows access to CRSTS and other significant funding pots.</p>
<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</p>	<p>Static JTC are awaiting confirmation of the award of funding for Zero Emission Buses and Electric Vehicle Charging Infrastructure.</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</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</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</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>Green</p>	<p>Static Positive Internal Audit opinion, likelihood of overspends reduced, however delays in delivery owing to volume of funding and capacity pressures remains</p>
<p>Transport Infrastructure Assets Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.</p>	<p>Green</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</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</p>	<p>Static Bus operators are committed to working together in a catastrophic event through the BSIP passenger charter, further work should be done to formalise communication lines and potential action plans</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)

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: 2023/24 Preparation for the Statement of Accounts

Report of: Chief Finance Officer

Portfolio: All

Report Summary

The purpose of this report is to provide Audit and Standards Committee with details of the plan that will be used to produce the Annual Statement of Accounts (the Accounts).

Recommendations

The Audit and Standards Committee is recommended to note the work outlined in respect of the closure of the 2023/24 Accounts.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 This is the sixth and final year of the production of the Statement of Accounts for the North of Tyne Combined Authority (NTCA).

Following the approval of the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 the 2023/24 Statement of Accounts will be prepared for the period 1 April 2023 to 6 May 2024 when the North of Tyne Combined Authority (NTCA) will be abolished and the North East Mayoral Combined Authority (MCA) established.

For 2023/24, under the 2015 Accounts and Audit regulations, the statutory requirement is for Category 1 authorities, to publish unaudited accounts by 31 May 2024. However, in view of the extended year end (6 May 2024) it is intended that the draft (unaudited) Statement of Accounts for the North of Tyne Combined Authority (NTCA) will be published by 31 July 2024.

- 1.2 The Accounts of the North of Tyne Combined Authority (NTCA) incorporate the assets and liabilities of the Joint Transport Committee and include the accounts of Nexus as part of their Group Accounts, therefore the NTCA are dependant on the North East Combined Authority (NECA) and Nexus to complete their Accounts before their draft Accounts can be completed. Early planning meetings have already taken place with the Finance Manager of North East Combined Authority, Nexus, and the External Auditors Mazars, to agree the timetable to achieve the proposed deadlines.
- 1.3 Work has been undertaken to identify all key areas and tasks that are required to be completed and by whom with focus on additional quality assurance checks. Additional capacity on the Finance Team has also been secured to assist in the production of the Accounts. Guidance has been issued across NTCA, North East LEP and Invest North England outlining key tasks and actions required to be taken in relation to the closure of accounts ensuring all staff are aware of the deadlines for the closure of the accounts.
- 1.4 Regular update meetings will be held with the Chief Finance Officer where any issues identified will be raised.

1.5 Liaison with the External Auditors will be ongoing throughout the production of the accounts to raise any points of clarification.

1.6 Work is progressing towards meeting the deadlines that are required in order for the Combined Authority to be able to publish the Statement of Accounts no later than the date of 31 July 2024. However, it should be noted that the production of the NTCA accounts is reliant on the production of Nexus and NECA accounts and whilst we work together those “elements” are out of our control and remains a key risk.

2. Potential Impact on Objectives

2.1 The production of an Audited Statement of Accounts is the statutory responsibility of the Combined Authority as per the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2022.

3. Key Risks

3.1 The production of the NTCA accounts is reliant on the production of Nexus and NECA accounts and whilst we work together those elements are “out of our control”. A risk log has been set up which identifies the key risks and issues associated with the closedown process. The management of these risks is part of the overall process.

4. Financial and Other Resources Implications

4.1 There are no financial or other resource implications arising from this report.

5. Legal Implications

5.1 The Accounts and Audit (Amendment) Regulations 2022, requires audited accounts to be published by 30 September, with the draft accounts published no later than 31 May. We are currently awaiting the outcome of a recent consultation on draft Accounts and Audit (Amendment) Regulations 2024 which proposes 31 May 2025 as a backstop date for the 2023/24 audited accounts to be published.

6. Equalities Implications

6.1 There are no equality and diversity implications arising from the recommendations in this report

7. Inclusive Economy Implications

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

8. Climate Change Implications

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

9. Consultation and Engagement

9.1 Consultation will take place with the key personnel and interested parties involved in the closedown process.

10. Appendices

10.1 None

11. Background Papers

11.1 None

12. Contact Officers

12.1 Janice Gillespie, Chief Finance Officer [mailto: Janice.gillespie@northoftyne-ca.gov.uk](mailto:Janice.gillespie@northoftyne-ca.gov.uk)

13. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------

This page is intentionally left blank



Subject: 2023/24 Report on Accounting Policies to be used in the compilation of the Statement of Accounts
Report of: Chief Finance Officer
Portfolio: All

Report Summary

The purpose of this report is to provide the Audit and Standards Committee with details of the proposed accounting policies to be applied in the preparation of the 2023/24 Statement of Accounts of the North of Tyne Combined Authority (NTCA).

The preparation of the accounts should be in accordance with the accounting concepts and policies as per the 'Code of Practice on Local Authority Accounting in the UK 2023/24' (The Code). The accounting policies applied in the preparation of the 2022/23 Statement of Accounts remain appropriate for the preparation of the 2023/24 Statement of Accounts.

Following the approval of the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 the 2023/24 Statement of Accounts will be prepared for the period 1 April 2023 to 6 May 2024 when the North of Tyne Combined Authority (NTCA) will be abolished and the new North East Mayoral Combined Authority (NEMCA) established. The Code sets out that transfers of services under combinations of public sector bodies do not negate the presumption of going concern, therefore, the accounts will be prepared on a going concern basis. The Order also provides for the staffing, assets, rights and liabilities of the existing combined authorities to transfer to the mayoral combined authority.

Under the terms of reference of the Audit and Standards Committee, the Committee has the responsibility to review the Accounting Policies that will be used to compile the Annual Statement of Accounts.

The full list of accounting policies the authority proposes to disclose in its Statement of Accounts notes are detailed in Appendix 1.

Recommendations

The Audit and Standards Committee is recommended to note the Accounting Policies to be adopted by the Combined Authority and used to compile the Accounts for the financial year ended 6 May 2024 (Appendix 1).

1. Background Information, Proposals and Timetable for Implementation

- 1.1 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK (the Code) which is based upon approved accounting standards.
- 1.2 The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the joint CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

- 1.3 In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The CIPFA/LASAAC Code Board, overseen by the Financial Reporting Advisory Board, is in a position to issue mid-year updates to the Code in exceptional circumstances.
- 1.4 Accounting policies are defined in the CIPFA Code as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements". The purpose of the Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts of the Combined Authority.
- 1.4 Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in the Code as it applies to omissions and misstatements:
- Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.*
- 1.5 The proposed accounting policies for 2023/24 are attached as Appendix 1 these have been prepared in consultation with the Finance Manager for the North East Combined Authority (NECA) to ensure that the inclusion of the Joint Transport Committee (JTC) figures and those of the North East Local Enterprise partnership (LEP) and Invest North East England (INEE) are properly accounted for within the NTCA Accounts as in previous years.

2. Potential Impact on Objectives

- 2.1 There are no impacts on objectives arising from this report.

3. Key Risks

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

4. Financial and Other Resources Implications

- 4.1 There are no financial or other resource implications arising from this report.

5. Legal Implications

- 5.1 The Combined Authority has a duty to ensure it produces an Annual Statement of Accounts in accordance with the Accounts and Audit Regulations. Part of the approval process is the endorsement of the Accounting Policies by Audit and Standards Committee.

6. Equalities Implications

- 6.1 There are no equality and diversity 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 Internal consultation has taken place with the Chief Finance Officer, relevant Finance staff and the External Auditor.

10. Appendices

10.1 Appendix 1 – Accounting Policies 2023/24.

11. Background Papers

11.1 Code of Practice on Local Authority Accounting in the UK 2023/24.

12. Contact Officers

12.1 Janice Gillespie, Chief Finance Officer
Janice.gillespie@northoftyne-ca.gov.uk

13. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------

This page is intentionally left blank

Accounting Policies

1. General Principles

The Statement of Accounts summarises the Combined Authority's transactions for the 2023/24 financial year and its position at the year-end of 6 May 2024. The Combined Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with property accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code requires that a Local Authority's Statement of Accounts is prepared on a 'going concern' basis, that is, the accounts are based on the assumption that the Combined Authority will continue in operational existence for the foreseeable future.

On 12 March 2024 the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 was approved. The Order provides for the establishment on 7 May 2024 of the North East Mayoral Combined Authority (MCA), comprising as constituent councils the seven north-east councils. The Order simultaneously abolishes the existing North East Combined Authority (NECA) and the North of Tyne Combined Authority (NTCA) and the office of the Mayor of North of Tyne.

The Code sets out that transfers of services under combinations of public sector bodies do not negate the presumption of going concern. The Order provides appropriate continuity and transitional arrangements so that any acts of the existing combined authorities are to be treated as the acts of the new mayoral combined authority. The Order also provides for the staffing, assets, rights and liabilities of the existing combined authorities to transfer to the mayoral combined authority. For this reason it is considered appropriate, in line with the Code, for these accounts to be prepared on a going concern basis.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Combined Authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.

- Revenue from the provision of services is recognised when the Combined Authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payments on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. The Combined Authority has a policy of not accruing for manual sundry creditors or sundry debtors' provision for less than £1,000, other than in exceptional circumstances.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Combined Authority's cash management.

4. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and,
- Amortisation of intangible fixed assets attributable to the service.

The Combined Authority is not required to raise the levy to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Combined Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

5. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Combined Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Combined Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There are no contingent liabilities disclosed in 2023/24.

6. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Combined Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu, flexi balances) earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts which would be payable as a result of a decision by the Combined Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Corporate Costs line in the CIES when the Combined Authority is demonstrably committed to the termination of the

employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Combined Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

7. Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

8. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the Accounts, depending on how significant the items are to an understanding of the Combined Authority's financial performance.

9. Fair Value measurement

The Combined Authority measures some of its non-financial assets such as surplus assets, assets held for sale and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Combined Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Combined Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Combined Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Combined Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Combined Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3 – unobservable inputs for the asset or liability.

10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Combined Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and

Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Combined Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of the financial instrument and are classified into three types using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

- Amortised Cost – assets held within a business model with the sole objective of collecting contractual cash flows on specified dates that are solely payments of principal and interest.
- Fair value through other comprehensive income (FVOCI) – assets held within a business model with the objective to either sell the asset or collect contractual cash flows on specified dates that are solely payments of principal and interest; and,
- Fair value through profit and loss (FVPL) – objectives are achieved by any other means than collecting contractual cash flows.

The Combined Authority can at initial recognition of the asset override the above classifications in the following circumstances and the decision is irrevocable:

- An equity instrument can be elected into FVOCI rather than FVPL if it is not held for trading.

- Any financial asset can be designated as measured at FVPL if this removes any deemed inconsistency in measurement by treating assets based upon the above classification.

Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual creditors to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Combined Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Combined Authority can make loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of the soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to net gain required against the General Fund Balance is managed by a transfer to for from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Expected Credit Loss Model

The Combined Authority recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since and instrument was initially recognised, losses are assessed on a lifetime basis expected losses. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Fair Value through other Comprehensive Income

Changes in fair value are recorded against Other Comprehensive Income and Expenditure gain/loss by an entry in the Financial Instrument Revaluation Reserve through the Movement in Reserves Statement.

However, interest is charged to the Surplus/Deficit on the Provision of Services as though the asset had been measured at amortised cost

Where assets are identified as impaired because of a likelihood arising from a future event that cashflows due under the contract will not be made, a charge for the value of the impairment is made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement with a corresponding entry being recognised in Other Comprehensive Income through the Financial Instruments Revaluation Reserve on the Balance Sheet.

When the asset is de-recognised the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the Financial Instrument Revaluation Reserve to the Surplus/Deficit on the Provision of Services as a reclassification adjustment.

Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Combined Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third- party contributions and donations are recognised as due to the Combined Authority when there is reasonable assurance that:

- The Combined Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Combined Authority are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that the conditions attached to the grant or contribution will be satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions and capital grants used to fund Revenue Expenditure Financed from Capital Under Statute) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

12. Group Accounts

NECA and the Combined Authority are required by the Code of Practice on Local Authority Accounting 2023/24 to produce Group Accounts to include services paid to Council Tax payers by organisations other than the Combined Authority itself in which the Combined Authority has an interest.

Although there has been no definitive ruling by CIPFA or central government in relation to Combined Authorities and Passenger Transport Executives, it is recognised that the accounts of Nexus fall within the definition of a subsidiary. As such, group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Combined Authority and Nexus. Nexus has been incorporated as a subsidiary, whereby the accounts of the two organisations are combined and any intra-group transactions are cancelled out.

For the 2023/24 accounts, NECA and the Combined Authority have fully complied with the requirements of the Code, providing group figures for 2023/24 and comparators for 2022/23. From 2010/11, Passenger Transport Executives have been required to produce their accounts under International Financial Reporting Standards, and as if the proper practices in relation to accounts applicable to a local authority were, so far as appropriate, applicable to an Executive. The group financial statements are prepared in accordance with the policies set out in the Statement of Accounting Policies above.

13. Joint Transport Committee

On 2 November 2018, the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) changed the boundaries of NECA and established the new Mayoral Combined Authority.

The reconfiguration of NECA has been classed as a transfer by absorption meaning:

- NECA has accounted for its control up to the date of the reconfiguration albeit with clear disaggregation of the financial results relating to the functions being transferred; and
- Assets and liabilities transferred at book value.

The Order establishing the NTCA also required the seven local authorities to establish the Joint Transport Committee (JTC). Under the CIPFA Code, the JTC meets the definition of a 'joint operation' which determines its accounting treatment. Where a Joint Committee is accounted for as a Joint Arrangement each Joint Operator (in this case NECA and NTCA) must account for their own share of the assets, liabilities, revenues and expenses held or incurred jointly in their own single entity financial statements.

In order to comply with CIPFA Code, NECA must:

- Split the revenues between that which relates to NECA and the Combined Authority. In this case the constitution of the JTC and its funding arrangements suggests that, in the first instance, the revenues should be divisible into that which relates to Northumberland (allocated wholly to the Combined Authority), that which relates to Durham (allocated wholly to NECA) and that which relate to Tyne and Wear (requires further division into NECA and the Combined Authority).
- The revenues which relate to Tyne and Wear must then be divided into that which relates wholly to Newcastle and /or North Tyneside (allocated to the Combined Authority), that which relates wholly to Gateshead, South Tyneside and/or Sunderland (allocated to NECA) and that which relates to activities not wholly attributable under the preceding two points which requires apportionment.

The Order gives no clear instruction on the basis of division of revenues, but the Deed of Cooperation made on 4 July 2018 between the seven local authorities in the area provides that “those costs and liabilities which are attributable to the exercise of functions exclusively in the area of the Tyne and Wear Authorities shall be shared between the Tyne and Wear Authorities on a per capita basis relating to their resident populations at that time.”

By similar rationale and argument, the division of assets, liabilities and expenditure incurred will also be divided on this basis.

14. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Authority as Lessee

Rentals paid under operating leases are charge to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

15. Overheads and Support Services

The costs of overheads and support services e.g., Finance and Legal services are shown within the Corporate Costs line on the Comprehensive Income and Expenditure Statement on the basis of Service Level Agreements in accordance with the Combined Authority’s arrangements for accountability and financial performance and in accordance with guidance given by the Chartered Institute of Public Finance and Accountancy (CIPFA), this is also the case for NECA.

16. Post-Employment Benefits

The Combined Authority and NECA are members of the Local Government Pension Scheme, which provides members with defined benefits relating to pay and service. Its pension obligations relate primarily to former employees.

The relevant fund is the Tyne & Wear Pension Fund, administered by South Tyneside Metropolitan Borough Council, from whom a copy of the annual report may be obtained. The Fund website may be visited at www.twpf.info.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Combined Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate determined annually, based on the indicative rate of return on high quality corporate bonds.
- The assets of the pension fund attributable to the Combined Authority are included in the Balance Sheet at their fair value:
 - Quoted securities at current bid price
 - Unquoted securities based on professional estimate
 - Unitised securities at current bid price
 - Property at market value

The change in the net pension's liability is analysed into the following components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the Combined Authority and NECA Corporate Costs line.
- Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES as part of the Combined Authority and NECA Corporate Costs line.
- Net interest on the net defined liability i.e., net interest expense for the Combined Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Gains or losses on settlements and curtailments – the result of actions to relieve the Combined Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs
- Remeasurements comprising:

- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income & Expenditure; and
- Actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
- Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Combined Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Further details are provided in Note xx to the accounts.

17. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Combined Authority’s financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

18. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Combined Authority and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs dismantling and removing the item and restoring the site on which it is located.

The Combined Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Combined Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Combined Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets– depreciated historical cost.
- Assets Under Construction – cost.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (EUV).

The following useful economic lives are used for PPE assets in relation to NECA: Tyne Tunnels 120 years, Tunnels vehicles, Plant and Equipment 30 years.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. All valuations will be undertaken by or under the supervision of a fully qualified Chartered Surveyor (MRICS – Member of the Royal Institution of Chartered Surveyors). These revaluations are detailed within the Notes to the Core Financial Statements. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

De Minimis Levels

The use of a de-minimis level for capital expenditure means that in the above category's assets below the de-minimis level are charged to the revenue account and are not classified as capital expenditure i.e., the asset is not included in the

balance sheet unless they are part of an overall project costing more than the established de-minimis level. For all capital expenditure the de-minimis level is £10,000.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction).

Depreciation on all Property, Plant and Equipment assets (except Vehicles) is calculated by taking the asset value at the 6 May 2024 divided by remaining life expectancy. Depreciation is charged in the year of acquisition, but not the year of disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation that would have been charged based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. In the most recent valuations of the Tyne Tunnels, it was assessed that, although Mechanical and Electrical Services and the Toll

Plazas have an economic life of 20 years, these formed less than 20% of the overall valuation and have not therefore been classed as significant components.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Combined Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the general fund, as the cost of fixed assets is fully provided for under separate arrangements for capital

financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

19. Provisions

Provisions are made where an event has taken place that gives the Combined Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Combined Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Combined Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Combined Authority settles the obligation.

20. Public Private Partnership (PPP) Contracts

Public Private Partnerships are agreements to receive services and provide capital jointly with the private sector. The New Tyne Crossing Partnership is judged to be such an arrangement.

The Code requires these arrangements to be assessed under an application of the principles within International Financial Reporting Interpretation Committee 12 (IFRIC12) 'Service Concessions'.

Arrangements fall in scope of the application where both of the following IFRIC 12 criteria are met:

- The public sector entity ('grantor') controls or regulates the services that the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- The grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the service arrangement.

For any service concession within the scope of the application, the grantor will recognise the cost of the property, plant and equipment underlying the service concession as a tangible fixed asset. The New Tyne Crossing is considered to meet both IFRIC 12 criteria, and therefore the costs are recognised on the Combined Authority's Balance Sheet.

In most arrangements within the scope of the application, the grantor will account for the arrangement's financing by recording and measuring a long-term liability in accordance with IAS 17. This treatment reflects an obligation to pay the operator for the full value of the asset along with the operator's costs of finance. However, in the New Tyne Crossing project, TT2 Ltd (the operator) receives a defined proportion of the total toll revenue and uses this to meet its cost of constructing and operating both vehicle tunnels. The Combined Authority may therefore have no long-term obligation to transfer economic resources to TT2, and hence should not recognise a liability.

The provisions within the Payment Mechanism for payment of toll revenue to the operator are as follows:

- In each month a Shadow Toll is paid to the operator, this being a fixed amount per vehicle, adjusted for changes in RPI.
- Throughout the term, Formula Tolls for each vehicle type are defined to equal the corresponding vehicle Shadow Tolls; and
- The Formula Tolls are the initially defined sequence of tolls to be charged to users and collected by NECA. If NECA varies a Real Toll from its corresponding Formula Toll beyond a certain level, the operator is compensated for the effect of this adjustment on demand.

The Combined Authority therefore has no exposure to any risk and reward associated with the operator revenue, but only an executor contract to transfer the operator's share of total revenues to the operator as it is collected.

It therefore follows from this conclusion that the Combined Authority has no long-term obligation to transfer economic resources to the operator, since the operator revenue is in substance transferred directly to it. The Combined Authority therefore should not recognise a long-term liability to finance the project assets.

In relation to such an arrangement, the Code and the accompanying notes do not provide clear guidance. However, the guidance notes accompanying the Code suggest that the credit that matches the asset should be a deferred income balance. The Combined Authority has therefore recognised a deferred credit balance, added to as each Phase 1 and Phase 2 of the project were completed, and equal to the fair value of the asset addition under each Phase. This balance is then released to the Comprehensive Income and Expenditure Statement over the life of the contract.

21. Reserves

The Combined Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against the levy for the expenditure.

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Combined Authority.

22. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Combined Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charges so that there is not impact on the levy.

23. Tyne Tunnels Income

The majority of the income from tolls is received on a cash basis. Accruals are made to apportion income credited to the bank account to the correct financial year. Prepayments on permit accounts are also received, and the balance on these accounts are accrued as income received in advance at the period end.

24. Value Added Tax (VAT)

VAT is payable and is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

**NORTH
OF TYNE**



**COMBINED
AUTHORITY**

Audit and Standards Committee

23 April 2024

Subject: Draft Annual Governance Statement 2023/24

Report of: Risk Advisor to North of Tyne Combined Authority

Report Summary

This report presents the North of Tyne Combined Authority (NTCA) draft 2023/24 Annual Governance Statement (AGS).

The AGS details the provisional outcome of the annual review of the authority's governance and internal control arrangements operating during 2023/24 and the Committee are asked to comment on its content.

The review highlighted no significant weaknesses in the internal control environment during 2023/24.

As the NTCA will end as an organisation on 6 May 2024 due to the establishment of a new North East Mayoral Combined Authority (NEMCA), which will be formed on 7 May 2024, this NTCA 2023/24 AGS will cover the period up to 6 May 2024.

The AGS will be kept under review and amended as necessary should any weaknesses come to light before it is considered as part of the audit of the Authority's financial statements before it is finalised.

As NTCA will end as an organisation on 6 May 2024 and this Audit and Standards Committee will therefore no longer be operational, it is anticipated that the new NEMCA Audit and Standards Committee will approve the final NTCA AGS before it is published alongside the Authority's 2023/24 financial statements.

A copy of the draft 2023/24 Annual Governance Statement is provided at Appendix A.

Recommendations

The Audit and Standards Committee is recommended to:

1. Consider the first draft of the NTCA 2023/24 AGS (Appendix A) and comment on its content; and
2. Acknowledge that the 2023/24 AGS will be kept under review and amended as necessary should any weaknesses come to light up to the date of the final approval of the NTCA financial statements.

1. Background Information, Proposals and Timetable for Implementation

1.1 The Combined Authority has a statutory duty under the Accounts and Audit Regulations 2015 to do the following on an annual basis:

- Conduct a review of the effectiveness of its governance framework, including the system of internal control;
- Prepare an Annual Governance Statement; and
- Through a relevant committee review and approve the Annual Governance Statement

1.2 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:

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

2. Annual Governance Statement Assurance Framework– 2023/24

2.1 The approach to produce the 2023/24 AGS is based on a framework of assurance and in preparing it, it has been necessary to review evidence from the following sources. This approach complies with the CIPFA recommended practice:

- Governance Arrangements e.g. the Authority’s Constitution
- Assurance from the Statutory Officers, including the Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written statements
- Members - Views of Audit and Standards Committee
- Internal Audit Activity – including the Chief Internal Auditor’s annual opinion
- Risk Management – Strategic risk reviews
- Performance Management – outcomes reported during 2023/24
- Views of the external auditor and other external inspectorates
- Key partnerships, including the voluntary, community and social enterprise organisations (VCSE)
- Nexus, through an assurance statement signed by Nexus’ Director of Finance and Resources
- North East Local Enterprise Partnership, through a partnership assurance statement, signed by the Chief Executive

3. Outcomes of the Review of Assurances

3.1 The NTCA 2023/24 AGS fully complies with the CIPFA Framework and provides detailed evidence against each of the above principles highlighted in paragraph 1.2, to show how the Authority has adhered to its governance commitments as set out in the Constitution.

The Statement includes hyperlinks to sources of further information detailed on the North of Tyne Combined Authority website, (for example the Authority's Corporate Plan, Freedom of Information Scheme and Annual Report), demonstrating how the Authority has implemented its commitments and complies with the governance standards and principles.

3.2 The review highlighted no significant weaknesses in the internal control environment during 2023/24.

3.3 As the NTCA will end as an organisation on 6 May 2024 due to the establishment of a new North East Mayoral Combined Authority (NEMCA) which will be formed on 7 May 2024, this NTCA 2023/24 AGS will cover the period up to 6 May 2024.

4. Next Steps

4.1 The AGS will be updated to reflect comments from Audit and Standards Committee members today and will be kept under review and amended as necessary should any weaknesses come to light before it is considered as part of the audit of the Authority's 2023/24 financial statements before it is finalised.

4.2 As NTCA will end as an organisation on 6 May 2024 and this Audit and Standards Committee will therefore no longer be operational, it is anticipated that the new NEMCA Audit and Standards Committee will approve the final NTCA AGS before it is published alongside the Authority's 2023/24 financial statements.

5. Potential Impact on Objectives

5.1 No direct impact on objectives.

6. Key Risks

6.1 There are no specific risk implications directly arising from this report. The management of risks has been considered as part of the production of the Annual Governance Statement.

7. Financial and Other Resources Implications

7.1 This work to develop the Annual Governance Statement has been carried out by Newcastle City Council's Internal Audit Service under the Service Level Agreement.

8. Legal Implications

8.1 There are no direct legal implications arising from this report.

9. Equalities Implications

9.1 There are no direct equalities implications arising from this report.

10. Inclusive Economy Implications

10.1 There are no direct inclusive economy implications arising from this report.

11. Climate Change Implications

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

12. Consultation and Engagement

12.1 The Chief Executive, Monitoring Officer, Chief Finance Officer and NTCA Senior Management Team have been consulted on the draft 2023/24 AGS.

14. Appendices

14.1 Appendix A – Draft 2023/24 Annual Governance Statement

15. Background Papers

15.1 None

16. Contact Officers

16.1 Philip Slater, Chief Internal Auditor Newcastle City Council (acting as Risk Advisor to NTCA)

E mail: philip.slater@newcastle.gov.uk

Tel: 0191 2116511

17. Glossary

17.1 None

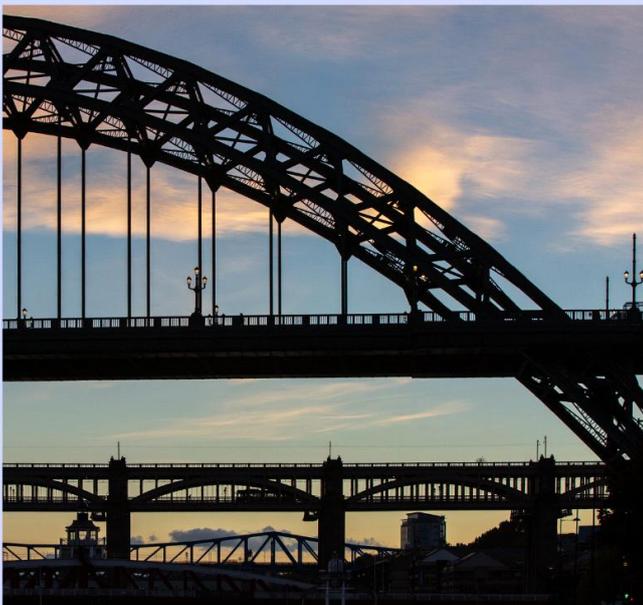
18. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
----------------------------	----------------------------------	-------------------------------

This page is intentionally left blank



ANNUAL GOVERNANCE STATEMENT 2023/24



**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 2023/24, 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 6 May 2024 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

- |                                                                                                                      |                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <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               |                                                                                                                      |

## The Governance Framework

### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

| The Authority's Commitment of Good Governance         | How the Authority meets these principles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Where you can see Governance in action                                                                                                                                                                |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Behaving with Integrity</b></p> <p>Page 116</p> | <p>The 2023/24 budget and our medium-term financial plan for the period 2024-25 to 2026-27 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>The Corporate Plan provides a clear blueprint for the work of the Authority and shows how it will deliver on the outcomes shaped by the Mayor and Cabinet. The Plan builds on well-established portfolios, clear strategic priorities and a culture of collaboration that is knitted into everything it does.</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><a href="#">2023-2027 Budget Proposals (Agenda item 6a– page 15)</a></p> <p><a href="#">Working Together: Our Corporate Plan 2023-2024</a></p> <p><a href="#">Gifts and Hospitality Policy</a></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>Demonstrating Strong Commitment to Ethical Values</p> | <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 controls required to manage risks. We will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.</p> <p>The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.</p> <p>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.</p> <p>Our Freedom of Information Scheme is published on our website</p> <p>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</p> <p>The Authority appoints Statutory Officers who have the skills, resources and support necessary to ensure statutory and regulatory requirements are complied with.</p> | <p>The <a href="#">Constitution</a> is available on the NTCA website.</p> <p>Cabinet Rules of Procedure (“Standing Orders”) can be found at <a href="#">part 3.1</a> of the Constitution</p> <p>Codes of Conduct can be found at <a href="#">Part 5.2</a> of the Constitution</p> <p><a href="#">Freedom of Information Scheme</a></p> <p><a href="#">Whistleblowing Policy</a></p> |

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                                                                                                                 | <p>Data Protection and Confidentiality; Environmental; Equalities and Diversity; Inclusive Economy, Modern Slavery; and Social Value policies are in place and available on the Transparency page of our website.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><a href="#">Transparency Policies</a></p> <p><a href="#">Working Together: Our Corporate Plan 2023-2024</a></p> |
| <p>Respecting the Rule of Law</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 118</p> | <p>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.</p> <p>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.</p> <p>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).</p> <p>Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer.</p> <p>The Monitoring Officer is advised on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical.</p> | <p><a href="#">Constitution</a> 2.9 – Scheme of Delegations</p>                                                    |

## B. Ensuring openness and comprehensive stakeholder engagement

| The Authority's Commitment to Good Governance                                                                                                                              | How the Authority meets these principles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Where you can see Governance in action                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Ensuring Openness</b><br/>Engaging Comprehensively with Institutional Stakeholders</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 119</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>Each year NTCA produces an Annual Report which sets out the Authority's achievements and the work of the Mayor and Cabinet.</p> <p>The Authority's significant partners (Nexus and the North East LEP) provide signed assurance statements which contains an assessment of their governance and internal control systems. The statement provides additional evidence for this AGS.</p> <p>The Authority produces an Annual Report to set out the Authority's achievements and the work of the Mayor and Cabinet over the last year. This year will be the final Annual Report of the NTCA and as such reflects the lifetime of the Authority.</p> <p>The attached Annual Report 2023-2024 which is presented to Cabinet also includes updates from the Inclusive Economy</p> | <p><a href="#">Working Together: Our Corporate Plan 2023-2024</a></p> <p><a href="#">Delivering Devolution Together – Annual Report</a> (Agenda item 5 - page 7)</p> <p><a href="#">Cabinet report 12 March 2024 presents updates from IEB, HLB, &amp; VCSE</a></p> |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                     |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     | <p>Board (IEB), the Housing and Land Board (HLB), and the Voluntary, Community and Social Enterprise Group (VCSE)</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 Adult Education Strategic Skills Plan sets out our ambitious programme for skills development. It 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>The Skills for Growth programme has been developed using the flexibilities provided by devolved funding to enable investment in innovation and sector growth to be complemented by support for skills and talent pipeline development. Click on the link to read more about the <a href="#">skills for growth priorities</a>.</p> | <p><a href="#">Overview and Scrutiny Annual Report 2023/24 and Decision Review (Agenda item 9)</a></p> <p><a href="#">North East Joint Transport Committee</a></p> <p><a href="#">Opportunity for All – North of Tyne Strategic Skills Plan</a></p> |
| <p>Engaging stakeholders effectively, including</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).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>NTCA <a href="#">website</a></p>                                                                                                                                                                                                                 |

|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>individual citizens and service users</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>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 to deliver our shared vision of an inclusive economy.</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. The hyperlink to the mid-year update provides an update on provision that has been delivered through the devolved Adult Education Budget for the period 1 August 2023 to 6 February 2024.</p> <p>The Skills Bootcamps update included within the same hyperlink as above reports on the performance of the Skills Bootcamps and describes the range of sector areas which</p> | <p><a href="#">Forward Plan</a></p> <p><a href="#">Freedom of Information Scheme</a></p> <p><a href="#">VCSE Stakeholder Engagement Group Annual Report 2023/24</a> – Appendix 1c - page 19</p> <p><a href="#">Social Media House Rules</a></p> <p><a href="#">Transparency Information</a></p> <p><a href="#">Devolved Adult Education Budget – mid year update</a> (Agenda item 7 – page 47)</p> <p><a href="#">Skills Bootcamps update</a> (Agenda item 8 – page 65)</p> |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|  |                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                             |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|  | <p>are included i.e. digital, logistics, technical and engineering and shows over 340 employers are engaged in the Bootcamps.</p> <p>In 2022 and 2023 NTCA held three engagement events – Open the door a little wider - (2 for residents and 1 for employers) to listen to the experiences of both residents and employers focusing on challenges and successes in getting good work</p> | <p><a href="#">The Open the door a little wider report presents the findings from the three events.</a></p> |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

| <p><i>The Authority's Commitment to Good Governance</i></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>The Corporate Plan sets out the ambitions of Cabinet for the authority for the year ahead with a roadmap for action. It captures the breadth of work undertaken and ensures activities are aligned allowing for clear collaborative working.</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="#">Working Together: Our Corporate Plan 2023-2024</a></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>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.</p> <p>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.</p> <p>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</p> | <p><a href="#">Zero carbon, Zero poverty: Our 5 point plan</a></p> <p><a href="#">Annual update on NTCA's performance against its Equality Objectives</a> (Agenda item 6 – page 39)</p> <p><a href="#">Social Value Policy</a></p> <p><a href="#">Good Work Pledge Article</a></p> |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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 40,000 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.

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 brought together community, civic and business representatives with people with experience of living in poverty. The Commission led to a better understanding of the specific features of poverty for people living in Newcastle, North Tyneside, and Northumberland and it produced collaborative and practical solutions. The project concluded with a final ‘call to action’ event held in January 2024 which showcased the work of the

[Adult Education Budget mid-year update](#) – Agenda Item 7 – page 47

[Inclusive Economy Board Annual Report 2023/24](#) – Appendix 1a - page 11

[Housing and Land Board Annual Report 2023/24](#) – Appendix 1b page 13

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

[Education Improvement and Child Poverty Prevention Report](#) – Agenda item 7 – Page 19

[Poverty Truth Commission](#) – Agenda Item 7 – Page 21

|  |                                                                                                                                                                                                                                                                                                                                                        |                                                |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
|  | <p>commission and the projects developed by each of its working groups.</p> <p>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.</p> | <p><a href="#">Crowdfund North of Tyne</a></p> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|

| D. Determining the interventions necessary to optimise the achievement of the intended outcomes                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <span style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 125</span> <b>The Authority's Commitment to Good Governance</b> | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Where you can see Governance in action</b>                                                                                                                                                      |
| Determining Interventions                                                                                                                | <p>Cabinet regularly receive Budget Monitoring Reports.</p> <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee can review and scrutinise decisions made by the Mayor and Cabinet and can call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles of decision making.</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 href="#">Cabinet Report</a> (Agenda item 6a – Page 17)</p> <p><a href="#">Constitution (Part 1.2)</a></p> <p><a href="#">Annual Report and Decision Review</a> – Agenda item 9 – page 55</p> |

|                                             |                                                                                                                                                                                                                                                                                                                                                                  |                                              |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
|                                             | Strategic risks are owned by our Senior Leadership Team and reported to Audit and Standards Committee on a regular basis                                                                                                                                                                                                                                         | Add April link when Agenda published item xx |
| Optimising Achievement of Intended Outcomes | 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 was put forward to Government demonstrating our commitment to post-covid recovery and renewal. | <a href="#">Recover, Redesign, Reimagine</a> |

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

| <b>The Authority's Commitment to Good Governance</b>                             | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                  | <b>Where you can see Governance in action</b>                                                     |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 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> |
| Developing the Capability of the Organisation's Leadership and Other Individuals | 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.                                                                                                                                                                                                                     |                                                                                                   |

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.

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 & Safety Executive to ensure all our staff work safely at home.

## F. Managing risks and performance through robust internal control and strong public financial management

| <b><i>The Authority's Commitment to 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>                                                   |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 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. | <a href="#">Risk Management Policy and Strategy 2023/24</a> – Agenda item 7 – Page 261                 |
| Managing Performance                                        | Cabinet and Overview and Scrutiny Committees receive quarterly finance reports, monitoring the Authority's financial position and treasury management activity.                                                                                                                                                                                            | <a href="#">Overview and Scrutiny Committee March 2023/24 Budget Monitoring Report</a> - Agenda item 8 |

|                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                      | <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="#">Funding Decisions</a> – Agenda item 8 – Page 7</p>                                                                                                   |
| <p>Effective Overview and Scrutiny</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 128</p> | <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee can review and scrutinise decisions made by the Mayor and Cabinet and can call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles of decision making.</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>There are regular meetings between the Mayor and the Chair and Vice Chair of Overview and Scrutiny Committee.</p> | <p><a href="#">Adoption of Cabinet-Scrutiny Protocol</a></p> <p><a href="#">Overview and Scrutiny Annual Report 2023/24 and Decision Review (Agenda item 9)</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><a href="#">Data Protection and Confidentiality Strategy</a></p> <p><a href="#">Audit and Standards Committee</a></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 2023/24 to support this Annual Governance Statement.</p> <p>A 2023/24 Strategic Audit Plan which was approved by Audit and Standards Committee April 2023, 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 2022/23 Audit Plan was reported to Audit and Standards Committee at its January 2023 meeting.</p> | <p><a href="#">Internal Audit report April 2023</a> – Agenda item 12)</p> |
| <p>Managing Data</p> <p>Page 129</p>      | <p>All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continued during 2023/24.</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>                      |
| <p>Strong Public Financial Management</p> | <p>The control and financial management arrangements are reviewed by internal and external audit throughout the year. The outcomes for 2023/24 are noted in Section 5 of this Annual Governance Statement – Annual Review of Effectiveness of Governance Framework.</p>                                                                                                                                                                                                                                                                                                                                                                                           |                                                                           |

**G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

| <b>The Authority's Commitment to Good Governance</b> | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Where you can see Governance in action</b>                                                                                                                                            |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implementing Good Practice in Transparency           | <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><a href="#">How can devolution help us get to net zero</a></p> <p><a href="#">delegated decisions on our website.</a></p> <p><a href="#">2022/23 Transparency Spend Documents</a></p> |
| Implementing Good Practices in Reporting             | <p>We ensure that our Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit 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><a href="#">Review of Audit and Standards Committee Arrangements</a> – April 2023 – Agenda item 10</p>                                                                                |
| Assurance and Effective Accountability               | <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,</p> |                                                                                                                                                                                          |

issued by MHCLG for localities in receipt of a Single Pot as part of their Devolution Deals.

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.

The Authority monitors the implementation of internal and external audit recommendations. Audit and Standards Committee receive regular reports summarising performance regarding implementation of recommendations.

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.

## 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.
- (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) Activity of the Audit and Standards Committee, including ethical governance
- (f) Partnerships, including the North East Local Enterprise Partnership and Nexus, through a written signed statement
- (g) The Risk Management process, particularly the Strategic Risk Register
- (h) Performance information which is reported to Cabinet and other meetings on a regular basis.

## Section 6: North East Devolution Deal and Election of a Mayor

The leaders of County Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland councils have agreed to a devolution deal for the region which will unlock £4.2 billion of investment, over 30 years, and see additional powers transferred from Whitehall to local people with better knowledge and experience of our communities.

This deal is expected to create 24,000 extra jobs, create 70,000 courses to give people the skills to get good jobs and lever £5.0 billion of private sector investment. It represents a significant opportunity to make a difference to people who live and work in the North East and could have a hugely positive impact on the big issues that matter.

Whether that is new and better paid jobs, more affordable housing or placing ourselves at the forefront of Net Zero revolution, the chance of more decision-making powers and millions of pounds in funding will have a major impact on the North East.

The devolution deal is subject to adopting the model of a directly elected mayor over the whole of the Combined Area and replacing the North of Tyne Mayoral Combined Authority and the North East Combined Authority, with a single new North East Mayoral Combined Authority.

The new authority, which would cover an area which is home to around 2 million people, will have the power to make decisions on areas such as transport, skills, housing, finance and economic development. This will result in the functions of the North East Local Enterprise Partnership, Transport North East and Invest North East England being delivered by the new combined authority.

Following an order being laid in Parliament to establish the new North East Mayoral Combined Authority election will take place in May 2024 to elect a Mayor for the region. The new authority will be formed on 7 May 2024.

We the North of Tyne Combined Authority have a strong track record on governance, accountability and transparency measures having successfully passed our Gateway Review therefore the new North East Mayoral Combined Authority will maintain and build on this track record.

An interim Corporate Plan for the new North East Mayoral Combined Authority can be found [here](#) (page 53).

### Section 7: 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 2023/24.

### Section 8: Conclusion

We consider the governance and internal control environment operating during 2023/24, 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 2023/24 are in place and operating as planned.

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

**Full Name:**

**Signature:**

**Date:**

**Chief Executive**

**Full Name:**

**Signature:**

**Date:**

This page is intentionally left blank