

Audit and Standards Committee

Tuesday 23 January 2024 at 10.00 am

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

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AGENDA

	Page No
1. Welcome and Apologies	
2. Declarations of Interest	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Agreement of the Minutes of the Meeting held on 19 September 2023	1 - 10
4. Internal Audit - Third Quarter Update on 2023/24 Audit Plan	11 - 16
5. Strategic Risk and Opportunities Register	17 - 60
6. External Audit Update	61 - 78
7. North East Mayoral Combined Authority - Transition Update (presentation)	
To receive a presentation from the Director of Finance, Janice Gillespie, on the transitional arrangements towards the establishment of the new North East Mayoral Combined Authority.	

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

Tuesday 23 April 2024, 10.00am at Newcastle Civic Centre

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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

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Audit and Standards Committee

23 January 2024

Subject: Internal Audit - Third 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 third quarterly progress update against the 2023/24 Audit Plan. The quarterly reports will be used as a basis of the Chief Internal Auditor’s Annual Opinion on the Framework of Governance, Risk Management and Control for 2023/24.

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 approved by Audit and Standards Committee on 25 April 2023 set out a number of assignments selected on a risk-based approach. The Plan also included programme assurance work and a contingency for advice and guidance. A summary of each of these areas of internal audit’s work programme is provided below. In the context of the resources available to the Authority, Internal Audit seek to spread the audits during the year and spread the workload of the Authority officers.

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	Commenced	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 Work Completed Since Previous Meeting

Area of Review	Description of Assignment and Current Status
<p>Information Governance (Governance Review)</p>	<p>The objective of the audit was to determine whether the Information Governance framework is satisfactory and enables the Authority to comply with all relevant data protection legislation.</p> <p>The final report was issued in October 2023. Overall, the audit concluded that the control processes for Information Governance were operating effectively, and a Reasonable Assurance opinion was provided. Five medium and one low priority recommendations for improvement were made. The main findings included:</p> <ul style="list-style-type: none"> • Training - The latest Information Governance training module had not been rolled out, meaning that new employees would not have received training. • A lack of guidance and quality assurance around completion of Data Protection Impact Assessments (DPIAs). • Good Practice – a revised information asset register was being completed to ensure information assets were properly captured and managed.
<p>Net Zero Transition (Governance Review)</p>	<p>The objective of the audit was to determine whether the arrangements in place to deliver the Combined Authority’s Net Zero Transition priorities were satisfactory. The audit focussed upon an assessment of the governance structure for the programme and the controls and mitigations within the strategic risk register.</p> <p>The final report was issued in November 2023. The audit concluded that there was a sound system of control in place and provided a Reasonable Assurance opinion. It was noted that there was significant investment in the programme, and there was a wide range of positive activities and projects being undertaken to help deliver the Combined Authority’s Net Zero aims. Three medium priority recommendations for improvement, and the main findings included:</p> <ul style="list-style-type: none"> • The Environmental Policy was not up to date, and would benefit from more detailed and measurable objectives in certain areas • A lack of external communications on Net Zero Transition programme progress • Key work tasks were not always prioritised and aligned to available resources.

1.4 **Work in Progress**

Area of Review	Description of Assignment and Current Status
<p>Evidence Checking of Recommendations (Corporate and Cross Cutting)</p>	<p>In accordance with Internal Audit’s established processes, evidence checking is undertaken in relation to the implementation of medium and high priority recommendations that have passed their agreed implementation date.</p> <p>During December 2023 Internal Audit followed up on seventeen medium priority recommendations for improvement. Management confirmed that ten recommendations had been implemented and provided evidence to support this. Implemented recommendations included:</p> <ul style="list-style-type: none"> • A number of recommendations relating to the recently concluded Information Governance (IG) audit, including roll out of the latest training module, development of a process hub to centralise all IG guidance, and improvements to guidance and quality assurance arrangements for Data Protection Impact Assessments (DPIAs). • Improvements to the process for identifying critical activities through a revised business impact assessment (BIA), which was a recommendation from Business Continuity Management audit. • Development of the NE OPS (project management) system to enable UKSPF and other projects to be included within the system. External consultancy support was obtained for the addition of UKSPF projects, and skillsets developed to enable other projects to be added inhouse. This related to the Grant Conditions Monitoring audit. <p>In relation to the seven recommendations not yet implemented, the position was discussed with management, and it was clear that work was in progress to implement them. Pragmatic revised target dates were agreed. An example of this is in relation to the Grants Conditions Monitoring audit where improvements are being made to performance reporting functionality from NE OPS but a technical issue relating to firewalls has delayed roll out.</p>
<p>Risk Management</p>	<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>Key Financial Systems:</p>	<p>To assess and provide an opinion on the effectiveness of the framework of management control in operation for the key financial systems (Budget Monitoring & Reporting, Payroll, and Creditors Purchasing & Payments).</p>

<p>Adult Education Budget (AEB) Steering Group</p> <p>(Advice and Programme Assurance)</p>	<p>One aspect of Internal Audit's work is to periodically attend the AEB steering group and provide support in a programme assurance capacity.</p>
<p>Transition to new North-East Mayoral Combined Authority</p> <p>(Advice and Programme Assurance)</p>	<p>Work in this area is focussed on providing timely advice and programme assurance to the organisation as it prepares for the transition. The main areas in scope are operational activities such as preparedness for transfer of assets, including information assets and business as usual (BAU) activity. (Note, the work is on NTCA and not the new Combined Authority).</p> <p>Work is ongoing and will continue as the transition draws closer and plans develop further. Some of the assurance is drawn from other planned audit work, such as the Information Governance (complete) and Risk Management (underway) audits.</p> <p>Information Assets - it was identified in the Information Governance (IG) audit that the organisation was in the process of updating and revising their information asset register. As well as being good IG practice, the registers will be a key control in ensuring that all relevant data is known, understood and can be securely transferred and / or archived as required.</p> <p>Financial Information and Assets – discussions have been held with colleagues in finance, including an officer seconded to NTCA to support financial transition. There is currently a high-level plan within the Microsoft Planner application, that records a number of key financial operational tasks and actions that are being considered. Although some of the tasks are about the setup of financial arrangements for the new Combined Authority, and therefore not completely in scope of this work, they demonstrate preparedness to receive NTCA's financial information. This preparatory work will help to ensure that financial arrangements to support 'in-flight' projects such as live customer / supplier contracts operate as smoothly as possible either side of the transfer date (e.g. an invoice relating to a purchase order placed under NTCA could be paid for by the new Mayoral Combined Authority).</p> <p>Resourcing – the potential impact of transition on current NTCA business operations was identified as a risk at the outset and has been included in the Strategic Risk Register.</p> <p>Programme assurance work will continue over quarter 4 (23/24), and areas still to be considered include Projects and Payroll Plan.</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 NTCA's inclusive economy

ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability.

8. Climate Change Implications

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

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13. Glossary

None

14. Sign-off

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

Report Summary

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.

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 plans and priorities.

The potential impact of the transition into a new North East Mayoral Combined Authority (NEMCA) has also been considered during the risk review. A detailed assessment of each risk and future activity to reduce the overall risk exposure is attached at Appendix B.

At the request of Audit and Standards Committee, a high level summary of the key risks and mitigation strategies NTCA have put in place to manage the transitional period before the creation of the new NEMCA is included within this report at Appendix C.

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:

1. Review, challenge and accept the outcomes of the strategic risk review
2. Note a summary of the strategic risks identified by the North East LEP are included for information (Appendix D)
3. 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 plans and priorities.

The potential impact of the transition into a new North East Mayoral Combined Authority (NEMCA) has also been considered during the risk review. A detailed assessment of each risk and future activity to reduce the overall risk exposure is attached at Appendix B.

At the request of Audit and Standards Committee, a high level summary of the key risks and mitigation strategies NTCA have put in place to manage the transitional period before the creation of the new NEMCA, is included within this report at Appendix C.

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.

- 2.2 There has been no change in the risk assessments since the risk register was reported to the Committee in September 2023 - 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. Additional Risk Information

- 3.1 The NTCA risks are strategic risk areas which will be monitored by this Committee and presented at each meeting. Lower level operational and project risks will continue to be managed at a project level. However, there are communication plans and escalation processes developed to ensure the biggest risks to individual programmes/projects are communicated and/or escalated to the strategic risk register.

4. North East Local Enterprise Partnership (North East LEP)

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

The review has resulted in two strategic risks moving in a positive direction of travel with the overall RAG priority reducing from Red to Amber:

A2 - The 'business voice' not having a meaningful platform to influence decision making (Amber 9)

A3 - Loss of regional knowledge and expertise as the regional governance and delivery model changes (Amber 9)

The operational risk, B1- Inability to meet contractual commitments and timelines due to reduced team capacity, is also moving in a positive direction of travel, however the RAG assessment remains Amber 9.

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.

5. North East Joint Transport Committee (North East JTC)

- 5.1 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. It was updated by the North East Combined Authority's (NECA) risk management service and last presented to the JTC Audit Committee at its meeting on 13 July 2022. The strategic risk register will be reviewed and updated for the next meeting of the JTC Audit Committee in March 2024. A summary of the strategic risks as reported in July 2022 is provided at Appendix E for information only. A full copy of the JTC strategic risk register and mitigation plans can be found on the JTC Audit and Standards Committee Agenda [here](#).

The Risk Adviser for NECA has advised that due to the strategic nature of the risks and delivery of the mitigation plans taking place over a longer period of time the risk register has not been revisited.

6. Potential Impact on Objectives

- 6.1 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.

7. Key Risks

- 7.1 There are no direct risk management implications from this report. The approach to risk management is documented within the NTCA's risk management policy and strategy. The key risks will continue to be reported regularly to the Audit and Standards Committee.

8. Financial and Other Resources Implications

- 8.1 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.

9. Legal Implications

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

10. Equalities Implications

- 10.1 There are no direct equality and diversity implications arising from this report.

11. Inclusive Economy Implications

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

12. Climate Change Implications

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

13. Consultation and Engagement

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

14. Appendices

- 14.1 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 a summary of the transition risks and mitigation strategies associated with the creation of the new NEMCA
- Appendix D – Provides an 'at a glance' view of the North East LEP strategic risks, including the risk priorities and direction of travel assessments
- Appendix E – Provides a detailed assessment of the North East LEP strategic risks and future activity to reduce the overall risk exposure.
- Appendix F – A summary of the strategic risks, risk priorities and direction of travel assessments identified by the North East Joint Transport Committee
- Appendix G – Risk Analysis Toolkit to determine the risk priority

15. Background Papers

- 15.1 The North East Joint Transport Committee (JTC) strategic risks can be found on the NECA website as part of the July 2022 North East JTC Audit Committee agenda [here](#).

16. Contact Officers

- 16.1 Philip Slater – Chief Internal Auditor – Newcastle City Council. (Acting as Risk Advisor to NTCA)

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17. Glossary

17.1 North East LEP – North East Local Enterprise Partnership

North East JTC – North East Joint Transport Committee

18. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes
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'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.	Amber 8	Static
C2 – Operational Capacity and Resources NTCA is unable to demonstrate to Government, partners and stakeholders, that it has the necessary operational capacity, skills and expertise to successfully deliver its objectives, plans and responsibilities.	Amber 8	Static

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>				March 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>March 2024</p>

	work on Local Nature Recovery Strategies with NTCA the responsible authority.			
c)	<p>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>	<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>Cabinet has agreed to receive regular reports detailing how the authority will respond to these opportunities, building on the previous work of the Citizens' Assembly</p> <p>NTCA has recruited officers to support the development of the Net Zero North East England partnership and further develop programmes of work on domestic retrofit, and low carbon growth.</p>	March 2024
d)	<p>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>	<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 supporting the 3Ci North East and Yorkshire Investment forum on 31st January 2024</p>	March 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. The fund is supporting 4 projects providing insight into skills demand as well as a training offer which meets skills demand in areas such as offshore wind, retrofit and green construction.</p> <p>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. A further £9m was secured for FY 2023-24, providing an additional £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>March 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>Work with partners to help make the changes required</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>March 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	
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>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>		March 2024	

		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>	March 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>	March 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 advertised 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.	March 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.	March 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>March 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. Co-production and co-design targets are embedded within NTCA's Equalities Objectives.</p>	<p>March 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.		March 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		March 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>	
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		<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>March 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>	March 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.	March 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>March 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 proposed 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 					March 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>	March 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>	March 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>	March 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 2022/23 outlines the achievements and progress over the past twelve months. It is anticipated that a VCSE representative will be appointed to the NEMCA Cabinet.	March 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. NTCA Inclusive Economy Board with member representation from the public, private and voluntary sector, including constituent LA's and North East LEP. The Inclusive Economy Board Annual Report 2022/23 outlines its achievements and progress over the past 12 months. 2023/24 will provide an opportunity for the Board to explore how NTCA's UKSPF investment is helping deliver a more inclusive economy that works for all our people and places across the North of Tyne. NTCA Housing and Land Board membership. The Housing and Land Board Annual Report 2022/23 outlines its achievements over the past 12 months. Over the next year the Board will focus on delivery; ensuring that priorities identified are progressing toward development and that working relationships continue to add value.	March 2024

	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.	
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.	<p>Assurance Process includes internal project analysis, full appraisal (external for largest projects) and technical and political scrutiny.</p> <p>An evaluation framework to capture NTCA's achievements 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.</p>	March 2024
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	March 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	Static	Previous RAG	Amber 8	Current RAG	Amber 8
Reason for change/current RAG rating:							
Issues to be aware of & potential impact		Existing Controls & Mitigation Plans		Additional Mitigation Plans		Review date	
a. Organisational arrangements are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively as and when breaches do occur.		Compulsory IT and data protection training modules for new starters and regular refreshers for existing staff. ICT SLA with Newcastle City Council. 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.		March 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.		March 2024	
c. There should be no single point of failure in the organisation in case of unexpected leave or resignation.		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.		Existing controls sufficient at time of report.		March 2024	

	<p>Induction and leaving processes to reiterate this policy.</p> <p>Regular team meetings (small work teams, service team and full staff meetings) to update each other on work and progress.</p> <p>SMT Delivery meetings allow Heads of Service to update each other on work and progress.</p> <p>Organisational Development Strategy in place to develop existing staff and encourage internal progression.</p>		
d. In the event of a major incident does NTCA have an agreed senior management protocol and incident command structure?	<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>Discussions will need to take place about a wider BCP for the new mayoral combined authority with a draft plan ready for its creation.</p>	<p>March 2024</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>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>March 2024</p>
f. Existing SLAs end with the financial year which leaves a gap until NEMCA comes into being in May 2024.	<p>Agreements to extend existing arrangements being discussed.</p>	<p>Anticipated all SLAs will continue until NEMCA comes into being.</p>	<p>March 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 proposed North East Devolution Deal and the creation of a North East Mayoral Combined Authority (NEMCA) in May 2024 is progressing which-subject to continued political endorsement - means NTCA will cease to exist and a new organisation bringing together NTCA and NECA will be created. This 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	
Existing resources do not fully align with NTCA's policy intentions which may impact upon delivery of the Authority's strategic priorities.	<p>The Corporate Plan sets out the work programme to be achieved across the organisation providing visibility and clarity of expectations to all staff 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</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>			March 2024	

	but will not impact upon the Authority's capacity and resources risk.		
b. NTCA is a prototyping, learning organisation in which there will be 'failures' but the team will learn from them.	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.	Review of business processes extended to ensure it can accommodate the implications of a larger mayoral combined authority and work on developing a Corporate Plan for 2023/24 has been agreed.	March 2024
c. CIPFA Financial Management Code – Non-compliance with the Code could lead to ill-informed decision making which could adversely impact on the Authority's financial sustainability.	In preparation for the first full year of compliance with the Code (2021/22) the Authority carried out a self-assessment in line with guidance issued by CIPFA	Action plans have been implemented, to address the improvement areas, resulting in the Authority being fully compliant with the CIPFA Financial Management Code.	Complete
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.	The Authority has a good retention rate and low sickness. Implementation of learning and development programme after all staff completed individual assessments. Agile Working Policy in place to support employees maintain a good work/life balance.	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. Learning and development offer live for every member of staff.	March 2024
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.		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 all proposed NEMCA colleagues. Change management sessions will be delivered to mitigate uncertainty over larger MCA.	March 2024

		<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 towards the TUPE transfer.</p> <p>Additional HR and OD resources have been created to support the NEMCA people management transition work.</p>	
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A high-level summary of the transition risks and mitigation strategies associated with the creation of the new North East Mayoral Combined Authority

Key Risks and Mitigation:

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.*

The creation of the NEMCA will continue NTCA's aim of ensuring its programme supports carbon reduction, clean growth and a new generation of jobs: Mitigated by:

- Net Zero is being developed as a cross-cutting theme for NEMCA
- 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

Inclusive Economy – *Failure to achieve the planned outcomes to reduce inequality and remove barriers to ensure 'good work; and jobs are available.*

Work to establish the NEMCA draws on significant resources and capacity within NTCA and impacts on the delivery of existing programmes and initiatives. Mitigated by:

- Additional capacity has been brought in to support the NTCA core team on a secondment basis to lead on the development of the Portfolio Plans (supported by LA7 Economic Directors and LA7 Directors of Finance acting as Portfolio Sponsors) and the development of a draft NEMCA Corporate Plan.
- Corporate Services are exploring opportunities through NTCA's SLAs to increase capacity of the finance, legal and procurement teams, utilising the funding secured for the NEMCA AEB Implementation funding.
- A number of programmes set out in the minded to Devolution Deal involve the scaling up of existing NTCA programmes (e.g. devolved adult education budgets) and as such the requirement for additional capacity is marginal and supported by officers in the constituent local authorities.
- Existing robust governance and assurance arrangements remain in place for NTCA that monitors performance, impact, and risk of ongoing interventions. This provides an "early warning system" for highlighting any adverse impacts during transition and a framework for addressing these impacts.

Innovation in Recovery – *Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive.*

Early investment opportunities set out in the minded to Devolution Deal such as the Investment Zone Pilot, additional brownfield land grant and one-off capital investment grants introduce new financial, governance and reputational risks on NTCA during the transitional period. Mitigated by:

- 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 organisation - Capacity constraints are being managed through detailed project planning.
- 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 as such will be used as the basis for the new NEMCA Assurance Framework

- Project management capacity has been increased significantly to ensure existing funding is delivered on and proposals for future funding can be resourced.
- Work is underway to support the evaluation of existing programmes, future Gateway Reviews for NTCA, and facilitate the transition to NEMCA.

Promote Trust & Confidence – *Continuing to develop trust, cohesion and credibility with our partners, engaging effectively with our stakeholders.*

Businesses and key stakeholders disengage with NTCA during the transition period as they “wait and see” how the NEMCA shapes up and what priorities emerge. Mitigated by:

- Our work for transition to NEMCA has allowed us to cement relationships with partners and stakeholders beyond the NTCA footprint.
- NTCA continues very much in business-as-usual mode and remains completely focused on existing priorities and outcomes as set out in the published Corporate Plan.
- NTCA business and stakeholder engagement continues, existing contracts, commissioned services and investment programmes remain in place up to May 2024.
- 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
- It is anticipated that the Voluntary, Community and Social Enterprise (VCSE) representative will be appointed to the NEMCA Cabinet

Business Continuity – *Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.*

It is important that NTCA’s business continuity plans and protocols are in place and whilst consideration being given to the production of a wider business continuity plan for the new Mayoral combined authority. Mitigated by:

- NTCA business continuity arrangements and supporting plans are in place and have been further strengthened following a review of the arrangements by internal audit. This has resulted in the production of a formal business impact analysis process which will support business continuity arrangements for the new Mayoral Combined Authority once created.
- Discussions will take place about a wider business continuity plan for the new mayoral combined authority with a draft plan ready for its creation.
- As existing SLAs end with the financial year which leaves a gap until NEMCA is created in May 2024 - it is anticipated that all SLAs will continue until NEMCA comes into being.

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

The creation of the NEMCA and the transition period has the potential to impact on the capacity of NTCA to deliver its existing commitments and plans for the future and this has the potential to impact on recruitment and retention as people respond to change and uncertainty in different ways. Mitigated by:

- A Workforce Planning process commenced in October 2023 with the final baseline structure and staffing budget agreed by mid-December 2023
- A review of services and teams’ posts has been undertaken against NTCA delivery needs and funding to ensure the right capacity is in place to secure delivery of NTCA commitments.

- Review of business processes extended to ensure it can accommodate the implications of a larger mayoral combined authority
- 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 all proposed NEMCA colleagues.
- Change management sessions have been delivered to mitigate uncertainty over larger mayoral combined authority
- The NTCA website will be kept up to date to ensure staff see the same information
- Good employee relations and consultation processes developed with our recognised trade unions and inclusive, fair and consistent change management processes as each organisation moves towards the TUPE transfer.
- Additional HR and OD resources have been created to support the NEMCA people management transition work

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. It is on the forward plan for discussion at the January 2024 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 and October 2023, which were well received.</p> <p>Wider business engagement to help shape the development of the portfolio plans needs further clarification, as well as how the Business Board engages with the business community to ensure deep understanding of and input into the devolution delivery and investment decisions.</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 governance and delivery model changes is a significant risk that needs to be addressed and invested in during the transition year. The LEP further developed the previous Regional Development Agency (RDA) work, and it is important the nationally recognised work of the LEP, developed over the past 12 years is not lost but built upon. Effective knowledge transfer is important to ensure the new Mayoral Combined Authority (MCA) is the strongest it can be and can better from early portfolio wins. The NEMCA structure is being developed to include the LEP executive team.</p>		
Operational Risks		
	Amber 9	Improving

<p>B1 – Inability to meet contractual commitments and timelines due to reduced team capacity</p> <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. Collectively, this could lead to reduced capacity within the team and our ability to deliver contractual arrangements. The current head count is stable.</p>		
<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>	<p>Amber 9</p>	<p>Static</p>
<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>	<p>Amber 9</p>	<p>Static</p>

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>unding allocated by LA7/CA2 and other partners.</p> <p>Delivery priorities agreed by other partners.</p> <p>Loss of regional mandate to develop the successor plan to the SEP.</p> <p>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>			31 March 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. It is on the forward plan for discussion at the January 2024 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 and October 2023, which were well received.</p> <p>Wider business engagement to help shape the development of the portfolio plans needs further clarification, as well as how the Business Board engages with the business community to ensure deep understanding of and input into the devolution delivery and investment decision</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>Recent LEP Board recruitment was completed to ensure a strong private sector leadership to represent the ‘business voice’ across the North East.</p> <p>An additional event was held for the business community on 20 October to update on devolution.</p> <p>LEP Business Advisory Board membership reviewed and broadened.</p>		31 March 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 governance and delivery model changes is a significant risk that needs to be addressed and invested in during the transition year. The LEP further developed the previous Regional Development Agency (RDA) work, and it is important the nationally recognised work of the LEP, developed over the past 12 years is not lost but built upon. Effective knowledge transfer is important to ensure the new Mayoral Combined Authority (MCA) is the strongest it can be and can better from early portfolio wins. The NEMCA structure is being developed to include the LEP executive team.			
Risk Owner	LEP Chief Executive	Risk Priority	Improving	Current RAG
				Amber 9
Issues to be aware of & potential impact			Mitigation Plans	
<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 underway to inform NEMCA strategic and operational approach.</p>	
			Review date	
			31 March 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 throughout 2023-2024 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.		31 March 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
Passive Support	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.		31 March 2024
	Increased absenteeism, morale and commitment.		Supporting the team with 1:1 support, advice and guidance.		31 March 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 and will continue through to the end of April. Internal communications ramped up		31 March 2024

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		31 March 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.		31 March 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.		31 March 2024

North East Joint Transport Committee Strategic Risks (as of July 2022 - for information only)

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

JTC Risks to Achievement of Strategic Objectives	Risk Priority	Direction of Travel
<p>Carbon Neutral Transport Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.</p>	Red 12	<p>Static <i>Due to possible negative impact of Covid-19/Cost of Living Crisis on future funding and need for behavioural change</i></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>	Red 12	<p>Static <i>Due to possible negative impact of Covid-19/Cost of Living Crisis on future funding and cost and service availability users of public transport</i></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>	Amber 8	<p>Static <i>Positive impact of Covid-19 on active travel counter balanced by possible negative impact of Covid-19 /Cost of Living Crisis on future funding and need for behavioural change</i></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>	Red 12	<p>Static <i>Due to possible negative impact of Covid-19/Cost of Living Crisis on future funding and cost and service availability to users of public transport</i></p>
<p>Safety and Security The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.</p>	Amber 8	<p>Static <i>Arrangements in place but possible negative impact of Covid-19/Cost of Living Crisis on future funding</i></p>

JTC Organisation Risks		
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.	Red 12	Static
		<i>Reduced opportunities for Non-mayoral Authorities and impact of Cost of Living Crisis</i>
Funding Opportunities Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.	Amber 8	Static
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.	Amber 8	Static
Governance Arrangements The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.	Green 4	Static
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.	Amber 8	Static
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.	Green 4	Improving
		<i>Positive Internal Audit Opinion</i>
Transport Infrastructure Assets Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.	Green 6	Static
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.	Green 6	Static
'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)	Amber 8	Static

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: External Audit Update
Report of: Director of Finance
Portfolio: All

Report Summary

The External Auditor, Mazars, to update Audit and Standards Committee Members on the progress made in completing the 2021-22 and 2022-23 Statement of Accounts Audits.

Recommendations

The Audit and Standards Committee is recommended to note the progress made by Mazars in completing the 2021-22 and 2022-23 Statement of Accounts audits.

1. Background Information and Timeline

- 1.1 The NTCA (North of Tyne Combined Authority) Statement of Accounts sets out the financial performance of the Authority. The accounts are 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 and as revised Account and Audit Regulations 2021/22
- 1.2 Members will be aware of the issues which arose in relation to the 2021-22 accounts on the net defined pension liability valuation and the infrastructure. Following completion of the outstanding work the audit opinion was issued on the 28th November 2023 along with the Auditors Annual Report. The only issue outstanding is the issue of the Audit Certificate for 2021-22 pending confirmation from the National Audit Office (NAO) whether NTCA has been selected as a 'sampled component'. The Auditors expect to be able to issue the Audit Certificate by the end of March 2024. The 2021/22 Annual Auditors Report can be viewed on the NTCA website along with the Statement of Accounts [2021-22 NTCA Statement of Accounts](#).
- 1.3 In regard of the 2022-23 Audit of the Statement of Accounts a timetable has been agreed with management. The audit planning is complete, and audit of the financial statements have commenced. The External Auditor expect to be able to issue the audit opinion by 31 March 2024.

2. Potential impact on Objectives

- 2.1 The production of the Statement of Accounts is the statutory responsibility of the Combined Authority as per the Accounts and Audit Regulations and as revised Account and Audit Regulations 2021/22. It is the role of the Audit and Standards Committee to be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Authority's objectives.

3. Key Risks

The production of the NTCA accounts is reliant on the production of Nexus and NECA (North East Combined Authority) 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

There are no finance or resource implications arising from this report.

5. Legal Implications

It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.

6. Equalities Implications

There are no equality and diversity implications arising from 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

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

8. Climate Change Implications

There are no climate change implications arising from the recommendations in this report. 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 each declared a Climate Emergency.

9. Consultation and Engagement

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

10. Appendices

Appendix 1 Audit Progress Report North of Tyne Combined Authority

11. Background Papers

None

12. Contact Officers

Janice Gillespie, Director of Finance Janice.gillespie@northoftyne-ca.gov.uk

13. Sign-off

1) Chief Executive: Yes	2) Chief Finance Officer: Yes
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Audit Progress Report

North of Tyne Combined Authority

Page 63
January 2024



Contents

- 1. Audit Progress
- 2. National publications
- 3. Mazars public sector insights

Page 64

01

Section 01: **Audit progress**

1. Audit progress

Purpose of this report

This report provides the January 2024 Audit and Standards Committee meeting with an update on progress in delivering our responsibilities as your external auditors. It updates members on the progress made in completing the 2021/22 and 2022/23 audits. It also includes, at Section 2, a summary of recent national reports and publications for your information. In Section 3, we highlight some of the work Mazars has led on to provide public sector insights and this may be of interest to Members.

2021/22 Audit

Following completion of the outstanding work, we were able to issue our audit opinion on 28 November 2023 and issued our Auditors Annual Report as well as submitting the 2021/22 Whole of Government Accounts Statement to the National Audit Office (NAO) on 29 November 2023.

The only area outstanding is the issue of the audit certificate, which can't be done until NAO confirm whether or not the Authority has been selected as a sampled component, and which we expect to be able to issue by the end of March 2024.

2022/23 Audit

Financial Statements audit

We have an agreed timetable in place with management.

We have completed our audit planning and we have commenced the audit of your financial statements. We expect to be in a position to give our audit opinion by 31 March 2024.

Value for Money arrangements

We are not able to report on value for money until we have issued our audit opinion. We are, however, progressing our work in this area, and to date we have not identified any significant weaknesses or recommendations in relation to our reporting criteria of financial sustainability, governance and improving economy, efficiency and effectiveness. We plan to report on value for money through our Auditor's Annual Report as soon as our audit opinion has been issued.

02

Section 02: **National publications**

Page 67

National publications

Publication / Update		Key points
National Audit Office (NAO)		
1.	Financial management in government: strategic planning and budgeting, September 2023	This guide is for senior finance leaders in government departments and other public bodies. It sets out the first stage in the financial management lifecycle: strategic planning and budgeting.
2.	Resilience to flooding, 15 November 2023	NAO last reported on government's management of flood risk in November 2020. In this report, we look at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether Defra and EA are delivering value for money after two years of the capital programme. To do this, we have assessed Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy. We also assess EA's performance in maintaining existing flood defence assets.
Public Sector Audit Appointments (PSAA)		
3 Page 68	PSAA announces the number of audit opinions completed for the 2022/23 audits (10 October 2023)	At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions have been given. This adds to the 456 that are outstanding from previous years.
	4 PSAA October 2023 Update, 17 October 2023	This edition of our quarterly e-bulletin includes an update on the 2022/23 audit opinion delivery, news on our consultation on 2023/24 audit scale fees and a summary of local audit news from elsewhere.
Chartered Institute of Finance and Accountancy (CIPFA)		
5.	Section 114s: where are we headed next? 16 August 2023	Rob Whiteman, CIPFA CEO assesses the latest position on s114 notices (where formal action needs to be taken to balance a Council's finances), what has been done to prevent further s114 notices, whether more will occur and what the sector should do. This originally appeared as an article in the Municipal Journal on 31 July 2023.
Department for Levelling Up, Housing and Communities (DLUHC)		
6.	Letter from the Parliamentary Under-Secretary of State for Local Government and Building Safety to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament, 14 July 2023	Lee Rowley MP's letter to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament on Local Audit Delays – Cross-System Statement on Proposals to Clear the Backlog and Embed Timely Audits.
7.	Municipal Journal Article by a Local Government Minister on Rebuilding Audit, 30 October 2023	An article by Lee Rowley MP in Municipal Journal and the most up-to-date statement at the current time of proposals to address the backlog of local government audits.

NATIONAL PUBLICATIONS

National Audit Office

1. Financial management in government: strategic planning and budgeting – September 2023

The guide outlines how finance leaders can plan strategically and realistically to:

- Align strategy and planning;
- Make planning inclusive;
- Plan dynamically;
- Address optimism bias; and
- Deal with risk and uncertainty.

The insights have been drawn from NAO reports, the experiences of NAO audit teams, and the thoughts of a range of senior finance decision-makers.

[Financial management in government: strategic planning and budgeting - NAO insight](#)

This guide is part of a series supporting financial management in the public sector. NAO also published the following guide in July 2023:

- [Enablers to success](#)

NATIONAL PUBLICATIONS

National Audit Office

2. Resilience to flooding, 15 November 2023

NAO last reported on government's management of flood risk in November 2020. In this report, we look at the government's long-term ambition "to create a nation more resilient to future flood and coastal erosion risk" and, in the more immediate term, whether Defra and EA are delivering value for money after two years of the capital programme. To do this, we have assessed Defra's progress against the backdrop of its 2020 policy statement and EA's 2020 strategy. We also assess EA's performance in maintaining existing flood defence assets.

The report covers:

- the government's long-term ambition and objectives and Defra's governance, understanding and management of flood risk
- progress on the capital programme to build new flood defences and risks to future delivery
- EA's performance in maintaining flood defence assets

To combat the growing dangers from flooding, the government has doubled its capital funding in England for the six years to 2027. To manage the larger capital programme and record levels of investment, Defra has intensified its scrutiny and is taking steps with EA to develop a more granular understanding of flood risk.

However, the capital funding is forecast to deliver protection to far fewer properties by 2027 than was promised when the capital programme was launched. Due to underspending in the first two years of the programme, EA will need to achieve record levels of investment in the remaining four years of the programme to spend the full £5.2 billion allocated to the programme. There is a risk that value for money will be further eroded if projects are accelerated or new projects are introduced too quickly to meet this level of investment.

On top of this, EA's maintenance of its assets is not optimising value for money. For the lack of £34 million in annual maintenance funding for 2022-23, more than 200,000 properties are at increased risk of flooding. At the same time, EA underspent by £310 million in the first two years of the capital programme. Neither Defra nor EA assessed whether using some of this underspend to meet the shortfall in its maintenance budget in 2022-23 would have provided better value for money than deferring it to later in the capital programme.

The government acknowledges that building new flood defences and maintaining existing ones is no longer enough and that a wider range of interventions is now needed to build resilience against increasing flood risk. Although the government's vision for flood resilience stretches to the year 2100 and EA has a number of strategic objectives for 2050, it has not set a target for the level of flood resilience it expects to achieve and has not mapped out any solid plans beyond 2026 to bridge the gap between its shorter-term actions and long-term objectives. This will make it difficult for the government to make rational and informed decisions about its priorities, measure its progress or plan effective investment for the long term.

Link to further information:

<https://www.nao.org.uk/reports/resilience-to-flooding/>

Public Sector Audit Appointments (PSAA)

3. PSAA announces the number of audit opinions completed for the 2022/23 audits (10 October 2023)

At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions have been given. This adds to the 456 that are outstanding from previous years.

Local government bodies are required to publish accounts with an auditor's certificate or opinion by 30 September or to explain the reasons for non-publication. At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions have been given. This adds to the 456 that are outstanding from previous years.

The cumulative position of 918 delayed audit opinions emphasises how important it is that there is a successful conclusion to the intensive ongoing work to find a solution to the backlog, and to ensure that it does not recur. PSAA is making every effort to support this work in collaboration with fellow members of the Local Audit Liaison Committee.

Steve Freer, PSAA's Chair said,

'The scale of the backlog of local audit opinions is becoming more and more serious. It is now very clear that an extraordinary intervention of some sort is urgently required to put the system back on track. Hopefully, current work to develop a solution can be concluded quickly, enabling details of the planned solution to be announced and implemented as soon as possible.'

An important strand of any solution must be to address the root causes of so many delayed opinions so that following its implementation the delivery of timely opinions is firmly and permanently re-established.'

Link to further information:

<https://www.psa.co.uk/2023/10/psaa-announces-the-number-of-audit-opinions-completed-for-the-2022-23-audits/>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments (PSAA)

4. PSAA October 2023 Update, 17 October 2023

This edition of our quarterly e-bulletin includes an update on the 2022/23 audit opinion delivery, news on our consultation on 2023/24 audit scale fees and a summary of local audit news from elsewhere.

Content:

- 2022/23 audit opinion delivery
- Update on our consultation on the fee scale for 2023/24 audits
- Additional information for 2022/23 audits
- Contract Monitoring Data Pack: Quarter 1 for 2023/24
- Latest Annual Report and Accounts published
- Local audit news from elsewhere

Link to further information:

<https://www.psaa.co.uk/2023/10/october-2023-update/>

Chartered Institute of Finance and Accountancy (CIPFA)

5. Section 114s: where are we headed next? 16 August 2023

Rob Whiteman, CIPFA CEO assesses the latest position on s114 notices (where formal action needs to be taken to balance a Council's finances), what has been done to prevent further s114 notices, whether more will occur and what the sector should do. This originally appeared as an article in the Municipal Journal on 31 July 2023.

This is an assessment of a very topical subject given the increasing number of s114 notices in recent times.

The term 'Section 114' refers to this section of the Local Government Finance Act 1988, part (3) of which sets out the duty of the chief finance officer (CFO) to "make a report under this section if it appears to him that the expenditure of the authority incurred (including expenses it proposes to occur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure".

Issuing the notice under Section 114(3) immediately suspends all financial activity apart from that which is necessary to maintain statutory duties; it also initiates a 21-day period for full council to consider the report and agree urgent action to start to remedy the situation.

CIPFA's guidance states that the authority's external auditors and the Department for Levelling Up, Housing and Communities (DLUHC) should also be notified and 'can step in to provide advice and support'.

These cases tend to reflect situations of financial failure and / or financial collapse. All Members of authorities need to be alert to how their organisation is managing its financial risks and taking steps to avoid any form of financial distress.

The insights in this article may be of particular interest to Members.

Link to further information:

<https://www.cipfa.org/cipfa-thinks/articles/section-114s-where-are-we-headed-next>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities (DLUHC)

6. Letter from the Parliamentary Under-Secretary of State for Local Government and Building Safety to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament, 14 July 2023

Lee Rowley MP's letter to the Chair of the Levelling Up, Housing and Communities Committee, UK Parliament on Local Audit Delays – Cross-System Statement on Proposals to Clear the Backlog and Embed Timely Audits.

This paper sets out the detail of proposals to address audit delays and clear the backlog. It was provided by the Minister to the Chair of the Levelling Up, Housing and Communities Committee, after the Minister provided evidence to the Committee in Parliament at a meeting in June.

The paper sets out the issues in some detail. The item on the next page (page 21) provides a summary of the main issues from a recent Municipal Journal article on the subject.

This is a link to the detailed paper:

<https://committees.parliament.uk/publications/40932/documents/199432/default/>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities (DLUHC)

7. Municipal Journal Article by a Local Government Minister on Rebuilding Audit, 30 October 2023

An article by Lee Rowley MP in Municipal Journal and the most up-to-date statement at the current time of proposals to address the backlog of local government audits.

Quotes from this article include:

“The number of outstanding local audits dating back to 2015-16 is now too high, and is likely to increase further without action.

To do that, we recognise there will be hard decisions. Our proposals include setting a series of statutory deadlines for account preparers and auditors to clear the backlog. I know the setting of ‘backstop’ dates may result in some qualifications and disclaimers of opinion in the short term.

As others have noted too, clearing the backlog can’t be our sole focus. The return to timely audits must be sustained as part of an effective system underpinned by proportionate financial reporting, auditing and regulatory requirements; we cannot resolve a backlog one day only to see it starting to build again the next.

So, the second big endeavour is to ensure future local authority accounting and audit activity strikes a balance between maintaining the highest standards of financial reporting and the fundamental, day to day purpose of audit – to provide financial information and general assurance which is useful for taxpayers and others. That is why when it comes to debates on issues such as the accounting requirements for infrastructure assets, we need to consider our approach carefully. In the meantime, the Department for Levelling Up, Housing and Communities will seek to extend the legislative changes made in this area last year while the Chartered Institute of Public Finance and Accountancy (CIPFA) explores longer-term changes to reporting requirements for non-investment assets and pension valuations.”

Link to the full article:

<https://www.themj.co.uk/Rebuilding-audit/233116#>

03

Section 03:

Mazars public sector insights

Page 76



Public Sector Insights

Click [here](https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights) to find and subscribe to our public and social sector articles. Or copy and paste this link: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights>

Page 77



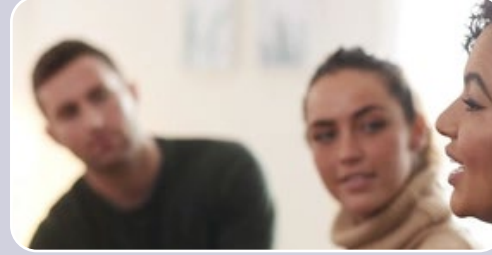
Recruitment crisis in the public sector

Insights from over 170 individuals across the UK public and social sector highlighted that the UK is on the cusp of a recruitment and retention crisis. Amid ongoing social and economic instability, how can we improve efforts to support our public sector workforce and effectively attract new talent?



Fiscal Pressure and inflation challenges

Over 300 individuals from across the UK public and social sector told us that the UK is at a critical juncture. Amid ongoing social and economic turmoil, decisive action is needed now to support those most in need.



Supporting vulnerable communities

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



A global public and social sector study (2023)

The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.

To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.

Contact

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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