

**North East Combined Authority**

**North East Leadership Board (NELB)**

Tuesday 29th April, 2014 at 2.00 pm

Meeting to be held in Lamesley Room, Civic Centre, Regent Street, Gateshead, NE8 1HH

Contact Officer: Victoria Miller 0191 211 5118 [victoria.miller@newcastle.gov.uk](mailto:victoria.miller@newcastle.gov.uk)



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## AGENDA

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**Page No**

1. **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.

2. **Minutes of the Previous Meeting**

**1 - 4**

3. **Adoption of Constitution, Operating Agreement and Seal**

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

(a) **Membership of NELB**

Confirmation of the Thematic Leads for the Municipal Year 2014/15.  
Appointment of Members from the North East Local Enterprise Partnership.

(b) **Report on Decision Making in the North East Combined Authority**

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

4. **Appointment of Committee Membership (including Appointment of Co-opted Independent Members of the Governance Committee and Appointment of Independent Person), Appointment of Chairs and Vice-Chairs and Appointment of External Auditors**

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

5. **Programme of meetings**

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

6. **Report on the 2014/15 Budget for the Combined Authority**

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

7. **Common Seal**

8. **Date and time of next meeting**

Tuesday, 15 July 2014 at 2pm.

**To all Members of the NELB**

# North East Combined Authority, North East Leadership Board (NELB)

Tuesday 29 April 2014 at 2.00 pm

Meeting to be held: Lamesley Room, Civic Centre, Regent Street, Gateshead, NE8 1HH

Contact Officer: Victoria Miller – 0191 211 5118 [victoria.miller@newcastle.gov.uk](mailto:victoria.miller@newcastle.gov.uk)

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## SUPPLEMENTAL AGENDA

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Page No

1. **Apologies for Absence**
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. **Minutes of the Previous Meeting** 1 - 4
4. **Adoption of Constitution, Operating Agreement and Seal**
  - (a) **Membership of NELB** 5 - 8
  - (b) **Report on Decision Making in the North East Combined Authority** 9 - 204
5. **Appointment of Committee Membership (including Appointment of Co-opted Independent Members of the Governance Committee and Appointment of Independent Person), Appointment of Chairs and Vice-Chairs and Appointment of External Auditors** 205 - 218
6. **Programme of Meetings** 219 - 224
7. **Report on the 2014/15 Budget for the Combined Authority** 225 - 262
8. **Combined Authority - Name and Branding** 263 - 270

(NB. In accordance with the provisions of the Local Government (Access to Information) Act 1985, the Chair has approved consideration of this report on the grounds of urgency).

9. **Common Seal**

To agree the Common Seal being affixed to all deeds and documents required for carrying into effect the various decisions of the Council made since its last meeting.

10. **Date and time of next meeting**

Tuesday, 15 July 2014 at 2pm.

Venue to be confirmed.

**To all Members of the NELB**

## North East Combined Authority

### North East Leadership Board (NELB)

15 April 2014

(2.30pm - 2.40 pm)

Meeting held Committee Room 2, County Hall, Durham, DH1 5UL

#### **Present:**

Councillor Henig (Chair)

Councillors Davey, Gannon, Malcolm, McCarty and Trueman, and Mayor Redfearn

#### **In attendance:**

J Robinson	Gateshead Council
V Geary	North Tyneside Council
S Tognarelli	Sunderland City Council
P Ritchie	Newcastle City Council
P Melia	North Tyneside Council
I Thompson	Durham County Council
D Cramond	South Tyneside Council
J Barton	North Tyneside Council
L Kerr	North Tyneside Council
C Winter	7 North Eastern Local Authorities
J Howard	7 North Eastern Local Authorities
V Miller	Democratic Services

#### **1 MEMBERSHIP OF NELB**

J Robinson opened the meeting.

Apologies for absence were received from Councillors Forbes, Henry and Watson, and also from the North East Local Enterprise Partnership (NELEP).

V Geary then listed the nominations that had been received for the North East Combined Authority, North East Leadership Board, as follows, and invited members to confirm these:

#### **Durham:**

Member: Councillor Henig

Substitute Member: Councillor Napier

**Gateshead:**

Member: Councillor Henry  
Substitute Member: Councillor Gannon

**Newcastle:**

Member: Councillor Forbes  
Substitute Member: Councillor McCarty

**North Tyneside:**

Member: Mayor Redfearn  
Substitute Member: Councillor B Pickard

**Northumberland:**

Member: Councillor Davey  
Substitute Member: Councillor Ledger

**South Tyneside:**

Member: Councillor Malcolm  
Substitute Member: Councillor Kerr

**Sunderland:**

Member: Councillor Watson  
Substitute Member: Councillor Trueman

**NELEP:**

A nomination was awaited.

**RESOLVED – That:**

- (i) the membership of the North East Combined Authority, North East Leadership Board, for the Municipal Year 2014/15 as listed above, with the exception of the NELEP nomination which was awaited, be confirmed;
- (ii) Councillor Henig be appointed as Chair of the North East Combined Authority, North East Leadership Board, for the Municipal Year 2014/15; and
- (iii) Mayor Redfearn and Councillor Henry be appointed as Vice-Chairs of the North East Combined Authority, North East Leadership Board, for the Municipal Year 2014/15.

**2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3 APPOINTMENT OF STATUTORY OFFICERS**

Submitted: A report of the Head of Law and Governance, North Tyneside Council (previously circulated and copy attached to Official Minutes).

Members considered the report which invited them to agree the appointment and designation of nominated individuals to undertake the roles of Statutory Chief Officers for the Combined Authority. The report was introduced by V Geary.

**RESOLVED – That:**

- a) Jane Robinson, the Chief Executive of Gateshead Council be designated as Head of Paid Service of the North East Combined Authority for an interim period of up to 6 months;
- b) Vivienne Geary, Head of Law and Governance at North Tyneside Council be appointed as Monitoring Officer of the North East Combined Authority for an interim period of up to one year with a review of the arrangement after a period of 6 months;
- c) Sonia Tognarelli, Head of Financial Resources at Sunderland City Council be appointed as Chief Finance Officer of the North East Combined Authority for an interim period pending the conclusion of a recruitment of a Chief Finance Officer for a longer term; and
- d) the office of Monitoring Officer be designated for the time being as the principal office for the North East Combined Authority.

**4 DELEGATION OF TRANSPORT FUNCTIONS TO COUNTY COUNCILS**

Submitted: A report of the Head of Law and Governance, North Tyneside Council (previously circulated and copy attached to Official Minutes).

Members considered the report which invited them to agree the delegation of specific transport functions from the North East Leadership Board to the County Council of Durham and Northumberland County Council. The report was introduced by V Geary.

**RESOLVED –** That the delegation of the Transport Functions, as identified in Appendix 1 of the report, to the County Council of Durham and Northumberland County Council be agreed.

**5 DATE AND TIME OF NEXT MEETING**

Tuesday, 29 April 2014 at 2pm at Gateshead Civic Centre.

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## North East Combined Authority

### North East Leadership Board (NELB)

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**DATE:** 29 April 2014

**SUBJECT:** Membership of NELB

**REPORT OF:** Vivienne Geary, Monitoring Officer

#### **EXECUTIVE SUMMARY**

The purpose of this report is to appoint representatives from the North East Local Enterprise Partnership (the “LEP”) to the North East Leadership Board as a member and substitute member of the Leadership Board. It is also to identify the Thematic Leads for:

- Transport;
- Economic Development and Regeneration; and
- Employability and Inclusion.

#### **RECOMMENDATIONS**

It is recommended that the Leadership Board:

- a) appoint to the Leadership Board the representative of the North East Local Enterprise Partnership nominated as a member of the Authority;
- b) appoint to the Leadership Board the representative of the North East Local Enterprise Partnership nominated as a substitute member of the Authority;
- c) agree the members of the Leadership Board to be the Thematic Leads for Transport, Economic Development and Regeneration and Employability and Employment.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **1 Background Information**

- 1.1 Under the requirements of the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014 ('the Order') which came into force on 15 April 2014, the LEP is required to nominate one of their members as a member of the Authority and a further member as a substitute member of the Authority. The Leadership Board is required to appoint those nominated to the Authority. The LEP has nominated Gillian Hall as their member of the Authority but to date has not nominated a substitute member. The name of any substitute member will be reported at the meeting of the Leadership Board.
- 1.2 The Leadership Board has agreed to identify Thematic Leads to enable the functions of the Authority to be effectively undertaken. The Leadership Board is requested to formally identify the Thematic Leads for:
- Transport;
  - Economic Development and Regeneration; and
  - Employability and Inclusion.

The proposal to appoint Thematic Leads in respect of these functions has been identified in the Scheme submitted to the Secretary of State for consideration in June 2013.

### **2 Proposals**

- 2.1 The Leadership Board is requested to agree to the recommendations set out above to enable the Authority to operate in accordance with the Order and as set out in the Authority's Constitution.

### **3 Next Steps**

- 3.1 The appointments once made will enable the representatives of the LEP to participate as Members of the Leadership Board and enable the Thematic Leads to undertake the roles identified within the Constitution.

### **4 Potential Impact on Objectives**

- 4.1 The appointments will enable the Authority to properly discharge its functions.

### **5 Finance and Other Resources**

- 5.1 There are no specific financial implications arising from these recommendations.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **6 Legal**

- 6.1 The Authority is required to appoint the representatives of the LEP to the Authority in accordance with the Order as referred to in the main body of the report.

### **7 Other Considerations**

#### **7.1 Consultation/Community Engagement**

The proposals contained within the report have been subject to consideration by and briefings for the Leaders and Elected Mayor at appropriate points during the period leading up to the creation of the Authority.

#### **7.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **7.3 Equalities and Diversity**

There are no specific equality and diversity implications arising from this report.

#### **7.4 Risk Management**

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

#### **7.5 Crime and Disorder**

There are no specific crime and disorder implications arising from this report.

#### **7.6 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

### **8 Background Documents**

- 8.1
- The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014.
  - The LA7 Governance Review and Scheme submitted to the Secretary of State

# North East Combined Authority

## North East Leadership Board (NELB)

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### 9 Links to Plans in the Policy Framework

9.1 This report has no direct links to plans in the Policy Framework.

### 10 Appendices

Not applicable.

### 11 Contact Officers

11.1 Vivienne Geary, [viv.geary@northtyneside.gov.uk](mailto:viv.geary@northtyneside.gov.uk) Tel: 0191 643 5339  
Victoria Miller, [victoria.miller@newcastle.gov.uk](mailto:victoria.miller@newcastle.gov.uk) Tel: 0191 211 5118

### 12 Sign off

- Head of Paid Service
- Monitoring Officer
- Chief Finance Officer

## North East Combined Authority

### North East Leadership Board (NELB)

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**DATE:** 29 April 2014

**SUBJECT:** Decision-making in the North East Combined Authority

**REPORT OF:** Vivienne Geary, Monitoring Officer

#### **EXECUTIVE SUMMARY**

The purpose of this report is to agree formal decision-making arrangements for the North East Combined Authority (“the Authority”) through the adoption of the Constitution, the Deed of Operation and the Common Seal. The report also provides for the formal agreement of the Authority to undertake the role of Accountable Body for the North East Local Enterprise Partnership.

#### **RECOMMENDATIONS**

It is recommended that the Leadership Board agree to:

- a) adopt the Constitution annexed at **Appendix 1**;
- b) enter into the Deed of Operation annexed at **Appendix 2**;
- c) the Authority undertaking the role of Accountable Body for the North East Local Enterprise Partnership (“the LEP”); and
- d) adopt the Common Seal of the Authority, a facsimile of which is appended to this report at **Appendix 3**.

# North East Combined Authority

## North East Leadership Board (NELB)

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### 1 Background Information

#### The Constitution and Deed of Operation

- 1.1 The North East Combined Authority is created by the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014 ('the Order') and is a local authority for the purposes of local government legislation. The Constitution which is annexed to the report at Appendix 1 provides clarity on the roles and responsibilities within the Authority and decision making arrangements for functions of the Authority to be discharged and appropriate delegations to Joint Committees, Committees, Sub-Committees and Officers.
- 1.2 The Constitution also sets out details of the membership of the Authority, the appointment of the Chair and Vice-Chair, the proceedings of the Authority, the establishment of an Overview and Scrutiny Committee, the keeping of records, standing orders and the payment of Allowances for travel and subsistence as required by the Order creating the Authority.
- 1.3 In addition to the requirements of the Order, the Constitution also includes other necessary information including the delegation of functions not specifically reserved to the Leadership Board, the Financial Regulations, the Member and Officer Codes of Conduct and Protocols and the Budget and Policy Framework Rules of Procedure.
- 1.4 In addition to the Constitution, a formal agreement between the Authority and the Constituent Authorities sets out reciprocal Indemnities by the Tyne and Wear Authorities and the County Councils in respect of costs, claims and liabilities as a result of the provision of transport, the ring-fencing of income or revenue derived from certain assets to either the Tyne and Wear Authorities or the County Councils as well as setting the arrangements for reviewing the existence of the Authority. The agreement also makes provision for the review of the operation of the Constitution over the first months of the existence of the Authority with a further report on the outcome of that review with appropriate recommendations to be submitted to the Leadership Board in October 2014.

# North East Combined Authority

## North East Leadership Board (NELB)

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- 1.5 In due course Protocols will be developed setting out the arrangements through which the Constituent Authorities will work together with the Authority in exercising the economic development, regeneration and skills functions. These functions are held concurrently between all the Authorities. In relation to transport functions the Durham and Northumberland Transport Protocol is appended to the Deed of Operation. This sets out how the County Councils will discharge the transport functions delegated to them by the Leadership Board and how the County Councils will report to the Leadership Board on how the delegated functions have been discharged. Additional Protocols for the delivery of transport functions will be developed as appropriate in due course.

### The LEP Accountable Body

- 1.6 The North East Local Enterprise Partnership is not a legal entity in its own right however it is a channel for securing grants and funding through central government such as Local Growth Fund. To secure such funding it is necessary for an appropriate corporate entity, such as a local authority to be identified as an Accountable Body. This body takes responsibility for undertaking the legal and financial management of the grants received, in this case by the LEP. Prior to the creation of the Authority, the role of Accountable Body for the LEP has been undertaken by Sunderland City Council.
- 1.7 It is proposed that the Authority will now succeed Sunderland City Council as the Accountable Body for the LEP although the City Council will continue to undertake the day to day legal and financial activities and will also continue to act as the Host Authority for the employees and secondees from the Constituent Authorities providing services to support the LEP. The adoption of this role by the Authority is set out in the Scheme submitted to the Secretary of State in support of the proposal for a Combined Authority in the LA7 area in July 2013 and is also supported by the LEP.

### The Common Seal

- 1.8 The Authority as a corporate body is required to adopt certain formalities and is required to have a Common Seal for use when entering into contracts over a specified value and other documents considered as appropriate by the Authority's Monitoring Officer. The fixing and witnessing of the Common Seal to documents is the formal execution by the Authority and provides evidence of the authenticity of such documents. An impression of the seal incorporating the formal name of the Authority is annexed at Appendix 3

# North East Combined Authority

## North East Leadership Board (NELB)

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### **2 Proposals**

- 2.1 The Leadership Board is requested to agree the recommendations set out above. This will ensure through the proposed Constitution that the Authority complies with the procedural requirements of the Order, as well as providing transparency in relation to the allocation of functions and responsibilities including the Authority's Financial Regulations and how decision making will take place within the Authority.
- 2.2 The recommendations also secure that appropriate arrangements continue to be in place for the Accountable Body of the LEP and provide for the adoption of the Common Seal. Through the Deed of Operation, both the Authority and the Constituent Authorities agree practical arrangements for the efficient discharge of the functions transferred to the Authority and those that are to be operated concurrently between the Authority and the Constituent Authorities as well as providing for reciprocal indemnities and the review of the continued existence of the Authority at specified dates in the future.

### **3 Next Steps**

- 3.1 The adoption of the Constitution will enable the Authority to become fully operational and will provide for the delegation of the functions set out in Part 3 of the document. The delegation of operational transport functions to the County Councils was, however, agreed at the meeting of the Leadership Board of 15 April 2014 in order that these Councils could continue to properly fulfil their transport responsibilities following the creation of the Combined Authority. The Deed of Operation will also be entered into by the Authority, using the Common Seal of the Authority.
- 3.2 The Authority on becoming the Accountable Body for the LEP will ensure that there continues to be proper oversight of the grant monies held by the LEP.

### **4 Potential Impact on Objectives**

- 4.1 The adoption of the Constitution and other matters subject of this report enable the Authority to become fully operational and is material in ensuring the Authority is in a position to fulfil the role set out in the Governance Review and associated Scheme submitted to the Secretary of State in July 2013.

### **5 Finance and Other Resources**

- 5.1 The provision of the support arrangements for the Authority is contained within the existing financial resources available to the Authority and a report on the budget of the Authority is to be considered as part of the Agenda for this meeting.



# North East Combined Authority

## North East Leadership Board (NELB)

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### **6 Legal**

- 6.1 The adoption of the Constitution secures that the Authority complies with the legal obligations imposed by local government legislation as described in the main body of the report. In particular, the delegation of the functions set out in Part 3 of the Constitution become effective and enable to the various Committees and Sub-Committees of the Authority to conduct their business.

The Deed of Operation sets out important practical issues and provides for either a joint review of the Authority by the Constituent Authorities or a separate review of the Authority undertaken by one Constituent Authority as set out in the agreement. The formal execution of documents by a corporate entity such as a local authority is undertaken through the use of a seal, appropriately witnessed. The Authority is required to adopt a seal for these and related purposes.

The LEP is required to have an Accountable Body. By the Authority undertaking this role, the proposals set out in the Scheme submitted to the Secretary of State are also complied with. As Accountable Body the Authority benefits from an indemnity from the Constituents Authorities, as Sunderland City Council has similarly benefitted, to minimise associated financial risks.

### **7 Other Considerations**

#### **7.1 Consultation/Community Engagement**

The development of the Constitution and Deed of Operation has been undertaken through a working group comprising the Monitoring Officers or their representatives of each of the Constituent Authorities. The Financial Regulations have been developed and agreed with the Authority's Chief Finance Officer and Constituent Authorities' Treasurers. Arrangements for the on going delivery of the transport functions transferred to the Authority by the Order have been subject to detailed input by officers who have previously supported the Integrated Transport Authority and also Transport officers from Durham and Northumberland County Councils. Consultation and briefings with the Leaders and Elected Mayor have taken place at appropriate points throughout the process of developing the Constitution and Deed of Operation. Both documents will be kept under review annually although it is agreed that the Constitution will be subject to further review and development within the first 6 months of the existence of the Authority.

#### **7.2 Human Rights**

There are no specific human rights implications arising from this report.

# North East Combined Authority

## North East Leadership Board (NELB)

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### 7.3 Equalities and Diversity

There are no specific equality and diversity implications arising from this report.

### 7.4 Risk Management

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

### 7.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

### 7.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

## 8 Background Documents

8.1 \* The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.

\* The LA7 Scheme submitted to the Secretary of State.

## 9 Links to Plans in the Policy Framework

9.1 This report has no direct links to plans in the Policy Framework.

## 10 Appendices

10.1 Appendix 1 – Constitution  
Appendix 2 – Deed of Operation  
Appendix 3 – Impression of the Authority's Common Seal

## 11 Contact Officers

11.1 Jane Robinson, Head of Paid Service, Gateshead Council. Tel 0191 433 2050  
Vivienne Geary, Monitoring Officer, North Tyneside Council. Tel 0191 643 5339  
Sonia Tognarelli, Chief Finance Officer, Sunderland City Council. Tel 0191 561 1851

# North East Combined Authority

## North East Leadership Board (NELB)

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### 12 Sign off

- Head of Paid Service
- Monitoring Officer
- Chief Finance Officer

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**The Durham, Gateshead,  
Newcastle upon Tyne,  
North Tyneside, Northumberland,  
South Tyneside and Sunderland**

**Combined Authority**

**Constitution**

**April 2014**

## Version Control Sheet

This document (version 1, April 2014) is the original Constitution of the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority adopted on # 2014.

To maintain effective version control, this version control sheet will accompany any future issue of the Constitution.

The version number is shown in the bottom left hand corner of each page of the Constitution.

An up to date version of the Authority's Constitution will be available on the Combined Authority's web site.

Description	Date	Most Recent Version
Constitution	April 2014	Version 1

### Making Changes to the Constitution

The Monitoring Officer is required to continuously review the operation of the Constitution at least annually. For details of how a Member or Officer can propose a change and the approval process please contact the Monitoring Officer.

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## Part 1 Introduction

### **United in purpose, boldness of vision and determination**

The seven local authorities of Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland, as the already established North East Leadership Board have come together to establish a Combined Authority for the area. Building on the successful track record of joint working we now have an accountable, stable and enabling platform which reinforces and strengthens existing partnership arrangements to collectively drive forward change and enable economic growth. We are able to bring together a democratic mandate with a strong business voice which will enable us to plan for growth in the long-term in a global context.

As the North East Leadership Board we are uniquely placed to provide strong local leadership across the area, to shape the agenda for growth and support the delivery of the interventions that will deliver prosperity. We have vision, capacity and dynamism to tackle future challenges in partnership and now have the local model which is tailored to the issues, challenges and opportunities that we face across the area. The Combined Authority will enable us to come together around the bold vision for economic growth we all share and are determined to deliver to raise confidence in the area and create an environment for the private sector to prosper which will create good quality jobs for our residents, especially our young people.

We are a collective force, united in purpose, speaking with one voice to government, business leaders, investors and partners in neighbouring areas. We are offering a stable and accountable platform to take on more powers, responsibilities and funding from government, to locally determine how to support our economy which in turn bolsters the national economy.

The Combined Authority has the leading role to play in creating the conditions for economic growth and new investment. Our role in transport and skills are critical in supporting a growing economy and workforce whilst our coordination on investment in our economic infrastructure will help to ensure that the area can attract new investment – both capital and people. For the first time there will be one body with responsibility for strategic transport alongside our wider economic goals – taking advantage of all available opportunities to maximise growth. Our partnership delivery model gives us the ability to pool and better align resources, assets and funding in a strategic and prioritised approach to facilitating inclusive and sustainable economic growth. In regards to skills and employability, we are putting in place a long term and stable solution for local management and delivery of employability services which responds to the distinctive needs of the area. Finally in addition to the Combined Authority providing for a truly localist approach in regards to transport, skills, inward investment and economic growth, it also provides the framework, for the long term, to enable the wider public sector to design and deliver innovative solutions for services provided to residents and businesses.

Our ambition is to create the best possible conditions for growth in jobs, investment and living standards, to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure and to enable residents to raise their skill levels and to benefit from economic growth long into the future.



## 1. The Constitution

In this Constitution:

“the Combined Area” means the area consisting of the areas of the constituent authorities.

“the Constituent Authorities” means the Local Authorities of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, referred to in the Order as Constituent Councils.

“NECA” means the North East Combined Authority and is the operating name of the Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

“the Order” means The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014 (SI 2014 No. 1012)

“Nexus” is the Tyne and Wear Passenger Transport Executive for the Tyne and Wear Constituent Authorities and the executive body of the NELB in relation to transport functions in Tyne and Wear.

“the NELB” means the Leadership Board of the NECA.

“the TNEC” means the Transport North East Committee being a joint committee established by the parties.

“the TWSC” means the Transport North East (Tyne and Wear) Sub-committee.

“Delivery Agencies” means the County Council of Durham, Northumberland County Council and Nexus.

This Constitution sets out how the North East Combined Authority operates, how decisions are made, and the procedures that are followed to ensure that the NECA operates efficiently, effectively and is both transparent and accountable.

The Constitution is made up of 7 parts and 1 Appendix.

The NECA will exercise all of its powers and duties in accordance with the law and this Constitution.

A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.

The NELB will monitor and evaluate the operation of the Constitution as set out in paragraph 18 below.

## 2. The North East Combined Authority (NECA)

The NECA was established pursuant to the Order and came into existence on # 2014 as the Combined Authority for the Combined Area with the aim of improving:-

- a) the exercise of statutory functions relating to transport in the Combined Area
- b) the effectiveness and efficiency of transport in the Combined Area
- c) the exercise of statutory functions and general powers relating to economic development and growth in the Combined Area; and
- d) economic conditions in the Combined Area.

The NECA is responsible for a number of transport functions and economic development and growth across the Combined Area. The functions of the NECA conferred or imposed upon it by the Order are set out in Part 2 of this Constitution.

## 3. Members of the North East Leadership Board (NELB)

Each of the Constituent Authorities' shall appoint its Leader or Elected Mayor to be a Member of the NELB and another Member to act in the absence of the appointed Member (the substitute member).

The North East Local Enterprise Partnership (LEP) will nominate one of its Members to be a Member of the NELB and another Member to act in the absence of the appointed Member (the substitute Member). The NELB will appoint the LEP member, who will be a non-voting member of the NELB and the LEP substitute member, who will also be a non-voting member when acting in the absence of the LEP Member.

A person will cease to be a Member or a substitute Member of the NELB if they cease to be a Member of the Constituent Authority that appointed them or the LEP that nominated them.

All Members of the NELB will:-

- a) collectively be the policy makers of the NELB, after taking account of the advice of Chief Officers;
- b) bring the views of their respective communities into the NELB's decision making process; and
- c) maintain the highest standards of conduct and ethics.

Members will act in the best interests of the Combined Area taking into account all relevant matters.

Members will at all times observe the Code of Conduct for Members as set out in Part 6.1 of this Constitution.

Members will be entitled to receive travel and subsistence allowance in accordance with the Members' Allowance Scheme set out in Part 7 of this Constitution.

#### **4. Chairing the NELB**

The NELB will appoint a Chair and Vice Chairs from amongst its Members.

The procedure for the appointment of the Chair and Vice Chairs is set out in the NELB Rules of Procedure at Part 4.1 of this Constitution.

#### **5. Thematic Leads**

Thematic Leads will be appointed by the NELB, usually at its Annual Meeting, and will:

- Preside as Chair over any sub-committee/group established to support strategy development and delivery within their allocated theme.
- Provide a strategic lead in supporting and constructively challenging on their theme in the development of strategies and plans and contribute towards the strategic direction of the combined authority, within the authority's overall vision and policy objectives.
- Take part in the collective decision-making of the NEC and ensure any theme sub-committee/group is accountable to the NELB.
- Engage with business and other key stakeholders on issues within the theme to deliver the shared agenda for growth.
- Act as a 'sounding board' for senior officers on issues within the theme, and be supportive in dealing with any problems at a strategic level.
- Keep abreast of developments and policies at national, regional and local level related to the theme.
- Take the strategic lead in advising and reporting to the combined authority, its sub-committees or groups on issues within the theme.
- Participate in Overview and Scrutiny arrangements for the combined authority in connection with any issues associated with the theme which are the subject of scrutiny.
- Represent the Combined Authority as appropriate at events related to the theme and to feedback to the NELB any issues of relevance / importance.
- Act as a spokesperson for the Combined Authority on issues within the theme in accordance with agreed protocols.

## **6. Meetings and Procedure**

The NELB will meet approximately every quarter but additional meetings may take place should the need arise.

There are three types of meeting:

- a) The Annual Meeting
- b) Ordinary meetings; and
- c) Extraordinary meetings

All meetings will be conducted in accordance with the Rules of Procedure set out in Part 4 of this Constitution.

## **7. Responsibility for Functions**

The functions of the NECA are those conferred upon it by the Order. Only the NELB will exercise the functions set out in Part 3.1 of this Constitution.

The NELB has the power to delegate its functions, which are not reserved to it, to committees, sub-committees, officers, joint committees or other local authorities pursuant to section 101 of the Local Government Act 1972, section 9EA of the Local Government Act 2000 and regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

The NELB has delegated responsibility for the discharge of its functions to committees, officers, The County Council of Durham and Northumberland County Council, TNEC and the TWSC in accordance with Part 3.2, 3.3, 3.4, 3.5 and 3.6 of this Constitution.

In the absence of specific and express delegations to other bodies, all transport functions of the NECA will remain with the NELB.

The NELB will review its delegations annually.

## **8. Nexus (The Tyne and Wear Passenger Transport Executive)**

Nexus is to be an executive body of the NECA for the purposes of Part 5 of the Local Transport Act 2008 and Part 6 of the Local Democracy, Economic Development and Construction Act 2009.

Nexus has power to discharge any function that is the subject of arrangements entered into with the NECA.

In the application of section 101 of the Local Government Act 1972 (arrangements for the discharge of functions), section 9EA of the Local Government Act 2000 and regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 to the NECA, Nexus is to be treated as if it was an officer of the NECA.

## **9. The North East Local Enterprise Partnership (LEP)**

The LEP is a cross-sector partnership with membership drawn from the public sector (the 7 Constituent Authorities), the private sector, as well as higher and further education, whose vision is to promote and develop economic growth in the North East. In addition, it seeks to rebalance the economy and create Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs.

The key roles of the LEP are:

- Supporting enterprise and private sector business growth;
- Building on key economic strengths;
- Improving skills and performance; and
- Strengthening transport, connectivity and infrastructure.

The NELB will appoint the LEP Member and substitute Member as set out at paragraph 3 above.

The LEP may at any time terminate the appointment of a member or substitute member nominated by it to the NELB and nominate another of its members in that person's place.

## **10. Committees of the NECA**

The NECA will establish a Transport North East Committee ("TNEC"), to be a joint committee of the Constituent Authorities and the NECA, and a sub-committee of TNEC (the Transport North East (Tyne and Wear) Sub-committee "TWSC") comprising representatives from the Tyne and Wear authorities only.

The NECA will establish a Governance Committee and an Overview and Scrutiny Committee to discharge the roles and functions set out in Part 3.7 and 3.8 of this Constitution.

The NELB may establish such other committees as it thinks fit to discharge its functions.

## **11. Joint Arrangements**

The NECA has power pursuant to section 101(5) of the Local Government Act 1972 to make arrangements with other local authorities to discharge their functions jointly.

Such arrangements may involve the discharge of those functions by a joint committee of such authorities or by an officer of one of them.

## **12. Officers**

### **Chief Officers and Proper Officers**

The NECA will engage persons who will be designated as Chief Officers and Proper Officers in accordance with Part 3.5 of this Constitution.

Appointments to Chief Officer and Proper Officers positions will be conducted in accordance with the Officer Procedure Rules of this Constitution (Part 4.5).

The Head of Paid Service, on behalf of the NECA, may engage staff (referred to as officers) as it considers necessary to carry out its functions.

Officers will comply with the Code of Conduct for Officers set out in Part 6.2 of this Constitution.

## **13. Decision Making**

### **13.1 Responsibility for decision making**

The NECA will issue and keep up to date a record of what part of the NECA or which individual has responsibility for particular types of decisions or decisions relating to particular areas or functions. This record is set out in Part 3 – Responsibility for Functions of this Constitution.

### **13.2 Budget and Policy Framework**

The Budget and Policy Framework includes the Budget and those plans and strategies which cannot be decided upon by the NELB without having complied with the Budget and Policy Framework Rules of Procedure set out in Part 4.4 of this Constitution. These rules of procedure ensure consultation with Councillors who are not members of the NELB (mainly the members of the Overview and Scrutiny Committee) on initial proposals for these plans so that their views can feed into the development of these plans and strategies.

The Monitoring Officer will maintain a publicly accessible list of all of those plans and strategies contained in the Policy Framework.

### **13.3 Principles of decision making**

All decisions of the NECA will be made in accordance with the following principles:

- a) Proportionality (meaning that the action must be proportionate to the desired outcome).
- b) Consideration of professional advice from officers.
- c) Due consultation.
- d) Consideration of the legal and financial implications.
- e) A presumption in favour of openness.
- f) Consideration of available options and outlining reasons for decisions.
- g) Respect for human rights.
- h) Promoting equality.
- i) Preventing crime and disorder.
- j) Environment and sustainability.
- k) Risk management.
- l) The purpose of the Constitution.

### **13.4 Decisions reserved to the NELB**

Decisions relating to functions listed in Part 3.1 of this Constitution will be made by the NELB and will not be delegated. The NELB meeting will follow the NELB Rules of Procedure set out in Part 4.1 of this Constitution when considering any matter.

### **13.5 Decision making by Committees and Joint Committees established by the NECA**

Committees and Joint Committees established by the NECA will follow the Procedure Rules set out in Part 4 of this Constitution.

### **13.6 Decision Making by Officers**

Officers will exercise their delegated authority in accordance with the Scheme of Delegation to Officers set out in Part 3.6 of this Constitution and other provisions of this Constitution, and in particular will have regard to the relevant principles of decision making set out at paragraph 13.3 above.

## **14. Costs**

The amount payable by each of the Constituent Authorities in relation to the costs of the NECA's functions relating to economic development and growth will be apportioned between the Constituent Authorities by agreement but in default of such agreement in equal shares between the Constituent Authorities.

The Constituent Authorities will meet the costs of the NECA that are reasonably attributable to the exercise of the NECA's functions relating to transport by way of three separate levies issued by the NECA to the Tyne and Wear Constituent Authorities, The County Council of Durham and Northumberland County Council pursuant to section 74 of the Local Government Finance Act 1988 and regulations made thereunder.

Any change in the contributions paid by the Constituent Authorities to the NECA will be agreed between the NELB and the Constituent Authorities.

## **15. Financial Management**

The management of the NECA's financial affairs will be conducted in accordance with the Financial Procedures set out in Part 5 of this Constitution.

## **16. Legal proceedings**

The Monitoring Officer is authorised to:

- a) institute, defend or participate in any administrative action and/or in any legal proceedings;
- b) sign any document in any case where such action will facilitate the carrying out of decisions of the NECA; or in any case where the Monitoring Officer considers that such action is necessary to protect the NECA's interests, or to further or achieve the objectives of the NECA; and



- c) settle or otherwise compromise any such administrative action or legal proceedings if they have been commenced or there are reasonable grounds for believing such actions or proceedings may be contemplated.

Such powers may be exercised by an officer in their own name once authorised by the Monitoring Officer.

Any notices to be served on the NECA are to be sent to the NECA Monitoring Officer c/o North Tyneside Council, 3FL - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY, which for the purposes of section 231 of the Local Government Act 1972 and any other enactment shall be regarded as the principal office of the NECA.

#### **17. Authentication of documents**

Where any document is necessary to any legal procedure or proceedings on behalf of the NECA, it will be signed by the Monitoring Officer or some other person duly authorised by the NECA or the Monitoring Officer, unless any enactment otherwise authorises or requires.

Any contract with a value exceeding £30,000 entered into by the NECA shall be in writing. Such contracts must be signed by two duly authorised officers of the NECA or made under the Common Seal of the NECA attested by an authorised officer. Any contract with a value exceeding £75,000 must be made under the Common Seal of the NECA and attested by the Monitoring Officer or some other person authorised by the Monitoring Officer.

#### **18. Review and Revision of the Constitution**

The Monitoring Officer will monitor and review the operation of the Constitution on an annual basis.

Changes to the Constitution will only be approved by the NELB after consideration of the proposal by the Monitoring Officer and in accordance with the NELB Rules of Procedure in Part 4 of this Constitution.



## Part 2 Powers and Functions

This part of the Constitution sets out the legislative background of the powers and functions transferred to the NECA.

### Part 2.1 Transport Functions of the former Tyne and Wear Integrated Transport Authority (TWITA) transferred to the NECA

Pursuant to the Order the following functions of the former TWITA are transferred to the NECA:-

- a) The discharge of all the functions, duties and responsibilities of the former TWITA.
- b) Without prejudice to the generality of sub-paragraph a) the discharge of all functions of the former TWITA that are provided for within the Transport Acts 1968, 1983, 1985 and 2000, the Local Government Act 1972, the Transport and Works Act 1992 and the Local Transport Act 2008.
- c) The appointment of members to Nexus in accordance with Article 16 of the Tyneside Passenger Transport Area (Designation) Order 1969 (as amended).

### Part 2.2 Transport Functions of Durham and Northumberland County Councils transferred to the NECA

Pursuant to the Order the following functions of Durham and Northumberland County Councils are transferred to the NECA:-

- a) Transport functions contained in Parts 4 and 5 of the Transport Act 1985 and Part 2 of the Transport Act 2000.
- 2.2.1 The NECA may under the provisions of section 101 of the Local Government Act 1972 (arrangements for the discharge of functions) delegate transport functions conferred on it by the Order to the Constituent Authorities unless such delegation is prohibited by legislation.
  - 2.2.2 Any future transport functions delegated from the Constituent Authorities to the NECA will not be exercisable by the Constituent Authorities either concurrently or instead of the NECA except so far as the NECA delegates any such function back to a Constituent Authority.
  - 2.2.3 The NELB, the Constituent Authorities, TNEC, TWSC and Nexus will draw up and agree detailed protocols in relation to the discharge of the transport functions as set out in this Constitution.
  - 2.2.4 The NELB, the Constituent Authorities, the TNEC, TWSC and Nexus will keep the protocols referred to above under regular review and may revise them from time to time.
  - 2.2.5 Protocols drawn up, agreed, or revised under the paragraphs above will not in themselves constitute arrangements for the discharge of functions made in accordance with section 101 of the Local Government Act 1972 or the Local

Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

### **Part 2.3 Economic Development and Regeneration**

Pursuant to the Order, the following economic development and regeneration functions of the Constituent Authorities are to be exercised by the NECA concurrently with the Constituent Authorities:

- a) The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A (1)(b), 514A and 560A of the Education Act 1996 (duties and powers related to the provision of education and training for persons over compulsory school age).
- b) The power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference facilities)
- c) The duty under section 69 of the Local Democracy, Economic Development and Construction Act 2009 (duty to prepare an assessment of the economic conditions of the local authority's area)

2.3.1 Any requirement in any enactment for a Constituent Authority to exercise any function may be fulfilled by the exercise of that function by the NECA unless there is a contrary intention expressed in any enactment.

2.3.2 The NELB and the Constituent Authorities will draw up and agree detailed protocols in relation to the discharge of the economic development and regeneration functions.

2.3.3 The NELB and the Constituent Authorities will keep the protocols referred to above under regular review and may revise them from time to time.

2.3.4 Protocols drawn up, agreed, or revised under the paragraphs above will not in themselves constitute arrangements for the discharge of functions made in accordance with section 101 of the Local Government Act 1972 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

### **Part 2.4 Incidental Provisions**

Pursuant to the Order, the following provisions have effect as if the NECA was a local authority for the purposes of these provisions:

- a) Section 142(2) of the Local Government Act 1972 (the power to arrange for publication of information etc. relating to the functions of the authority).
- b) Section 222 of the Local Government Act 1972 (the power to instigate and defend legal proceedings).
- c) The NECA shall have the power to exercise any of the functions described in subsection 1(a) and (b) of section 88 of the Local Government Act 1985 (research and collection of information whether or not a scheme is made under that section).

- d) Section 13 of the Local Government and Housing Act 1989 shall have effect as if:-
1. in subsection (4) after paragraph (h) there were inserted  
“(i) subject to subsection (4A), a committee appointed by the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority” and
  2. After subsection (4) there were inserted –  
“(4A) A person who is a member of a committee falling within paragraph (i) of subsection (4) or a sub-committee appointed by such a committee shall for all purposes be treated as a non-voting member of that committee or sub-committee unless he is a member of one of the Constituent Council’s as defined by article 2 of the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.”
- e) The Apprenticeships Skills, Children and Learning Act 2009 shall have effect as if the NECA were a local authority for the purposes of section 61(1)(c) and section 84(2) of the Act.

### **Part 2.5 Functions conferred on NECA by local government legislation**

The NECA shall have such other powers, duties and responsibilities as are conferred on a Combined Authority by any enactment.

Without prejudice to the generality of the above, such powers, responsibilities and duties include:

- a) Broad well-being powers given to it by virtue of sections 99 and 102A of the Local Transport Act 2008, the functions related to the general power of competence given to it under section 1 of the Localism Act 2011 and the general powers granted to it by virtue of section 113A of the Local Democracy, Economic Development and Construction Act 2009 to promote economic growth.
- b) The duty to appoint a Head of Paid Service, a Monitoring Officer and an Officer with responsibility for the administration of the NECA’s financial affairs.
- c) The power to borrow money for a purpose relevant to its transport functions only.
- d) The power to appoint staff and to enter into agreements with other local authorities for the secondment of staff.
- e) The power to acquire land by agreement or compulsorily for the purpose of any of its functions and to dispose of such land.
- f) The power to pay subscriptions to the funds of local authority associations.

- g) The duty (without prejudice to any other obligation) to exercise its functions with due regard to the need to prevent crime and disorder, the misuse of drugs and alcohol or re-offending in the Combined Area.
- h) The power under section 111 of the Local Government Act 1972 to do anything (subject to any other enactment) which is calculated to facilitate, or is conducive or incidental to the discharge of the NECA's functions.

2.5.1 The NECA is a local authority for the purposes of the Local Government Act 1972 and in particular section 101 of the Local Government Act 1972 (arrangements for the discharge of functions by local authorities).

2.5.2 The NECA is a best value authority for the purpose of section 1 of the Local Government Act 1999.

2.5.3 The NECA is a public body for the purpose of the Freedom of Information Act 2000.

2.5.4 The NECA is a local authority for the purpose of the power of a Minister of the Crown to pay grants.

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## Part 3 Responsibility for Functions

This part of the Constitution sets out which parts of the NECA are responsible for carrying out particular functions and can also be referred to as their terms of reference.

### Part 3.1 NELB

Membership – 8 (one Member for each Constituent Authority and a non-voting LEP Member)

Quorum – 6 (not including the LEP Member)

In the absence of specific delegations to other bodies referred to in the Constitution (including committees and subcommittees of the NELB), all functions remain with the NELB

**A** Only the NELB will exercise the following functions which require a **unanimous** vote in favour by all Constituent Authorities:

1. The adoption of, and any amendment to or withdrawal of, any Growth Plan included in the Budget and Policy Framework.
2. The adoption of, and any amendment to or withdrawal of, any local transport plan under section 108(3) of the Transport Act 2000.
3. The approval of, and any amendment to, the NECA's annual budget.
4. The setting of any transport levy under section 74 of the Local Government Finance Act 1988 and in accordance with regulations made thereunder.
5. The allocation by the NELB of local transport plan funding to the individual Constituent Authorities and Nexus, and the approval of all other capital and revenue matters relating to the NECA's transport budget save where such matters have been expressly delegated to another body.
6. The approval of, and any amendment to or withdrawal of, growth schemes set out in any adopted Growth Plan including the local major schemes devolved funding.
7. The approval of, and any amendment to or withdrawal of, borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the NECA.
8. The approval of, and any amendment to or withdrawal of, such other plans and strategies as determined by the NELB and included in the Budget and Policy Framework.
9. The transfer of any further functions by the Constituent Authorities to the NECA.
10. The appointment of any individual co-optees to the NELB.

11. The use of the general power of competence by the NECA beyond the powers provided within the Local Democracy, Economic Development and Construction Act 2009.
  12. The approval of any amendment to the NECA's Constitution which has not been delegated to the Monitoring Officer (see Part 3.6 Scheme of Delegation of Functions to Chief Officers).
  13. The appointment of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer).
  14. The designation of the NECA's Head of Paid Service.
- B** Other functions reserved to the NELB which do not require a unanimous vote in favour by the Constituent Authorities include (but are not limited to):
15. The approval of (and any amendment to or withdrawal of) all other major transport schemes (including such matters as Quality Contract Schemes and/or Voluntary Partnership Agreements).
  16. The approval of (and any amendment to or withdrawal of) a public transport strategy.
  17. Influence and/or co-ordination of strategic investment in the highway network across the combined area.
  18. Co-ordination, with the statutory Highway Authorities, of the development of a joint highway management plan.
  19. Strategic influence of the development and operation of air, rail, road, river, sea and public transport networks.
  20. The approval of (and any amendment to or withdrawal of) transitional transport arrangements following the formation of the NECA.
  21. The approval of (and any amendment to or withdrawal of) formal partnership agreements and arrangements with external partners and other stakeholders (e.g. central government, MPs/ MEPs, rail franchisors/franchisees) on strategic transport issues.
  22. The approval of the policies and strategies to be included in the policy framework.
  23. The approval of the NECA's annual accounts.
  24. The appointment/selection of the Overview and Scrutiny Committee and any other committee or sub-committee as considered by the NELB as appropriate to discharge its functions.
  25. The appointment/selection of a Chair and Vice Chair(s) of any joint committee, committee or sub-committee.

26. The appointment of co-opted members to any of its joint committees, committees or sub-committees.
27. The appointment of the Independent Person as required by the Localism Act 2011.
28. The appointment of any independent expert adviser for the NECA or any of its joint committees, committees or sub-committees.
29. The designation of the Thematic Leads.
30. The dismissal of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer) and the appointment or dismissal of any deputy of such a statutory chief officer and the appointment or dismissal of any non-statutory chief officer or any deputy of such a non-statutory chief officer (See Part 4.5 Officer Employment Rules of Procedure).

See also Part 4 – Rules of Procedure for further information on the items of business for the Annual Meeting and ordinary meetings of the NELB.



## Part 3.2 Transport North East Committee (TNEC)

Membership – 14 (two Members from each Constituent Authority)

Quorum –10

### A Transport functions delegated by the NECA to the TNEC

The TNEC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes.

1. Monitoring the NECA's transport budget.
2. Approval of releases from the NECA's transport funding for capital schemes within the agreed capital programme and the agreed budget (as defined by the NELB) for the scheme concerned.
3. Formulation, development and monitoring of procedures for public consultation on, and lobbying for, the NECA's transport policies including taking responsibility for the active promotion of the Combined Area's transport interests.
4. Monitoring and overseeing the activities and performance of the County Council of Durham and Northumberland County Council in the discharge of the transport functions delegated to them by the NELB.

**Note:** the functions delegated to the TNEC also include those functions set out in Part 3.3. Such functions have been delegated to TNEC on the strict understanding that they will be exercised in practice by the TWSC, as a subcommittee of the TNEC.

### B Transport functions referred to the TNEC

The NELB shall seek the advice and recommendations of the TNEC on such transport matters as the NELB considers appropriate which shall include (but are not limited to):

1. The NECA's revenue budget for transport and the setting of any transport levy.
2. The borrowing limits of the NECA in relation to transport matters pursuant to section 3 of the Local Government Act 2003.
3. The capital programme of NECA and the Delivery Agencies.
4. The development of policies for the promotion and encouragement of safe, efficient and economic transport facilities and services and the production of any Local Transport Plan pursuant to sections 108-112 of the Transport Act 2000.
5. Formulation of general policies with respect to the availability and convenience of public passenger services pursuant to section 9A (5)-(7) of the Transport Act 1968.



6. Determination of issues arising from the rail franchising process.
7. The development of policies, setting of budgets and operational arrangements in connection with the NECA's Transport Studies Function.

Information:

1. The Chair of the TNEC will be selected annually by the NELB. The Chair of the TNEC will be the Thematic Lead for Transport appointed by the NELB.
2. There will be three Vice Chairs of the TNEC selected annually by the NELB who will be drawn from the members of the Constituent Authorities appointed to the TNEC with portfolio responsibility for Transport in their respective Constituent Authority area. One Vice Chair will be selected from the members of the Tyne and Wear Authorities. One Vice Chair will be the Executive member with portfolio responsibility for Transport for the County Council of Durham and one Vice Chair will be the Executive member with portfolio responsibility for Transport for Northumberland County Council.

### Part 3.3 Transport North East (Tyne and Wear) Sub-committee (TWSC)

Membership – 5 (one Member from each Tyne and Wear Authority)

Quorum – 4

The following transport functions have been delegated by the NELB to TNEC and then to the TWSC in respect of the area of the Tyne and Wear Authorities. The TWSC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes:

1. Considering and recommending to NELB the creation and development of:-
  - i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
  - ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985.
3. Implementing Ticketing schemes pursuant to sections 135-138 of the Transport Act 2000.
4. Determining the local bus information to be made available, and the way in which it should be made available, pursuant to sections 139-143 of the Transport Act 2000.
5. Determining the operation, performance and development accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985.
6. Monitoring and overseeing the activities and performance of Nexus (including but not limited to the power pursuant to section 15(6) of the Transport Act 1968 to give to Nexus such directions as appear appropriate to secure the observance of the rights of the NECA).
7. Ensuring that Nexus secures the provision of appropriate public passenger transport services pursuant to section 9A(3) of the Transport Act 1968.
8. Ensuring that Nexus implements those actions given to it for promoting the economic, social and environmental well-being of the Combined Area and its residents pursuant to section 99 of the Local Transport Act 2008.
9. Determining variations in charges for transport services or facilities provided by Nexus, pursuant to section 15(2) of the Transport Act 1968.
10. Authorising:-
  - i) The disposal of any land by Nexus pursuant to section 10(1)(xxiii) of the Transport Act 1968

- ii) The acquisition of any land by Nexus pursuant to section 10(1)(xx) of the Transport Act 1968; and
  - iii) The development of any land of Nexus pursuant to section 10(1)(xxii) of the Transport Act 1968.
11. Determining the operation, performance and development of tendered bus services, bus stations/stops, and passenger transport services pursuant to section 10(1)(1)(via) of the Transport Act 1968.
  12. Monitoring the performance of the Metro service and recommending appropriate action.
  13. Monitoring the operation and performance of bus, ferry and local rail services and influencing accordingly.
  14. Any other matter which has been transferred from the former Tyne and Wear ITA to the NECA under Article 6 of the Order unless the matter has been explicitly reserved to the NELB in the foregoing provisions.

Further transport functions may be delegated to the TWSC by the NELB as considered appropriate.

Information:

1. The Chair of the TWSC will be selected annually by the NELB. The Chair of the TWSC will be the Vice Chair of the TNEC representing the Tyne and Wear Authority areas.
2. The Vice Chair of the TWSC will be selected annually by the NELB and will be selected from the remaining members of the Tyne and Wear Constituent Authorities appointed to the TWSC having portfolio responsibility for Transport in their Constituent Authority area.

## Part 3.4 The County Council of Durham and Northumberland County Council

The following transport functions have been delegated by the NELB to the County Council of Durham and Northumberland County Council in relation to their respective administrative areas. Each County Council shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes.

1. Considering and recommending to NELB the creation and development of:-
  - i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
  - ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985.
3. Implementing ticketing schemes pursuant to sections 135-138 of the Transport Act 2000.
4. Determining the operation, performance and development of accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985.
5. All obligations of County Councils relating to mandatory travel concessions pursuant to sections 145A to 150 of the Transport Act 2000.
6. Those functions of County Councils set out in Part IV of the Transport Act 1985 (Passenger Transport in areas other than Integrated Transport Areas) under:
  - section 63 – functions of local Councils with respect to passenger transport
  - section 81 – provision, maintenance and operation of bus stations
  - section 82 – bus stations: restriction on discriminatory practices.

## Part 3.5 Proper Officers

Section 112(1) of the Local Government Act 1972, provides that the NECA shall appoint such officers as it thinks necessary for the appropriate discharge by the NELB of such of its functions as fall to be discharged by them.

There are a number of specific references in the 1972 Act and the 1985 Local Government Act, which call for functions to be undertaken by what is termed the 'Proper Officer'. The following lists such references and identifies the Chief Officers responsible for their discharge.

### A Head of Paid Service

The Head of Paid Service is responsible for the corporate and overall strategic management of the NECA's staff in accordance with section 4 of the Local Government and Housing Act 1989.

The Head of Paid Service cannot be the Monitoring Officer.

### B Monitoring Officer

Under the provisions of the Local Government and Housing Act 1989, the NELB shall appoint a Monitoring Officer who will be responsible for promoting and maintaining high standards of conduct. The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budgetary issues to all Members and provide a comprehensive administrative service to the NECA.

The Monitoring Officer to the NECA is appointed the Proper Officer in relation to the following under the Local Government Act 1972:

- a) Determination of those reports which should be available for public inspection prior to a meeting of the NELB, the TNEC, TWSC and any Committee or Subcommittee of the NELB and those which are likely to be heard in private and consequently which should not be released to the public (section 100B (2)).
- b) Provision of documents to the press, additional to committee reports (section 100B (7)).
- c) Preparing written summaries of proceedings (section 100C (2)).
- d) Making arrangements for list of, and background papers to reports, to be made available for public inspection (section 100D (1)).
- e) Determination of documents disclosing exempt information which may not be inspected by Members (section 100F (2)).
- f) Signature of Summonses to the NECA (paragraph 4 (2) (b) of Schedule 12).
- g) Receipt of notices regarding address to which Summonses to meetings of the NECA are to be sent (paragraph 4 (3) of Schedule 12).
- h) Declaration and Certificates with regard to securities (section 146 (1)(a) and (b)).
- i) Deposit of documents (section 225 (1)).
- j) Certifications of photographic copies of documents (section 229 (5)).
- k) Issuing and signing of formal notices (section 234 (1) and (2)).
- l) Serving copies of Byelaws (section 236 (9) and (10)).
- m) Certification of Byelaws (section 238).

The Monitoring Officer will maintain an up to date Register of Member's interests and an up to date version of the Constitution and will ensure that it is widely available for consultation by Members, officers and the public.

The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct through provision of support to the Governance Committee and be the Proper Officer for receipt and acknowledgement of complaints of failure by a Member of the NECA to comply with the Members Code of Conduct.

The Monitoring Officer is also responsible for promoting the role of the authority's overview and scrutiny committee; providing support to the authority's overview and scrutiny committee and its members; and to provide support and guidance to members and officers of the authority in relation to the functions of the overview and scrutiny committee.

The Monitoring Officer cannot be the Head of Paid Service or the Chief Finance Officer.

### **C Chief Finance Officer**

The Chief Finance Officer has responsibility for ensuring lawfulness and financial prudence of decision making. The Chief Finance Officer is appointed Proper Officer in relation to the following:

- a) receipt of money due from officers (Local Government Act 1972, section 115 (2); and
- b) administration of the financial affairs of the NECA (Local Government Act 1985 section 73).

### **D General**

All officers in whose name reports are submitted to the NELB, the TNEC, TWSC and any Committee or Sub-committee of the NELB via the Monitoring Officer and Chief Finance Officer are appointed the Proper Officers in relation to the following under the Local Government Act 1972:

- a) Compilation and retention of lists of background papers and copies of the relevant documents and reports (section 100D (1) (a)).
- b) Identifying and determining what are background papers (section 100D (5)).

## Part 3.6 Scheme of Delegation of Functions to Chief Officers

1. Section 101 of the Local Government Act 1972 enables the NECA to delegate any of its functions to its officers. This part of the Constitution specifies those powers of the NELB which, for the time being, are exercisable from time to time by officers of the NECA, and stating the title of the officer in question by whom the powers are exercisable.
2. Chief Officers in the context of this Constitution mean the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.
3. The delegated powers of Chief Officers set out in this Scheme may be exercised by other officers authorised by the Chief Officer with the delegated power to act on their behalf and in their name, provided that administrative procedures are in place to record the authorisation and monitor decisions taken.
4. The exercise of delegated powers by officers is required to be in accordance with:
  - a) Statute or other legal requirements, including the principles of public law, the Human Rights Act 1998, statutory guidance and statutory codes of practice;
  - b) this Constitution, the NELB's Rules of Procedure and Financial Regulations currently in force;
  - c) the revenue and capital budgets of the NECA, subject to any variation thereof which is permitted by the NECA's Financial Regulations; and
  - d) any policy or direction of the NELB, the TNEC or any other committee acting in exercise of powers delegated to that committee by the NECA.
5. Officers may **not** exercise delegated powers where:
  - a) the matter is reserved to the NELB by law or by this Constitution;
  - b) the matter is a function which cannot by law be discharged by an officer;
  - c) the NELB, or a committee, sub-committee or joint committee to which the NECA is a party, has determined that the matter should be discharged otherwise than by an officer;
  - d) the Head of Paid Service has directed that the officer concerned should not exercise a delegated function in special circumstances.
6. Before exercising delegated powers, particularly on matters involving the reputation of the NECA, officers should consider the advisability of consulting the Head of Paid Service and/or the Chair of the NELB.
7. Where, in relation to an item before the NELB, the TNEC or a joint committee, committee or sub-committee, a Chief Officer is given specific authority to determine a particular matter, the officer should ensure that there is an appropriate audit trail to evidence such determination.
8. Any reference in this Scheme of Delegation to any enactment shall include a reference to any amendment or re-enactment of the same.



## A General Delegations to all Chief Officers

GD1 The day to day routine management, supervision and control of services provided for the NECA by staff under their control in accordance with the Rules of Procedure and Financial Regulations of the NECA.

### Contracts and Accounts

GD2 The disposal of surplus or obsolete equipment to the person submitting the highest quotation up to a limit of £10,000 in value.

GD3 The acceptance of the lowest tender or quotation:

- a) For the supply of goods, materials or services for which financial provision has been made in the NECA's Revenue Budget up to a limit of £100,000 in value for any one transaction, and
- b) For building and civil engineering works provided that the value of the tender is within the estimate previously approved by the NELB and does not exceed £250,000.

GD4 The invitation of quotations for contracts not exceeding £25,000 in value for the supply of goods, materials or services or the execution of works from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the NECA.

GD5 The provision of services or the purchase of materials or minor items of equipment up to a total of £10,000 within one order or series of related orders for which provision has been made in the revenue estimates.

## B. Delegations to the Head of Paid Service

HPS1 To discharge the functions of the Head of Paid Service in relation to the NECA as set out in section 4 of the Local Government and Housing Act 1989. The duties of the Head of Paid Service are to report to the NELB where necessary setting out proposals with respect to the coordination of the NECA's functions, the number and grades of staff required and the organisation, appointment and proper management of the NECA's staff.

HPS2 To engage officers on behalf of the Combined Authority to coordinate its functions.

HPS3 To discharge any function of the NECA which has not been specifically delegated to another officer, Committee or reserved to the NELB under Part 3.1 of this Constitution, and may direct any officer not to exercise a delegated function in special circumstances unless they are required to do so by law.

HPS4 Take any action which is required as a matter of urgency in the interests of the NECA, in consultation (where practicable) with the Chair of the NELB, the Monitoring Officer and the Chief Finance Officer.



- HPS5 Take preliminary steps to protect the rights and interests of the NECA subject to consultation with the Chair of the NELB in relation to any Bill or Statutory Instrument or Order in Parliament.
- HPS6 To conduct before either House of Parliament any proceedings (including the retention of Parliamentary Agents and Counsel) connected with the passage of any Private Bill which the NECA has resolved to promote or oppose, including the negotiation and agreement of amendments to any such Bill, and the negotiation and approval of any terms, agreement or undertaking offered in consideration of the NECA not opposing any Private Bill.
- HPS7 Nominate, appoint and remove, in consultation with the Chair and Vice Chairs of the NELB, NECA representatives on the board of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies, and give any necessary consent required within relevant constitutions.
- HPS8 To provide a comprehensive policy advice service to the NELB and TNEC and in particular to advise on the NECA's plans and strategies included in the Budget and Policy Framework.
- HPS9 Control and co-ordinate press and media relations, the organisation of press conferences, publicity and public relations within prescribed policy including approval of the issue of all official NECA publicity and official publications.
- HPS10 To be the authorised representative of the NECA in respect of any company established pursuant to section 323 of the Companies Act 2006 (as amended) and any other company of which NECA is a member.

## **C Delegations to the Chief Finance Officer**

- CFO1 To effect the proper administration of the NECA's financial affairs particularly in relation to financial advice, procedures, records and accounting systems, internal audit and financial control generally.
- CFO2 The taking of all action required on borrowing, investment and financing subject to the submission to the NELB of an annual report of the Chief Finance Officer on treasury management activities and at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Codes.
- CFO3 To effect all insurance cover required in connection with the business of the NECA and to settle all claims under such insurances arranged for the NECA's benefit.
- CFO4 The preparation of manuals of financial and accounting procedures to be followed by officers of the Constituent Authorities working on NECA matters.

- CFO05 To accept grant offers on behalf of the NECA, subject to all the terms and conditions set out by the grant awarding body.
- CFO06 The submission of all claims for grant to the UK Government or the European Community (EC).
- CFO07 To make all necessary banking arrangements on behalf of the NECA, to sign all cheques drawn on behalf of the NECA, or make arrangements for cheques to be signed by other officers or to arrange for such cheques to bear the facsimile signature of the Chief Finance Officer.
- CFO08 To monitor capital spending and submit a report to the NELB at not more than quarterly intervals. This report will separately identify the capital expenditure relating to schemes promoted by the NECA and those via Nexus.
- CFO09 In relation to revenue expenditure under the control of officers, to consider reports of officers on any likely overspending, and to approve transfers between expenditure heads up to a maximum of £25,000, provided that, where it is not possible to finance an overspending by such a transfer, the matter shall be referred to the NELB for consideration of a supplemental estimate.
- CFO10 The collection of all money due to the NECA, and the writing off of bad debts.
- CFO11 To supervise procedures for the invitation, receipt and acceptance of tenders.
- CFO12 To administer the scheme of Members' allowances.
- CFO13 To discharge the functions of the 'responsible financial officer' under the Accounts and Audit (England) Regulations 2011 including the requirement under Regulation 8(2) to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the NECA at the end of the year to which it relates and of the NECA's income and expenditure for that year.
- CFO14 To discharge the functions of the NECA under the Accounts and Audit (England) Regulations 2011 (with the exception of Regulations 4(3), 6(4) and 8(3)).
- CFO15 To sign certificates under the Local Government (Contracts) Act 1997.
- CFO16 To be the officer nominated, or to nominate in writing another officer, as the person to receive disclosures of suspicious transactions for the purposes of the Proceeds of Crime Act 2002 and any Regulations made thereunder.
- CFO17 To determine an amount (not exceeding the sterling equivalent of €5,000) being the maximum sum which the NECA will receive in cash without the express written consent of the Chief Finance Officer.

CFO18 To exercise the responsibilities assigned to the Chief Finance Officer in the Financial Regulations and the Contract Procedure Rules.

**Supporting the Audit Regime**

CFO19 Support the Governance Committee to:

- a) provide independent assurance on the effectiveness of the risk management framework and the associated control environment;
- b) provide independent examination of the organisation's performance and how this affects the NECA's control environment and its exposure to risk; and
- c) oversee the financial reporting process.

**D Delegations to the Monitoring Officer**

MO1 The Monitoring Officer is authorised to:

- a) institute, defend or participate in any administrative action and/or in any legal proceedings;
- b) sign any document in any case where such action will facilitate the carrying out of decisions of the NELB; or in any case where the Monitoring Officer considers that such action is necessary to protect the NECA's interests, or to further or achieve the objectives of the NECA; and
- c) settle or otherwise compromise any such administrative action or legal proceedings if they have been commenced or there are reasonable grounds for believing such actions or proceedings may be contemplated.

MO2 After consulting with the Head of Paid Service and Chief Finance Officer, to report to the NELB if he/she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration as determined by the Local Government Ombudsman. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

MO3 To provide a comprehensive administrative service to the NECA.

MO4 To make minor changes to the Constitution and its associated documents to reflect organisational or legislative change when the power remains unaltered.

MO5 To make any textual or grammatical corrections to the Constitution and its associated documents.

**Supporting the Standards Regime**

MO6 To be the Proper Officer for receipt and acknowledgement of complaints of failure to comply with the Members' Code of Conduct under the NECA's adopted local arrangements.

- MO7 To review complaints received in respect of any alleged breach by a Member of the Code of Conduct for Members and to act in accordance with the NECA's adopted local arrangements.
- MO8 The Monitoring Officer will either conduct or arrange for investigations to be conducted into alleged breaches of the Members' Code of Conduct referred to him/her by the Head of Paid Service or the Governance Committee and, as appropriate, submit such reports to the Governance Committee in accordance with the NECA's adopted local arrangements.
- MO9 The Monitoring Officer will undertake, at the request of the Head of Paid Service or the Governance Committee, informal resolution of such complaints in accordance with the NECA's adopted local arrangements.

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### 3.7 Governance Committee

- Membership: 9 One councillor from each Constituent Authority and two non-voting co-opted Independent Members who will act as Chair and Vice Chair.
- Quorum: 5 Not including the co-opted Independent Members or the Independent Person
- Also: 1 Independent Person for the purposes of the Standards regime who can be invited to observe at meetings

The Governance Committee is a key component of the NECA's corporate governance arrangements and is an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment; reporting on financial and other performance; and for the promotion and maintenance of high standards of conduct by its elected and co-opted members.

The Committee will also review complaints made against Members in respect of alleged breaches of the Members' Code of Conduct in accordance with agreed adopted local arrangements (see Part 6.1 of the Constitution).

#### Terms of reference

The following functions are the responsibility of the Governance Committee:

#### Audit

1. To consider the effectiveness of the NECA's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements, and seek assurance from the Head of Paid Service, Internal Audit and External Audit that action is being taken on risk related issues within the organisation.
2. To consider internal audit annual report and opinion; and consider a review of the effectiveness of the system of internal audit.
3. To consider a review of the effectiveness of the organisation's system of internal control on an annual basis. This will include consideration of the Annual Governance Statement, and whether this has been prepared in accordance with proper practices in relation to internal control, whether this properly reflects the risk environment, and whether this includes actions required for improvement. Following that consideration, the Governance Committee will approve the Annual Governance Statement.
4. To receive the following plans on an annual basis:
  - a) Internal Audit's Strategic Audit Plan, including Internal Audit's terms of reference, strategy and resources. The Governance Committee will approve, but not direct, the Strategic Audit Plan.
  - b) The External Auditor's Audit Service Plan, including details of any non-audit services provided.

5. To receive an interim and end of year report on the progress made by Internal Audit and External Audit in achieving their respective plans of work, so that the Committee may monitor performance in this regard.
6. The Governance Committee may suggest that Internal Audit undertakes reviews into specific areas of concern. Internal Audit will then determine whether such work should be undertaken, having regard to the nature, materiality and gravity of the matter referred, and the corresponding importance of planned work which would be delayed by attending to the matter referred.
7. The Governance Committee will receive external audit reports, including Annual Audit Letter, Fee Letter, Annual Governance Report, and other external audit reports as appropriate; and the reports of other regulatory and inspection agencies where these highlight internal control and risk issues.
8. The Governance Committee will consider the scope and depth of external audit work to ensure it gives value for money.
9. The Governance Committee will promote effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and champion the audit process.
10. The Governance Committee will receive follow-up reports on the progress made in implementing agreed internal and external audit recommendations, in order that it may review this progress.
11. The Governance Committee will review the accounting policies used to compile the NECA's Statement of Accounts.
12. The Governance Committee will review key information relating to the NECA's Statement of Accounts.
13. The Governance Committee will review the external auditor's opinion and reports on the statement of accounts, and monitor management action in response to any issues raised in relation to the accounts by external audit.
14. The Governance Committee will ensure it is aware of the work undertaken by other committees, so it can take account of any significant internal control issues arising from this work.

### Standards

15. To promote and maintain high standards of conduct by NECA members and co-opted members.
16. To ensure the NECA members and co-opted members observe the Members' Code of Conduct.
17. To advise the NELB on the adoption or revision of the Members' Code of Conduct.



18. To monitor the operation of the Members' Code of Conduct.
19. To advise, train or arrange to train the NECA members and co-opted members on matters relating to the Members' Code of Conduct and Disclosable Pecuniary Interests.
20. To grant dispensations to the NECA members and co-opted members from requirements relating to interests set out in the Members' Code of Conduct.
21. To monitor complaints received by the NECA in respect of Member conduct.
22. To review the Whistleblowing Policy and recommend any changes to the Monitoring Officer for consideration by the NELB.
23. To conduct hearings following investigation and determine complaints made against members and co-opted members (including following requests for review).
24. Where a member or co-opted member is found to have failed to comply with the Code of Conduct to take such action as may be necessary to promote and maintain high standards of conduct, in accordance with the powers available to the Committee.
25. To review the assessment criteria for complaints against members and co-opted members (included in the Authority's adopted local arrangements) as it considers appropriate from time to time and recommend any changes to the Monitoring Officer for consideration by the NELB.
26. To undertake such further functions as may be the responsibility of the Committee under the NECA's adopted local arrangements in relation to the handling of complaints against members and co-opted members.

Information:

1. Nothing in these terms of reference shall confer upon the Governance Committee the power to regulate or control the finances of the NECA, in order to ensure that section 102(3) of the Local Government Act 1972 is not contravened.
2. The two co-opted Independent Members of the Governance Committee will fulfil the roles of Chair and Vice Chair of the Committee and will be appointed by the NELB. Co-opted members can attend and speak at meetings of the Governance Committee to which they are appointed but cannot vote.
3. The Localism Act 2011 requires the Combined Authority to appoint at least one Independent Person for their views to be sought and taken into account before the Governance Committee makes its decision on an allegation about a Members' conduct which has been investigated and at other times when considered appropriate. An Independent Person's views may also be sought by a Member who is the subject of a misconduct complaint.
4. The Members' Code of Conduct and all codes and protocols can be found in Part 6 - Codes of Conduct and Protocols.

## Part 3.8 Overview and Scrutiny Committee

Membership:	14	Two Members from each constituent authority who are not Members of NELB. The appointment of the two Members to the Committee will be based on the political balance that applies to each constituent authority at the time of appointment.
Quorum:	10	

Effective scrutiny arrangements are an essential component of local democracy, enhancing accountability and transparency of decision making and enabling local councillors to represent the views of their constituents. These arrangements have been established to enable local councillors, on behalf of their communities, to scrutinise and challenge all matters within the remit of the Combined Authority.

The Overview and Scrutiny Committee will also investigate matters of strategic importance to residents within the Combined Area covered by the Constituent Authorities with a view to influencing decisions made in respect of all matters within the remit of the Combined Authority.

The Overview and Scrutiny Committee can:

1. Review and scrutinise the decisions made, or other action taken by, the NELB in connection with the discharge of its functions as set out in Part 3.1.
2. Review or scrutinise a decision made in connection with the discharge of any functions which are the responsibility of the NELB which have not been implemented and recommend that the decision be reconsidered by the NELB.
3. Review and scrutinise the NELB's initial and final proposals in respect of plans and strategies falling within the Budget and Policy Framework, in accordance with the Budget and Policy Framework Rules of Procedure (see Part 4.4).
4. Review and scrutinise major and strategic decisions of the TNEC which are taken by the TNEC in connection with the discharge of its functions as set out in Part 3.2.
5. Review and scrutinise major and strategic decisions of the TWSC and the decisions of the County Council of Durham and Northumberland County Council taken by them in connection with the discharge of their functions as set out in Part 3.3 and 3.4 respectively.
6. Investigate matters of strategic importance to residents of the Constituent Authorities and make reports with evidence based recommendations to the NELB or the TNEC as appropriate;
7. Make reports or recommendations to the NELB and TNEC on the discharge of these functions.
8. Review the performance of the NELB against objectives within the Combined Area's Strategy.



9. Facilitate the exchange of information about the work of the NELB and the TNEC and to share information and outcomes from reviews.
10. The role of these arrangements in relation to the Delivery Agencies will include:
  - a) Review and scrutiny of the Nexus delivery of transport services against the Local Transport Plan and to make recommendations for improvement and/or changes; and
  - b) Obtaining explanations from Nexus regarding its delivery of transport services.

### **Proceedings**

The Overview and Scrutiny Committee will conduct their proceedings in accordance with Part 4.3 Overview and Scrutiny Committee Rules of Procedure.

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## Part 4 Rules of Procedure

These Rules apply to all meetings of the NELB, TNEC and TWSC as appropriate (see paragraph 21 of Part 4.1) and should be read in conjunction with other parts of this Constitution.

References in these Rules to the 'Chair' mean the member of the NELB, joint committee, committee or sub-committee for the time being presiding at the meeting.

These Rules are subject to any statute or other enactment whether passed before or after these Rules came into effect.

### 4.1 NELB Rules of Procedure

#### The Annual Meeting

The Annual Meeting will take place in May.

The Annual Meeting will:

- a) elect a person to preside if the Chair of the NELB is not present;
- b) elect the Chair of the NELB;
- c) elect the Vice Chairs of the NELB;
- d) approve the minutes of the last meeting;
- e) receive any announcements from the Chair and/or the Head of Paid Service;
- f) appoint the Overview and Scrutiny Committee and any other committee or sub-committee considered necessary and agree a timetable of meetings;
- g) agree the membership of the TNEC and the TWSC and any other relevant joint committee as nominated by each appropriate Constituent Authority;
- h) appoint the Chair of any of the bodies referred to in f) above;
- i) appoint the Vice Chair(s) of any of the bodies referred to in f) above;
- j) select the Chair and Vice Chair(s) of any of the bodies referred to in g) above;
- k) agree any delegation of functions to the bodies referred to in f) and g) above;
- l) designate the Thematic Leads;
- m) approve the policies and strategies to be included in the policy framework;  
and

- n) conduct any other business reserved for its Annual Meeting as set out in Part 3 - Responsibility for Functions in accordance with the following procedure rules.

### **Ordinary NELB Meetings**

Ordinary meetings of the NELB will take place in accordance with a programme decided by the NELB.

Ordinary meetings will:

- a) elect a person to preside if the Chair and Vice Chairs are not present;
- b) approve the minutes of the last meeting;
- c) receive any declarations of interest from Members;
- d) receive any announcements from the Chair and/or the Head of Paid Service;
- e) deal with any uncompleted business from the last NELB meeting;
- f) receive and consider reports from its Committees and Sub-committees;
- g) conduct any business reserved for it in accordance with Part 3 - Responsibility for Functions and specified in the summons to the meeting in accordance with the following procedure rules; and
- h) authorise the sealing of documents.

### **1. Chair and Vice Chairs**

The Chair and Vice Chairs shall be selected annually by the NELB from amongst its Members and shall, unless they resign, cease to be members of the NECA or become disqualified, act until their successors become entitled to act as Chair or a Vice Chair.

The election of the Chair and Vice Chairs shall be the first item of business at the Annual Meeting of the NELB.

Subject to any Rules made by the NELB, anything required to be done by, to or before the Chair may be done by, to or before a Vice Chair.

At a meeting of the NELB the Chair shall preside. If the Chair is absent a Vice Chair shall preside. If both the Chair and all Vice Chairs are absent, such other Member present may choose to preside with the agreement of the other Members present.

Any power or duty of the Chair in relation to the conduct of a meeting may be exercised by the person presiding at the meeting.

The ruling of the Chair on the interpretation of these Rules in relation to all questions of order and matters arising in debate shall be final.

## 2. Meetings of the NELB

In addition to the Annual Meeting and any meeting convened by the Chair or by Members, meetings for the carrying out of general business shall be held in each year at the times and on the dates fixed at the Annual Meeting.

## 3. Extraordinary Meetings

Those listed below may request the Monitoring Officer to convene a NELB meeting in addition to ordinary meetings:

- a) the NELB by resolution;
- b) the Chair of the NELB; and
- c) any three Members if they have signed a requisition presented to the Chair of the NELB and the Chair has refused to convene a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

No item of business may be conducted at an extraordinary meeting of the NELB other than that specified in the resolution, request or requisition which led to it being called.

## 4. Summons

At least five clear days before a meeting the Monitoring Officer shall arrange for a notice of the time and place of the intended meeting to be published at his/her office. Where the meeting is called by Members that notice is to be signed by those Members and specify the business proposed. A summons to attend the meeting, specifying the proposed business and signed by the Monitoring Officer, is to be left at, or sent by post to, the usual place of residence of every Member or to such other place as may be requested by a Member.

Except in the case of business required by statute to be transacted at the Annual Meeting no business shall be transacted at a meeting other than that specified in the summons.

## 5. Quorum

The quorum of the NELB shall be at least two thirds of members save for items of business that require a unanimous decision in which case the quorum is seven voting members. No business shall be transacted at any meeting unless a quorum is present.

If a quorum is not reached 15 minutes after the time appointed for the start of the meeting, the meeting will be reconvened on another date.

During any meeting if the Chair counts the number of Members present and declares there is not a quorum present, then the meeting will adjourn immediately.

Remaining business will be considered at a time and date fixed by the Chair. If the Chair does not fix a date, the remaining business will be considered at the next ordinary meeting.

## 6. Duration

At any meeting which has sat continuously for three and a half hours, the Chair shall have discretion to adjourn the meeting for a short period of time unless the majority of Members present, by vote, determine it shall stand adjourned to another day, the date and time of which shall be determined by the Chair.

## 7. Declaration of Interests in Meetings

Where a Member attends a meeting of the NELB they must declare registerable and non-registerable personal interests as defined in the Members' Code of Conduct either at the start of the meeting, or otherwise as soon as the interest becomes apparent in the course of the meeting.

In addition, where in relation to any meeting a Member has declared a registerable or non-registerable personal interest in a matter, and the criteria contained in paragraph 17 of the Members' Code of Conduct apply, the Member must leave the room for the duration of the discussion on that matter.

## 8. Access to information

In accordance with the Local Government Act 1972 as amended:

- a) All meetings of the NELB, its joint-committees, committees and sub-committees shall be open to the public unless it is likely in view of the nature of the business to be transacted that either confidential information (as defined in section 100A(3) of the 1972 Act) or information falling within one of the categories of exempt information in Schedule 12A (as amended) of the 1972 Act would be disclosed.
- b) Copies of the agenda, and reports open to the public will be available for public inspection at least five clear days before a meeting. If an item is added to the agenda later, the revised agenda and any additional report will be open to inspection from the time it was added to the agenda.
- c) The NECA will make available for public inspection for six years after a meeting the minutes of the meeting (but excluding any part of the minutes when the meeting was not open to the public or which disclose confidential or exempt information), a summary of any proceedings not open to the public where the minutes open to inspection would not otherwise provide a reasonably fair and coherent record, the agenda for the meeting and reports relating to items when the meeting was open to the public.
- d) The author of any report will set out in it a list of those documents (called background papers) relating to the report which in his/her opinion disclose any facts or matters on which the report is based and which have been relied on to a material extent in preparing the report (except for documents which are published works or which disclose confidential or exempt information). Such background papers will remain available for public inspection for four years from the date of the meeting.

- e) Where information is withheld under these provisions the fact must be made known to the member of the public concerned who shall be advised of the categories of information being withheld and the way in which the withholding can be challenged.

## 9. Disturbance

No member of the public shall interrupt or take part in the proceedings of any meeting. If any member of the public interrupts or takes part in the proceedings at any meeting, the Chair shall warn him/her and if he/she continues the interruption the Chair shall order his/her removal.

The Chair may at any time, if he/she thinks it desirable in the interests of order, adjourn or suspend a meeting for a time to be named by him/her.

## 10. Order of Business

The NELB on a motion duly seconded and carried without debate, or on motion by the Chair, which shall not require to be seconded, may vary the order of business as set out on the agenda.

## 11. Motions and Amendments

### Notice

- (1) A Member may by notice of motion given in writing raise any matter relating to the functions of the NELB.
- (2) Notice of every motion, other than a motion which under Rule 11 (8) may be moved without notice, shall be signed by the Member giving the notice, and delivered not later than seven working days before the day of the meeting at the office of the Monitoring Officer, by whom it shall be dated.
- (3) The Monitoring Officer shall include in the summons for every meeting all motions of which notice has been duly given in the order in which they have been received, unless the Member giving such notice indicated in writing, when giving it, that he/she proposed to move it at some later meeting, or has since withdrawn it in writing.
- (4) If a motion included in the summons is not moved either by the Member who gave notice of the motion or by some Member on his/her behalf it shall, unless postponed by consent of the NELB, be treated as withdrawn and shall not be moved without fresh notice.
- (5) No motion to rescind any resolution passed within the last six months shall be proposed unless the notice thereof bears the names of at least three Members of the NELB. When any such motion has been disposed of by the NELB it shall not be open to any Member to propose a similar motion within a further period of six months unless the suspension of Standing Orders has been carried.
- (6) A motion or amendment may be withdrawn by the mover with the consent of his/her seconder and of the NELB, which consent shall be signified without debate, and no

Member may speak upon it after the mover has asked permission for its withdrawal unless such permission shall have been refused.

### Amendments

- (7) Any member who intends to move an amendment to a motion included on the agenda for a meeting shall give written notice of the amendment (before noon on the day before the meeting) to the Monitoring Officer who will notify the Chair, the Vice Chair or other Member likely to preside at the meeting.

The Chair may in his/her discretion waive the requirements to comply with Rule 11 (7) but unless there are exceptional circumstances, a request of the Chair to exercise such discretion should be made before the meeting.

The amendment must be relevant to the motion and cannot negate the motion.

### Motions without notice

- (8) The following motions and amendments may be moved without notice:
- a) appointment of a Chair of the meeting at which the motion is made;
  - b) motions relating to the accuracy of the minutes, closure adjournment, proceeding to the next business, or the motion "that the question be now put";
  - c) variation of the order of business;
  - d) appointment of a committee or members of committee, arising from an item on the agenda of the meeting;
  - e) that leave be given to withdraw a motion;
  - f) suspension of these Rules;
  - g) a motion under Section 100(A)(4) of the Local Government Act 1972 to exclude the Press and Public
  - h) that a Member named under Rule 13(6) not be heard further or do leave the meeting;
  - i) that a deputation be received; or
  - j) giving the consent of the NELB where such consent is required under these Rules.

### During debate

- (9) When a motion is under debate, no further motion shall be received except the following:
- a) to amend the motion (in these Rules called "an amendment");
  - b) that the NELB do now adjourn;
  - c) that the debate be adjourned;
  - d) that the question be now put; or
  - e) that the NELB proceed to the next business.
- (10) If the motion "that the NELB do now adjourn" is carried, any outstanding business shall be printed on the agenda of the next ordinary meeting or of such meeting as shall be specified in the adjournment notice and given priority at the next meeting.
- (11) If the motion "that the debate be adjourned" is carried, the discussion shall be resumed at the next ordinary meeting. When a debate resumes any Member who



would have had a right to speak or reply in the adjourned debate shall have the same right in the resumed debate.

- (12) If the motion “that the question be now put” is carried, the motion or amendment under debate shall, subject to the right of reply of the mover of the original motion, be forthwith put.
- (13) When a motion “that the NELB do proceed to the next business” is carried, no further debate shall take place on the matter under discussion.

## **12. Suspension of Standing Orders**

All of these Rules of Procedure, except the mandatory standing orders relating to the right to have an individual vote recorded and no requirement to submit minutes to extraordinary meetings, may be suspended by motion on notice or without notice if at least one half of the whole number of Members are present.

Suspension of these procedure rules can only be for the duration of the meeting and must only be moved in exceptional circumstances where the Chair of the NELB is satisfied that the reasons for the exceptional circumstances can be sufficiently justified. The reasons for the exceptional circumstances must be given by the mover of the motion and the Chair’s reasons for considering the exceptional circumstances will be recorded in the minutes of the meeting.

## **13. Rules of Debate**

The following rules shall apply to the conduct of debate at meetings of the NELB:

- (1) Members shall address the Chair. A Member who speaks shall confine his/her remarks strictly to the motion or report under discussion or to a personal explanation or a question of order.
- (2) A Member may raise a point of order at any time. The Chair will hear them immediately. A point of order shall relate only to an alleged breach of a Rule or statutory provision and the Member shall immediately specify the Rule or Statutory provision and the way it has allegedly been broken. No Member may use unbecoming or offensive language.
- (3) A Member may make a personal explanation. A personal explanation may only relate to some material part of an earlier speech by the Member which may appear to have been misunderstood in the present debate. The ruling of the Chair on the admissibility of a personal explanation will be final. When making a point of personal explanation, Members must await the conclusion of the relevant Member’s speech.
- (4) The ruling of the Chair on a point of order or the admissibility of a personal explanation shall be final and shall not be open to discussion.
- (5) Where a Notice of Motion has been placed on the agenda, the Chair shall allow the mover the right of reply to the debate before putting the matter to the vote, but otherwise the conduct of the meeting shall be at the discretion of the Chair.



- (6) The Chair shall call the attention of the NELB to continued irrelevance, repetition, unbecoming language or a breach of order by a Member and shall direct such Member, if speaking, to discontinue his/her speech, or, if the Member does not do so, to leave the meeting.

#### **14. Voting**

Subject to the provisions of any enactment the NELB will aim to reach a consensus. If exceptionally it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided upon by a simple majority of the members of the NELB present and voting at the time the question was put unless it is a matter for which there must be a unanimous decision (see Part 3.1 A).

When the NELB is setting the budget the vote must be a named vote and recorded in the minutes of the meeting.

The method of voting at meetings of the NELB shall be by show of hands. In the event that a vote is tied on any matter it shall be deemed not to have been carried.

If any Member wishes to have his/her name recorded as having voted against any resolution on matters when unanimity is not required, he/she may require the Monitoring Officer to do so.

If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

#### **15. Minutes**

The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. Discussion of the minutes must be limited to their accuracy.

Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of Schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of Schedule 12 relating to signing of minutes.

The effect of this is that minutes will not be submitted for approval to an extraordinary meeting.

#### **16. Code of Conduct and Protocols**

Members shall comply with the NECA's Code of Conduct for Members at Part 6.1 of this Constitution and any other Codes or Protocols approved by the NELB.

## **17. Officers' Interests**

If it comes to the knowledge of an officer engaged by the NECA, that a contract in which he/she has a pecuniary interest, whether direct or indirect has been, or is proposed to be, entered into by the NECA he/she shall as soon as practicable give notice in writing to the Monitoring Officer of the fact that he/she has an interest.

An officer shall be treated as having indirectly a pecuniary interest in a contract if he/she would have been so treated by virtue of Section 95 of the Local Government Act 1972 had he/she been a member of the NECA i.e. the other party to the contract is a company or other person or body (other than a public body) of which the officer or his/her spouse/partner is a member or employee or partner.

## **18. Financial Regulations**

The Financial Regulations of the NECA are deemed to be incorporated in and have the same force as these Rules.

## **19. Sealing of Documents**

A decision of the NELB (or of a joint committee, committee, sub-committee, person or persons to whom the NECA has delegated its powers and duties) shall be sufficient authority for the sealing of any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed.

The Common Seal of the NECA shall be kept in a safe place in the custody of the Monitoring Officer and the affixing of the Common Seal shall be attested by the Monitoring Officer or other person nominated by them, unless any enactment otherwise authorises or requires, or the Combined Authority has given requisite authority to some other person.

## **20. Authentication of documents**

Where any document is necessary to any legal procedure or proceedings on behalf of the Combined Authority it will be signed by the Monitoring Officer or other person nominated by them, unless any enactment otherwise authorises or requires, or the Combined Authority has given requisite authority to some other person.

## **21. Committees**

The NELB shall at its Annual Meeting each year appoint such committees as are required to be appointed by or under any statute and may at any time appoint such other joint committees, committees or sub-committees as are necessary to carry out the work of the NECA but, subject to any statutory provision, may at any time dissolve a joint committee, committee, sub-committee or alter its membership.

No joint committee, committee or sub-committee shall continue in office longer than the next Annual Meeting.

All of the NELB Rules of Procedure apply to meetings of the NELB. All of these Rules of Procedure, except rules 11, 12, 13, 19, 20 and 24 will, with any necessary

modifications specified in the relevant committee's terms of reference, apply to meetings of joint committees, committees and sub-committees of the NECA.

Procedure Rule 14 (voting) will apply to meetings of joint committees, committees and sub-committees of the NECA with the amendment that in the event of an equality of votes, the Chair will have a second or casting vote.

These Rules of Procedure do not apply to the Governance Committee or the Overview and Scrutiny Committee. The Rules of Procedure for those committees are set out in their own Rules of Procedure at Part 4.2 and 4.3 of this Constitution.

## **22. Co-opted Members**

The appointment of co-opted Members to any body, committee, sub-committee or joint committee is a matter reserved to the NELB. A body, committee, sub-committee or joint committee can make recommendations to the NELB on the appointment of co-opted members to the committee itself and/or any of its sub-committees. In making such recommendations to the NELB, the committee will specify the term of office to be applied in each case. The term of office for any appointed co-opted Member can only be extended with the express approval of the NELB. Co-opted Members appointed by the NELB can attend and speak at meetings of the committee or sub-committee to which they are appointed but cannot vote.

## **23. Attendance**

The Monitoring Officer shall record the attendance of each Member at each meeting of the NELB, its joint committees, committees and sub-committees and it shall be the responsibility of each Member to sign such a record.

## **24. Substitutes**

Substitute Members may attend the meetings they have been appointed to as a substitute member to take the place of the ordinary member of the committee or sub-committee where the ordinary member of the committee or sub-committee will be absent for the whole of the meeting.

Once the meeting has commenced and the substitute is present and participating the appointed Member of the relevant committee or sub-committee shall not be entitled to attend the relevant meeting as a member of the committee.

Any substitution shall apply for the entire meeting including where the meeting is reconvened after adjournment.

## **25. Failure to attend Meetings**

Subject to the exceptions prescribed by statute, if a Member of the NECA fails throughout a period of six consecutive months to attend any meeting of the NELB, joint committee, committee or sub-committee to which they have been appointed, he/she shall, unless the failure to attend was due to a reason approved by the NELB before the end of that period, cease to be a Member of the NECA. For the purpose of this provision the period of failure to attend shall date from the first meeting which the Member could have attended as a Member.

## 26. Resignation

A person appointed to the office of Chair or Vice Chair or Member of the NECA may at any time resign his/her office by a notice of resignation in writing signed by him/her and delivered to the Monitoring Officer and such resignation shall take effect upon receipt of that notice by the Monitoring Officer.

## 27. Appointments

A person, so long as he/she is a Member of the NECA, and for twelve months after he/she ceases to be a Member of the NECA, shall be disqualified from being appointed by the NELB to any paid office.

A Member shall not solicit for any person any appointment under the NECA or recommend any person for such appointment or for promotion, but this Rule shall not prevent a Member from giving a written testimonial of a candidate's ability, experience or character for submission to the NECA with an application for appointment.

Canvassing of Members directly or indirectly for any appointment under the NECA shall disqualify the candidate for that appointment. A statement to this effect shall be included in every recruitment information for appointments.

## 28. Forward Plan

The Forward Plan for the NECA will be prepared and published by the Monitoring Officer for the purpose of giving 28 days notice of decisions.

The purpose of the Forward Plan is, amongst other things, to provide an opportunity for people inside and outside the Authority to see when decisions are going to be taken, who will be taking those decisions and what information and consultation will contribute to these decisions

The Forward Plan will be published on the NECA website and will be available for inspection at the offices of each Constituent Authority.

The Forward Plan will contain details of decisions to be taken by the NELB, the TNEC, a committee of the NELB, or a Chief Officer of the NECA. Exempt information need not be included in a Forward Plan and confidential information cannot be included. It will describe the following particulars in so far as the information is available or might reasonably be obtained:

- a) the matter in respect of which a decision is to be made;
- b) the identity of the decision taker(s)
- c) notice of the intention to exclude the press and public from any meeting, or part of a meeting,
- d) the date on which, or the period within which, the decision will be taken;
- e) the steps any person might take who wishes to make representations to the NELB, the TNEC, a joint committee, committee or sub-committee of the NELB about the

matter in respect of which the decision is to be made, and the date by which those steps must be taken;

- f) a list of the documents submitted to the NELB, the TNEC, a joint committee, committee or sub-committee of the NELB for consideration in relation to the matter and an address from which the documents are available; and
- g) a statement to indicate that other documents may be submitted to the decision maker(s) and details of the procedure for requesting copies of them.

## **29. General Exception**

A decision of the NELB, the TNEC, the TWSC, a joint committee, committee or sub-committee of the NELB, not included in the Forward Plan can only be taken where:

- a) the Monitoring Officer has notified the Chair, or Vice Chair, of the Overview and Scrutiny Committee in writing of the matter to be decided; and
- b) at least 5 clear days have elapsed between the agenda for the meeting, which includes the matter, being made available and the date of the meeting. The report will set out the reason why the matter could not be included on the Forward Plan and this reason will be recorded in the minutes of the meeting.

## **30. Special Urgency**

A decision of the NELB, the TNEC, the TWSC, a joint committee, a committee or a sub-committee of the NELB not included in the Forward Plan can only be taken with less than 5 clear days notice where:

- a) the Monitoring Officer has notified the Chair, or Vice Chair, of the Overview and Scrutiny Committee in writing of the matter to be decided;
- b) agreement has been obtained from the Chair, or a Vice Chair, of the NELB, that the matter is urgent and cannot be reasonably deferred;
- c) a notice setting out the reasons why the matter is urgent and cannot reasonably be deferred is published on the NECA's website and made available for inspection at the offices of each constituent authority; and
- d) the report submitted to the meeting will set out the reason why the matter is urgent and cannot reasonably be deferred and this reason will be recorded in the minutes of the meeting.

## **31. Urgent Decisions**

Where a decision needs to be taken urgently and it is not practical to convene a quorate meeting of the appropriate body (i.e. the NELB, TNEC, TWSC or any other committee, sub-committee or joint committee of the Combined Authority), the Head of Paid Service, in consultation with the Chair (or in their absence a Vice Chair) of the relevant committee, the Chief Finance Officer and the Monitoring Officer has the authority to take an urgent decision (see delegation HPS4 in Part 3.6 B Delegations to Head of Paid Service).

The Monitoring Officer will maintain a record of all 'urgent' decisions and submit a report on these decisions at least annually to the NELB. The report will include a summary of the subject matter of the decisions taken.

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## 4.2 Governance Committee Rules of Procedure

Subject to the provisions of any specific legislation and/or regulations relating to their operation, the Governance Committee will conduct their proceedings in accordance with the following procedure rules.

### 1. Membership

The Governance Committee is made up from seven members from the Constituent Authorities and two non-voting co-opted Independent Members.

Any Member from the Constituent Authorities may serve as a Member of the Committee unless they are specifically excluded. Membership of the Committee is determined by the NELB and will be appointed annually, usually at the Annual Meeting.

### 2. Co-opted Members

The appointment of co-opted Members to this committee is a matter reserved to the NELB. The Governance Committee can make recommendations to the NELB on the appointment of co-opted members to the committee itself and/or any of its sub-committees. In making such recommendations to the NELB, the committee will specify the term of office to be applied in each case. The term of office for any appointed co-opted Member can only be extended with the express approval of the NELB. Co-opted Members appointed by the NELB can attend and speak at meetings of the Committee or sub-committee to which they are appointed but cannot vote.

### 3. Independent Person

The Independent Person appointed by the Authority will be invited to attend all meetings of the Committee. The Independent Person:

- must be consulted by the Authority before it makes a decision on a matter that has been referred to it for investigation;
- can be consulted by the Authority in respect of a code of conduct complaint at any other stage; and
- can be consulted by a member or co-opted member of the Authority against whom a complaint has been made.

### 4. Meetings

Meetings for the carrying out of general business shall be held in each year at the times and on the dates fixed at the NELB Annual Meeting. Notice of meetings will be given to the public.

### 5. Extraordinary Meetings

Extraordinary meetings of the Governance Committee may be called, where possible following consultation with the Chair and Vice Chair, where it is considered necessary or appropriate (for instance for the purposes of consideration of an Investigation report



or the hearing of a complaint), or at the request of the Chair and Vice Chair or any three Members of the Committee.

Other than in exceptional circumstances, the time of commencement of extraordinary meetings should be the same as for ordinary meetings.

No item of business may be conducted at an extraordinary meeting other than that specified in the resolution, request or requisition which led to it being called.

## **6. Summons**

The Monitoring Officer and Chief Finance Officer, where possible in consultation with the Chair and Vice Chair, will determine the agenda for meetings of the committee.

At least five clear working days before a meeting, an agenda will be sent to every member of the committee to their usual place of residence (or such other address as has been notified).

The agenda will give the date, time and place of each meeting and specify the order of the business to be transacted, and will be accompanied by such reports as are available.

Urgent reports on items of business may only be added to the agenda if the reasons for urgency can be sufficiently justified and the approval of the Chair of the Committee has been given. The reasons for urgency will be recorded in the minutes of the meeting.

Any matters referred to the committee by either NELB or any of its committees will be placed on the agenda for the next available meeting of the committee. The committee will, at that meeting, determine the method and timetable for responding to any such referrals.

## **7. Chair**

The Chair and the Vice Chair of the Governance Committee will be the co-opted members. Meetings of the Committee will be chaired by the Chair or in the Chair's absence the Vice Chair. In the absence of both the Chair and Vice Chair, members of the committee present will elect from amongst themselves a Chair for the meeting.

## **8. Quorum**

A meeting of the Committee cannot begin until a quorum is present. The quorum for the Governance Committee will be two thirds of the membership, excluding the co-opted Members and the Independent Person.

If a quorum is not reached 15 minutes after the time appointed for the start of the meeting, the meeting will be reconvened on another date.

During any meeting if the Chair counts the number of Members present and declares there is not a quorum present, then the meeting will adjourn immediately.

Remaining business will be considered at a time and date fixed by the Chair. If the Chair does not fix a date, the remaining business will be considered at the next ordinary



meeting.

## **9. Duration**

At any meeting which has sat continuously for three and a half hours, the Chair shall have discretion to adjourn the meeting for a short period of time unless the majority of Members present, by vote, determine it shall stand adjourned to another day, the date and time of which shall be determined by the Chair.

## **10. Declaration of Interests in Meetings**

Where a Member attends a meeting of the Governance Committee they must declare registerable and non-registerable personal interests as defined in the Members' Code of Conduct either at the start of the meeting, or otherwise as soon as the interest becomes apparent in the course of the meeting.

In addition, where in relation to any meeting a Member has declared a registerable or non-registerable personal interest in a matter, and the criteria contained in paragraph 17 of the Members' Code of Conduct apply, the Member must leave the room for the duration of the discussion on that matter.

## **11. Disturbance**

No member of the public shall interrupt or take part in the proceedings of any meeting. If any member of the public interrupts or takes part in the proceedings at any meeting, the Chair shall warn him/her and if he/she continues the interruption the Chair shall order his/her removal.

## **12. Order of Business**

The Governance Committee on a motion duly seconded and carried without debate, or on motion by the Chair, which shall not require to be seconded, may vary the order of business as set out on the agenda.

## **13. Voting**

Subject to the provisions of any enactment the Governance Committee will aim to reach a consensus. If exceptionally it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided upon by a simple majority of the members of the committee present and eligible to vote at the time the question was put.

The method of voting shall be by show of hands. As the Chair of the Committee is a non-voting co-opted Member there is no Chair's casting vote.

Where any member of the committee requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the

least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

#### **14. Minutes**

The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. Discussion of the minutes must be limited to their accuracy.

Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of Schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of Schedule 12 relating to signing of minutes.

The effect of this is that minutes will not be submitted for approval to an extraordinary meeting.

#### **15. Exclusion of the Public**

Members of the public and press may only be excluded either in accordance with the Access to Information paragraph of the NELB Rules of Procedure (Part 4.1, paragraph 8) or when causing a disturbance.

#### **16. Attendance by Members and officers**

The Governance Committee may request the attendance at a meeting of any Member, any co-opted Member, or any officer to assist the Committee in its work.

Under normal circumstances where it is felt that the attendance of a particular Member or officer would assist the Committee in its work then they will be invited to attend. In such circumstances, the Member or officer concerned should preferably be given at least 5 working days notice of the date and time of the meeting and the nature of the business to be discussed. In circumstances where it is not possible to give 5 working days notice, contact should be made at the earliest opportunity with the Member or officer concerned to establish their availability.

Where a Member or officer who has been invited to a meeting is not able to attend, then the Committee will consider whether or not to defer consideration of the matter to enable the Member or officer to be present.

The Monitoring Officer and the Chief Finance Officer (or their nominated representatives) will attend the meetings of the Governance Committee.

#### **17. Specialist Advisers**

The appointment of specialist advisers to any body, committee, sub-committee or joint committee is a matter reserved to the NELB. The Governance Committee can make requests to the NELB for the appointment of a specialist adviser. In making such requests to the NELB, the Committee will specify the term of the appointment and their reasons for the request.

## **18. Arrangements for dealing with complaints against Members**

The Governance Committee is part of the Combined Authority's adopted local arrangements relating to how complaints that a Member has failed to follow the Members' Code of Conduct should be dealt with. These are included in Part 6.1 Code of Conduct for Members.

Those arrangements include the opportunity for a complainant to seek a review by the Monitoring Officer, in consultation with the Independent Person and Chair of the Governance Committee, of the decision of the Monitoring Officer not to refer a complaint for investigation and for a Member who is subject to such a complaint, to seek a review of a decision of the Committee where a breach of the Code has been found. Once a complaint has been dealt with and any review process completed there is no further right of review or appeal available within the Authority.

Where a complaint is made against a Member of the NECA or any of its joint committees or sub-committees, the Monitoring Officer and the Monitoring Officer of the Member's appropriate Constituent Authority will determine whether the complaint is to be properly dealt with in accordance with the Combined Authority's local arrangements or the appropriate Constituent Authority's local arrangements.

## Part 4.3 Overview and Scrutiny Committee Rules of Procedure

Subject to the provisions of any specific legislation and/or regulations relating to their operation, the Overview and Scrutiny Committee will conduct their proceedings in accordance with the following procedure rules.

References in these arrangements to major and strategic decisions of the TNEC taken in accordance with the delegations set out in Part 3 of this Constitution include major and strategic decisions taken by sub-committees of TNEC in accordance with such delegations.

### 1. Membership

Any Member of the Constituent Authorities may serve as a member of the Overview and Scrutiny Committee unless they are specifically excluded. Membership of the Committee is determined by the NELB and will be appointed annually, usually at the Annual Meeting.

Any elected member appointed to the Overview and Scrutiny Committee cannot also be appointed to the NELB.

### 2. Co-opted Members

The appointment of co-opted Members is a matter reserved to the NELB. The Overview and Scrutiny Committee can make recommendations to the NELB on the appointment of co-opted members to the committee itself and/or any of its sub-committees. In making such recommendations to the NELB, the committee will specify the term of office to be applied in each case. The term of office for any appointed co-opted Member can only be extended with the express approval of the NELB. Co-opted Members appointed by the NELB can attend and speak at meetings of the committee or sub-committee to which they are appointed but cannot vote.

### 3. Meetings

Meetings for the carrying out of general business shall be held in each year at the times and on the dates fixed at the NELB Annual Meeting. Notice of meetings will be given to the public.

### 4. Extraordinary Meetings

Extraordinary meetings of the Overview and Scrutiny Committee may be called, where possible following consultation with the Chair and Vice Chair, where it is considered necessary or appropriate or at the request of the Chair and Vice Chair or any three Members of the Committee.

Other than in exceptional circumstances, the time of commencement of extraordinary meetings should be the same as for ordinary meetings.

No item of business may be conducted at an extraordinary meeting other than that specified in the resolution, request or requisition which led to it being called.

## **5. Summons**

The Monitoring Officer, where possible in consultation with the Chair and Vice Chair, will determine the agenda for meetings of the committee.

At least five clear working days before a meeting, an agenda will be sent to every member of the committee to their usual place of residence (or such other address as has been notified).

The agenda will give the date, time and place of each meeting and specify the order of the business to be transacted, and will be accompanied by such reports as are available.

Urgent reports on items of business may only be added to the agenda if the reasons for urgency can be sufficiently justified and the approval of the Chair of the Committee has been given. The reasons for urgency will be recorded in the minutes of the meeting.

Any matters referred to the committee by either NELB or any of its committees will be placed on the agenda for the next available meeting of the committee. The committee will, at that meeting, determine the method and timetable for responding to any such referrals.

## **6. Chair**

Meetings of the Committee will be chaired by the Chair or in the Chair's absence the Vice Chair. In the absence of the Chair and Vice Chair, members of the committee present will elect from amongst themselves a Chair for the meeting.

## **7. Quorum**

A meeting of the Committee cannot begin until a quorum is present. The quorum for the Overview and Scrutiny Committee is two thirds of the membership, not including any co-opted members.

If a quorum is not reached 15 minutes after the time appointed for the start of the meeting, the meeting will be reconvened on another date.

During any meeting if the Chair counts the number of Members present and declares there is not a quorum present, then the meeting will adjourn immediately.

Remaining business will be considered at a time and date fixed by the Chair. If the Chair does not fix a date, the remaining business will be considered at the next ordinary meeting.

## **8. Duration**

At any meeting which has sat continuously for three and a half hours, the Chair shall have discretion to adjourn the meeting for a short period of time unless the majority of Members present, by vote, determine it shall stand adjourned to another day, the date and time of which shall be determined by the Chair.

## **9. Declaration of Interests in Meetings**

Where a Member attends a meeting of the Overview and Scrutiny Committee they must declare registerable and non-registerable personal interests as defined in the Members' Code of Conduct either at the start of the meeting, or otherwise as soon as the interest becomes apparent in the course of the meeting.

In addition, where in relation to any meeting a Member has declared a registerable or non-registerable personal interest in a matter, and the criteria contained in paragraph 17 of the Members' Code of Conduct apply, the Member must leave the room for the duration of the discussion on that matter.

## **10. Disturbance**

No member of the public shall interrupt or take part in the proceedings of any meeting. If any member of the public interrupts or takes part in the proceedings at any meeting, the Chair shall warn him/her and if he/she continues the interruption the Chair shall order his/her removal.

## **11. Order of Business**

The Overview and Scrutiny Committee on a motion duly seconded and carried without debate, or on motion by the Chair, which shall not require to be seconded, may vary the order of business as set out on the agenda.

## **12. Voting**

Subject to the provisions of any enactment the Overview and Scrutiny Committee will aim to reach a consensus. If exceptionally it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided upon by a simple majority of the members of the committee present and voting at the time the question was put.

The method of voting shall be by show of hands. In the event of an equality of votes, the Chair will have a second or casting vote.

Where any member of the committee requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

## **13. Minutes**

The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. Discussion of the minutes must be limited to their accuracy.



Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of Schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of Schedule 12 relating to signing of minutes.

The effect of this is that minutes will not be submitted for approval to an extraordinary meeting.

#### **14. Exclusion of Public**

Members of the public and press may only be excluded either in accordance with the Access to Information paragraph of the NELB Rules of Procedure (Part 4.1, paragraph 8) or when causing a disturbance.

#### **15. Attendance by Members and officers**

The Overview and Scrutiny Committee may invite to a meeting any Member, co-opted Member, and others to assist the Committee in its work.

Under normal circumstances where it is felt that the attendance of a particular Member, officer, officer of Nexus or other delivery bodies or stakeholders and members of the public, would assist the Committee in its work then they will be invited to attend or submit written information. In such circumstances, the person/organisation concerned should be given at least 5 working days notice of the date and time of the meeting and the nature of the business to be discussed. In circumstances where it is not possible to give 5 working days notice, contact should be made at the earliest opportunity with the Member or officer concerned to establish their availability.

Where a Member of the NELB or officer who has been invited to a meeting is not able to attend, then the Committee will consider whether or not to defer consideration of the matter to enable the Member or officer to be present.

#### **16. Specialist Advisers**

The appointment of specialist advisers to any body, committee, sub-committee or joint committee is a matter reserved to the NELB. The Overview and Scrutiny Committee can make requests to the NELB for the appointment of a specialist adviser. In making such requests to the NELB, the Committee will specify the term of the appointment and their reasons for the request.

#### **17. Reports of recommendations from Overview and Scrutiny Committee**

Where Overview and Scrutiny Committee makes a report or recommendation the committee may:

- a) publish the reports or recommendations.
- b) by notice require in writing the NELB to consider the report or recommendations and respond to them indicating what (if any) action the

NELB proposes to take within two months of receipt of the report or recommendations;

- c) and if the report was published, publish the response.

## **18. Involvement in the work of the Committee by the public, etc.**

The Authority is committed to the involvement of the public and others in the work of the Overview and Scrutiny Committee.

Where members of the public and/or others have had an active role in the work of the Overview and Scrutiny Committee such involvement will be properly acknowledged. In addition, where this involvement has contributed to a particular study or examination, then the individuals and/or organisations concerned will be informed of any resulting conclusions and/or recommendations.

## **19. Work Programme**

At its first meeting of the year, the Overview and Scrutiny Committee will:

- a) determine the areas of review and scrutiny that they wish to pursue during the ensuing 12 months.
- b) agree to establish Scrutiny Groups from amongst their number in order to carry out agreed areas of review and scrutiny.

The Constituent Authorities will work together to maximise the exchange of information and views, to minimise bureaucracy and make best use of the time of members and officers of other bodies or agencies.

Members of the Overview and Scrutiny Committee will, when considering reviews, determine whether the issue is more appropriately dealt with by one of the Constituent Authorities or elsewhere and will not duplicate the work of existing bodies or agencies.

## **20. Scrutiny Groups**

In appointing Scrutiny Groups the Overview and Scrutiny Committee will:

- a) have regard to the approved work programme and advice from relevant officers on the overall capacity of the Authority to support such studies;
- b) determine the remit for each scrutiny group who will be bound by the terms of that remit;
- c) determine the membership of the scrutiny group to be drawn from the membership of the committee or sub-committee;
- d) consider and either approve, amend or reject any reports and recommendations made by a sub group for submission to the NELB, an individual or outside organisation as appropriate.



The arrangements for the attendance of Members of the NELB and/or officers of the Authority applicable for meetings of the Overview and Scrutiny Committee will also apply to sub groups.

Scrutiny groups may seek the assistance of Members and officers of the Authority and/or outside organisations and individuals.

## **21. Linking Sub-regional Scrutiny with Local Scrutiny**

The Scrutiny Officer of each Constituent Authority will ensure that the work programmes and minutes relating to the work carried out by the Overview and Scrutiny Committee in scrutinising the NELB, TNEC, TWSC and Nexus are circulated appropriately within their own Constituent Authorities scrutiny arrangements.

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## Part 4.4 Budget and Policy Framework Rules of Procedure

### 1. Introduction

The Budget and the Policy Framework is the collective name given to the budget and a number of the major plans and strategies of the NECA that must be considered by NELB before they are finally approved.

This part of the Constitution sets out how the NELB will decide on which plans and strategies are in the Policy Framework. It also sets out how it will make decisions on the content of the budget and those plans and strategies contained in the Framework where such plans and strategies are brought forward.

Once a budget or policy is in place it is the responsibility of the NELB to implement.

### 2. Content of the Budget and Policy Framework

The Budget and Policy Framework will comprise:

#### a) The Budget

The budget includes the allocation of financial resources to different services and projects, proposed contingencies, earmarked and unearmarked reserves, the transport levy and decisions relating to the control of the Combined Authority's borrowing requirement, the control of its capital expenditure and the setting of virement limits.

The budget also includes the Treasury Management Strategy. Treasury Management is the management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Treasury Management Strategy aims to protect the Authority from market-related risks by monitoring interest rates, economic indicators and UK and overseas government finances. The prime objective of the Authority's investment strategy is to maintain capital security whilst ensuring that there is the necessary liquidity to carry out its business.

#### b) The following plans and strategies:

- The Growth Plan (which includes the Strategic Economic Plan and the related investment strategy)
- The Local Transport Plan

The NELB will review the composition of the Policy Framework annually as part of the review of the Constitution and the relevant provisions will be amended to take account of the outcome of any review. The NECA will also publish a five-year timetable for consideration of those plans and strategies included in the Framework.

### 3. The Budget

The process described below aims to ensure that appropriate and effective consultation takes place with all Members and other stakeholders on the content of the Budget.

#### a) Initial proposals

At least 2 months before the calculations on the transport levies need to be finalised the NELB will produce initial outline proposals. These initial proposals will be accompanied by:

- (i) a summary of information that has been taken into account in producing the initial proposals (including specific reference to consideration of any reviews/studies previously carried out by the Overview and Scrutiny Committee);
- (ii) detailed information on how it is intended to consult with the Constituent Authorities, stakeholders, residents and others;
- (iii) a clearly stated timetable for the consultation and the preparation of final proposals for consideration by the Overview and Scrutiny Committee and the NELB.
- (iv) proposals on the extent of virement permitted within the Budget as part of an annual review of the Combined Authority's Financial Regulations.

The initial proposals and accompanying information will then be referred to the Overview and Scrutiny Committee. The Overview and Scrutiny Committee will at this stage examine the consultation proposals and timetable and make recommendations on these, where it is considered appropriate, to the NELB.

#### b) Finalising proposals

The NELB will consider any recommendations made by the Overview and Scrutiny Committee and, where it is considered appropriate, amend the consultation process and/or timetable accordingly.

Once the consultation process has been completed, details of the finalised proposals will be referred to the Overview and Scrutiny Committee together with the relevant background information on which the proposals have been based. It is the responsibility of the Chair of the NELB and relevant officers to ensure that the Overview and Scrutiny Committee has sufficient background information to enable it to evaluate the proposals against that background information.

The proposals will then be referred back to the NELB, together with any recommendations and/or observations from the Overview and Scrutiny Committee.

**c) Consideration of final proposals**

The final proposals will then be considered by the NELB, which may or may not include the recommendations and/or observations from the Overview and Scrutiny Committee.

The NELB must approve the final proposals unanimously and with a recorded vote.

**d) After the Budget has been agreed**

A notice of the decision will be prepared by the Chief Finance Officer and given to each Constituent Authority.

**4. Plans and Strategies (The Policy Framework)**

The process described below aims to ensure that appropriate and effective consultation takes place with all Members and other stakeholders on the content of any of the major plans or strategies within the Policy Framework.

**a) Initial proposals**

At least 2 months before any plan or strategy needs to be finalised, the NELB will produce initial proposals. These initial proposals will be accompanied by:

- (i) a summary of information that has been taken into account in producing the initial proposals and any consultation undertaken (including specific reference to consideration of any reviews/studies previously carried out by the Overview and Scrutiny Committee);
- (ii) detailed information on how it is intended to consult with Members and others;
- (iii) a clearly stated timetable for the consultation and the preparation of final proposals for consideration by the Overview and Scrutiny Committee and the NELB; and
- (iv) proposals on the degree of changes to the plan or strategy that can be approved by the NELB during the life span of the plan or strategy.

The initial proposals and accompanying information will be referred to the Overview and Scrutiny Committee. The Overview and Scrutiny Committee will examine the consultation proposals and timetable and make recommendations on these, where it is considered appropriate, to the Chair of the NELB.

**b) Finalising proposals**

A second draft of the policy, taking into consideration comments received through the consultation process on the initial proposals will be approved by the NELB and referred again to the Overview and Scrutiny Committee together with the relevant background information on which the final proposals have been based.

Any recommendations and/or observations from the Overview and Scrutiny Committee will be considered by the NELB.

**c) Submission of final proposals to the NELB**

The final proposals will then be considered by the NELB, which may or may not include the recommendations and/or observations from the Overview and Scrutiny Committee.

The NELB must approve the final proposals unanimously.

**5. Decisions that contravene the Budget or the plans or strategies in the Policy Framework**

NECA's Financial Regulations contain provisions allowing virement. Subject to those provisions, the NELB, committees of the NELB and/or any officers or joint committees discharging functions are only authorised to take decisions in line with the approved Budget and/or the approved plans or strategies in the Policy Framework. Only the NELB can take a decision that wholly or in part does not accord with the approved Budget or plans or strategies in the Policy Framework.

Decision makers must take the advice of the Monitoring Officer and/or Chief Finance Officer where it appears to them that a decision they wish to make would be contrary to the approved plans or strategies in the Policy Framework or not wholly in accordance with the approved Budget. Where advice is given that the decision would be contrary to the approved plans or strategies in the Policy Framework or not wholly in accordance with the Budget then that decision must be referred to the NELB.

Decisions of the NELB, its committees, sub-committees or a joint committee or officers, must be in line with the policies set by the NELB. These decision makers may only make changes to any of the policies in the Policy Framework in the following circumstances:

- a) where the NECA has a budgetary constraint and changes are made to the policies in the Policy Framework to meet that constraint. This may involve the closure or discontinuance of a service;
- b) changes necessary to ensure compliance with the law, ministerial direction or government guidance; or
- c) changes to a policy which would normally be agreed annually or periodically by the NELB following consultation, but where the existing policy document is silent on the matter under consideration.

## Part 4.5 Officer Employment Rules of Procedure

The Officer Employment Rules of Procedure set out the Authority's governance arrangements for the recruitment and dismissal of, and the taking of disciplinary action against, officers. They have been produced to comply with the requirements of the Local Authorities (Standing Orders) (England) Regulations 2001.

This section should be read in conjunction with the Scheme of Delegation of Functions to Chief Officers (Part 3.6).

The Authority's Chief Officers and Deputy Chief Officers are, in accordance with the Local Government and Housing Act 1989 defined as follows:

- a) a statutory chief officer (e.g. the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer);
- b) a non-statutory chief officer (e.g. an officer who reports directly to the Head of Paid Service; and
- c) a deputy chief officer (e.g. an officer who reports directly to a Chief Officer).

### 1. General

The functions of appointment and dismissal of, and taking disciplinary action against, officers below the level of Deputy Chief Officer must be discharged by the Head of Paid Service, on behalf of the Authority, or by an officer nominated by them.

The functions of appointment and dismissal of, and taking disciplinary action against, Chief Officers and Deputy Chief Officers must be discharged by the NELB.

### 2. Recruitment and appointment

The Authority will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing Member or officer; or of the partner of such persons.

No candidate so related to a Member or an officer will be appointed without the authority of the Head of Paid Service or an officer nominated by them.

The Authority will disqualify any applicant who directly or indirectly seeks the support of any Member for any appointment with the Authority. The content of this paragraph will be included in any recruitment information.

No Member will seek support for any person for any appointment with the Authority.

Nothing in the above paragraphs precludes a Member from giving a written reference for a candidate for submission with an application for employment.

### **3. Appointments**

Where the NELB determines to appoint a Chief Officer or Deputy Chief Officer the NELB will draw up a statement specifying the duties of the officer concerned and any qualifications or qualities to be sought in the person to be appointed.

If it is not proposed that the appointment be made exclusively from among existing officers of the Constituent Authorities, the NELB will:

- a) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
- b) make arrangements for a copy of the written statement mentioned above to be sent to any person on request.

The appointment of any other officer is a matter for the Head of Paid Service.

### **4. Disciplinary Action**

The Head of Paid Service, the Monitoring Officer or Chief Finance Officer may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay and last no longer than two months.

No other disciplinary action may be taken in respect of any of those officers except in accordance with a recommendation in a report made by an independent person designated and acting in accordance with Regulation 7 of the Local Authorities (Standing Orders) (England) Regulations 2001.

Members will not be involved in the disciplinary action against any officer below Deputy Chief Officer level except where such involvement is necessary for any investigation or inquiry into alleged misconduct, through the Authority's disciplinary, capability and related procedures.

### **5. Dismissal**

Members will not be involved in the dismissal of any officer below Deputy Chief Officer level except where such involvement is necessary for any investigation or inquiry into alleged misconduct, through the Authority's disciplinary, capability and related procedures.



## Part 5 Financial Regulations

### Introduction

#### 1. Definitions

In these Regulations:

The “Direct Services” of the Authority include those services provided directly to it by the lead authorities responsible for providing the services.

“Designated Officers” are those officers listed below, together with any other officers or consultants that may be approved by the Authority for the purpose of these regulations:

Head of Paid Service

Chief Finance Officer

Monitoring Officer

Chief Executive of any Constituent Authority which supports a Thematic Lead (see paragraph 5 of the Constitution’s Introduction)

New Tyne Crossing Project Director

Any duty or power devolving upon a Designated Officer may (in his or her absence) be exercised by a nominated deputy.

2. NEXUS is a separate accountable public corporation with its own financial regulations to be adhered to by its Directors and officers and which will apply to its NELB approved revenue and capital spending plans. In this regard, Nexus’ general remit is to “procure or provide public transport services and facilities, plan for future service development and promote the use and convenience of public transport.”
3. Financial Regulations provide the framework for the financial administration of NECA with a view to ensuring that its financial affairs are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge. Financial Regulations are not intended to constitute a set of detailed rules to respond to every contingency. The Regulations allow for variation in detailed controls by the Designated Officers where justified by local circumstances.
  - a) Financial Regulation 1 defines responsibility for financial control.
  - b) Financial Regulations 2, 3, and 4 lay down the tasks required of the Authority, joint committee, committee, sub-committee or designated officer for the fundamental financial processes of:
    - i) forward planning and budgetary strategy;
    - ii) incurring and controlling revenue spending and income;
    - iii) incurring and controlling capital spending and income.
  - c) Financial Regulation 5 covers the requirements for Risk Management.



- d) Financial Regulations 6 and 7 cover the standards required for:
    - i) accounting;
    - ii) internal audit.
  - e) Financial Regulation 8 governs procedures for obtaining goods, materials, works and services.
  - f) Financial Regulation 9 defines the powers and responsibilities governing arrangements with Nexus.
  - g) Financial Regulation 10 regulates the 'day to day' financial systems of the NECA. It requires designated officers to ensure that prescribed controls are present, but allows them, except where explicitly stated otherwise, to determine the detail of the controls in order to meet service circumstances.
4. All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action.
  5. Failure by officers to observe Financial Regulations and the codes and guidance issued under them may result in action under the Authority's disciplinary procedures.
  6. Failure by Members to observe Financial Regulations may amount to a breach of the Code of Conduct for Members.
  7. Amendments to Financial Regulations require the approval of the NELB following a report from the Chief Finance Officer. The NELB may amend all other Procedures, Policies, Codes and Checklists referred to in these Financial Regulations. The Chief Finance Officer will review as often as he/she considers appropriate supporting advice and guidance to the Financial Regulations and report any recommended changes to the NELB for approval.
  8. If any financial issues arise which result in any uncertainty or ambiguity as to the correct procedure to follow under these regulations, then the Chief Finance Officer shall have delegated powers to give a valid direction as to the appropriate procedure to follow.

## **1. Responsibilities**

### **1.1 Responsibilities to the Authority**

All Members, Designated Officers and Officers of the Combined Authority are responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner. They should strive to achieve value for money and avoid legal challenge to the Authority. These responsibilities apply equally to Members and Designated Officers and officers when representing the Combined Authority on outside bodies. Members must also comply with the Code of Conduct for Members.

### **1.2 Personal Responsibilities**

Any person charged with the use or care of the Authority's resources and assets should understand the Authority's requirements under these Financial Regulations. If anyone is in any doubt as to their obligations, then they should seek advice. Unresolved questions of interpretation should be referred to the person providing internal audit services to the Authority.

All Officers (including Officers of lead authorities providing services to the Authority) must report to their manager or supervisor any illegality, impropriety, breach of procedure or serious deficiency in the provision of service. Officers shall be able to do this without fear of recrimination providing they act in good faith and in such circumstances managers must record and investigate such reports and take action where appropriate. Compliance with the Authority's Policy Statement on Fraud and Corruption and the Code of Conduct for Officers is mandatory.

Note: The Authority's Policy for confidential reporting of concerns ("whistle blowing") exists to:

- Make Officers feel confident to raise concerns and to question and act upon concerns about practice;
- Give Officers avenues to raise concerns and receive feedback on any action taken;
- Guarantee that an Officer will receive a response to his or her concerns raised and that he or she is aware of the process to follow if not satisfied;
- Reassure an Officer that he or she will be protected from possible reprisals or victimisation.

### **1.3 The NELB**

The NELB is responsible for:

- The adoption and revision of these Financial Regulations;
- The determination of the policy framework and annual revenue budget and capital programme;
- Providing the Chief Finance Officer and Designated Officers with sufficient staff, accommodation and other resources to carry out their duties.

## 1.4 Overview and Scrutiny Committee

The Scrutiny Committee has a monitoring and scrutiny role to help ensure that the Authority's corporate budgets and financial management systems are managed efficiently and are ensuring value for money.

## 1.5 Governance Committee

The Governance Committee is responsible for overseeing issues relating to financial probity and the adequacy of the Authority's controls.

## 1.6 Chief Finance Officer

1.6.1 The NECA shall appoint an officer, the Chief Finance Officer, who shall, for the purposes of Section 73 of the Local Government Act 1985, be responsible for ensuring the proper administration of the Combined Authority's financial affairs.

1.6.2 The Chief Finance Officer shall issue, and keep under continuous review, such instructions, advice or procedures relating to financial matters as he or she considers necessary to secure the proper administration of the Combined Authority's financial affairs.

1.6.3 The Chief Finance Officer is responsible for reporting, where appropriate, breaches of Financial Regulations to the NELB.

1.6.4 The Chief Finance Officer has the duty to report to the NELB and external auditor where it appears that the NECA or an officer has made or is about to make a decision that would involve:

- Unlawful expenditure;
- An unlawful action likely to cause a loss or deficiency;
- An unlawful item of account;
- Proposed expenditure that is in excess of available resources

(Section 114, Local Government Finance Act 1988.).

1.6.5 The Chief Finance Officer has responsibility for ensuring compliance with the requirements of the Accounts and Audit Regulations 2011 relating to accounting records, control systems and audit.

## 1.7 Designated Officers and Director of Finance and Resources, Nexus

Designated Officers and the Director of Finance and Resources, Nexus are responsible for ensuring that appropriate staff under their control are aware of the existence of the Authority's Financial Regulations and other regulatory documents and that they are observed throughout all areas under their control and shall:

- Provide the Chief Finance Officer with such information and explanations as the Chief Finance Officer feels is necessary to meet his or her obligations under Financial Regulations;

- Ensure that the Chief Finance Officer has sufficient opportunity to comment on all proposals with unbudgeted financial implications, before any commitments are incurred;
- Ensure that Authority members are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the Chief Finance Officer;
- Inform immediately the Chief Finance Officer of failures of financial control resulting in additional expenditure or liability, or loss of income or assets;
- Inform the Chief Finance Officer where amendment to Financial Regulations is considered necessary; and
- Be responsible for ensuring the legality of all actions.

Note: It is the Monitoring Officer's duty to report to the Authority in respect of any proposed action, decision or omission that is contrary to law, or constitutes maladministration or injustice where the Ombudsman has conducted an investigation.

## **1.8 Exceptions to Financial Regulations**

1.8.1 Exceptions to these Financial Regulations shall be made only:

- in cases of urgency or where it is in the interests of the Combined Authority to do so; and
- with the prior written approval of the Chief Finance Officer.

1.8.2 The Chief Finance Officer shall keep a record of all such exceptions and submit an annual report to the Authority summarising the exceptions.

## **1.9 Arrangements for the discharge of responsibility**

1.9.1 Designated Officers and their staff are required to carry out their tasks in accordance with these Financial Regulations. Designated Officers may arrange for any of their staff to carry out tasks for which they have responsibility as set down by these Financial Regulations provided that the terms of those delegated arrangement are clearly defined and documented. A record of all such arrangements will be prepared by each Designated Officer and submitted to the Chief Finance Officer on an annual basis.

1.9.2 Notwithstanding such arrangements, the person making the arrangements remains responsible for compliance with these Financial Regulations.

## **2. Forward Planning and Budget Strategy**

The NELB decides on the annual budget and the levy on the constituent local authorities.

2.1 Designated Officers and the Director of Finance and Resources, Nexus shall provide information to the Chief Finance Officer to enable him/her to produce and submit to the Authority annually a medium term financial forecast and a medium term capital forecast.

2.2 The Chief Finance Officer shall annually advise the NELB on:

- Financial planning and budget strategy matters.
- Procedures, timetables and estimated resources for planning revenue and capital spending.
- The annual revenue and capital budget; transport levies and the contribution from councils to cover costs of non-transport services.

2.3 Designated Officers and the Director of Finance and Resources, Nexus in consultation with the Chief Finance Officer shall prepare revenue and capital estimates in accordance with such guidelines as set out by the Authority. In doing so, Designated officers and the Director of Finance and Resources, Nexus shall ensure that:

- The estimated expenditure and income, or the cost of any proposal submitted by them, are as accurate as possible and provide provision for all costs involved.
- The revenue and capital estimates are consistent with Authority policy.
- The revenue implications of capital schemes are fully included in revenue estimates.

2.4 The NELB shall review the estimates together with such summaries, statements and reports as are considered desirable and shall recommend:

- The level of grant to be paid to Nexus for Concessionary Travel and Service Support in the next financial year.
- The size of the levy made by the NECA on the district councils in the county of Tyne and Wear, The County Council of Durham and Northumberland County Council and for the next financial year.
- The prudential indicators and the prudential borrowing for the next financial year.

### **3. Incurring and Controlling Revenue Spending and Income**

The Authority monitors financial performance during the financial year and considers any significant developments affecting its financial position.

3.1 The Chief Finance Officer and the Director of Finance and Resources, Nexus jointly shall advise the NELB, on a quarterly basis, on:

- Progress against the NELB approved budget;
- Significant developments affecting the financial position of the Combined Authority.
- Significant developments affecting the financial position of Nexus.

3.2 The Chief Finance Officer shall:

- Provide guidance on and co-ordinate the budget monitoring process.
- Prescribe the form, basis, supporting information and timetable for the preparation of final accounts.

- Within delegated limits approve supplementary estimates and transfers of estimates.

### 3.3 Each Designated Officer shall:

#### 3.3.1 Authorise revenue spending and collect income within the estimates, targets and/or limits approved by the NELB provided that:

- The expenditure is lawful.
- Financial Regulations have been complied with;
- Expenditure is within approved revenue budget or capital programme provision.
- Expenditure is in respect of Authority policy.

#### 3.3.2 Monitor progress on revenue spending and the collection of income and promptly provide the Chief Finance Officer with such information as requested.

#### 3.3.3 Review fees and charges annually and implement changes in accordance with officer delegations or alternatively report them for approval to the NELB.

#### 3.3.4 Seek, in consultation with the Chief Finance Officer, the approval of the Authority to budgetary changes that would have a significant impact on the nature or level of service provided.

#### 3.3.5 Ensure that transfers between budgets (virement) fulfil the following requirements:

- Transfers apply only to the transfer of funds within the delegated budget of the Designated officer.
- The proposal is consistent with Authority policy.
- Any virement over £10,000 is a significant decision and is therefore approved by the Chief Finance Officer.
- The total net delegated budget is still within the delegated cost limit.

#### 3.4 Transfers from reserves to revenue budgets, other than those covered by the provisions of 3.3.5 above, require the prior written approval of the Chief Finance Officer.

#### 3.5 Designated Officers shall, in an emergency (being a situation which demands action of a nature that could not have been anticipated and for which there is no budget line), and with the prior written approval of both the Chief Finance Officer and the Chair of the NELB, have authority to incur unbudgeted expenditure.

## 4. Incurring and Controlling Capital Spending and Income

The Combined Authority oversees the capital and leasing programme of the Tunnels and Nexus and approves the award of contracts for Tunnels in accordance with the Procedure for the Commitment of Capital Expenditure (FPN 11).



- 4.1 The Chief Finance Officer and the Director of Finance and Resources, Nexus jointly shall advise the NELB quarterly on:
- Progress on implementation of the NELB approved capital and leasing programmes.
  - Additions and amendments to the NELB approved capital and leasing programme.
  - The procedure for the commitment of the NELB approved capital expenditure.
- 4.2 The Chief Finance Officer and the Director of Finance and Resources, Nexus shall as appropriate:
- Provide guidance and co-ordinate capital monitoring procedures.
  - Certify capital proposals as required by the Procedure for the Commitment of Capital Expenditure and within Nexus' own set of financial regulations.
- 4.3 Designated Officers shall:
- Authorise capital spending in accordance with the Procedure for the Commitment of Capital Expenditure (FPN11).
  - Monitor progress on implementation of the capital and leasing programme and provide the Chief Finance Officer with such information as requested.
  - Only commit the Authority to match-funding arrangements for which capital programme approval has been obtained.
  - Undertake the disposal of land and buildings in accordance with the any scheme of officer delegation approved by the NELB or otherwise with express approval of the NELB.

#### 4.4 Capital expenditure – Definition

For the purposes of this regulation, capital expenditure is deemed to include the procurement, improvement or enhancement for the Authority's purposes of land, buildings, vehicles and equipment and the provision of grants to external organisations to enable the purchase of land, buildings, vehicles and equipment, regardless of how financed. Expenditure below the de-minimis sum determined by the Chief Finance Officer is not capital expenditure. If there is doubt whether expenditure is capital, the decision of the Chief Finance Officer is final.

### 5. Risk management

The importance of risk management to the wellbeing of the Combined Authority is outlined in its Risk Management Policy and Strategy Framework.

Designated Officers are responsible for ensuring that risk management is an integral part of their management processes and activities within their respective areas of responsibility.

- 5.1 Designated Officers will assign clear roles and responsibilities for managing risk.
- 5.2 Designated Officers are responsible for ensuring that a register of significant risks is maintained, reported and monitored.

### 5.3 Designated Officers will:

- Produce a strategy for the management of risk in their service.
- Ensure that risk considerations are embedded into planning and decision making processes.
- Identify those activities which have or may give rise to significant loss producing events.
- Measure the impact of potential loss.
- Take reasonable physical or financial steps to avoid or reduce the impact of potential losses.
- Allocate risk management resources to areas of identified priority.
- Maximise risk management opportunities that can impact positively on the Authority's reputation, aims and objectives.
- Ensure managers and Officers are equipped with the necessary skills to manage risk effectively.
- Ensure that strategic partners and service providers are aware of the importance of risk management.
- Ensure that the Chief Finance Officer is promptly provided with any information he requires on risk management issues.
- Report the risk implications of recommended strategies, policies, and service delivery options to Members of the Authority.

## 6. Accounting

6.1 The Chief Finance Officer shall with respect to the services provided by the Constituent Authority identified by the Head of Paid Service as the lead authority for these roles:

- Determine accounting systems and procedures and the form of financial records and statements.
- Provide guidance and advice on all accounting matters.
- Monitor accounting performance to ensure an adequate standard for all services.
- Certify financial returns, grant claims and other periodic financial reports required of the Combined Authority.

6.2 Each Designated Officer shall:

- Implement accounting procedures and adopt the form of financial records and statements as determined by the Chief Finance Officer.
- Obtain the prior written approval of the Chief Finance Officer before introducing or changing significantly the form or method of existing accounting systems and procedures, financial records or statement (see below).
- Complete and pass to the Chief Finance Officer financial returns and other financial reports requiring certification.
- Keep a proper and effective separation of duties for staff with financial responsibilities.

NOTE: Approval procedure for changes to financial systems: Prior approval is to be requested from the Chief Finance Officer in writing. The request must give details of the proposed change and the anticipated benefit from the change, an estimate of the



costs involved and the proposed implementation date. Internal Audit advice should be sought for all proposed changes at as early a stage as possible.

## 7. Internal Audit

The Authority has responsibility for all matters of financial significance including the review of matters arising from audit, both internal and external. The Governance Committee is responsible for overseeing issues relating to financial probity. Reference should also be made to the Anti-Fraud and Corruption Policy.

7.1 Internal Audit is required to provide an objective audit service in line with the CIPFA Code of Practice for Internal Audit in Local Government and professional auditing standards. To this end Internal Audit will have no executive functions that might compromise its objectivity, and the Chief Internal Auditor of the Lead Authority providing the internal audit service shall have direct access to, and the freedom to report to Members and all senior management including the Chief Finance Officer, the Head of Paid Service and the Monitoring Officer to the Authority.

7.2 The Chief Finance Officer shall:

- Maintain an adequate and effective system of internal audit of the accounting records and control systems of the Authority;
- Advise the Authority of material issues of financial control and report to Governance Committee on the adequacy of the systems of internal control;
- Where evidence of fraud, misappropriation or theft is discovered, decide after consultation with the relevant Designated officers(s) and the Monitoring Officer, whether to refer the matter to the Police.

7.3 The Chief Finance Officer or his or her representatives are authorised to:

- Visit any establishment of the Authority;
- Have immediate access to all records and documents;
- Require the immediate production of cash, stores or any other property owned or held by the Authority;
- Require and receive promptly full and accurate explanations to any points requested.

7.4 Each Designated Officer shall:

- Ensure that all reasonable assistance and co-operation is given to internal auditors.
- Respond fully without undue delay to any enquiries or recommendations made by the Chief Finance Officer.
- Inform the Chief Finance Officer, as soon as possible, of failures of financial control, including matters that involve, or may involve, financial irregularity.

The Chief Finance Officer and each Designated Officer jointly shall investigate failures of financial control, including matters that involve, or may involve, financial irregularity.

## 8. Procurement and Contracts

- 8.1 The Procurement Procedure Rules for the Constituent Authority designated as lead authority for the following exercises shall apply and be followed whenever the Combined Authority wishes to arrange for:
- a) The purchase of goods, materials and related services (that is, services which are integral to the provision of those goods or materials, such as installation, servicing, maintenance etc);
  - b) The execution of works; or
  - c) The provision of other services (including consultancy).

- 8.2 Where the County Council of Durham or Northumberland County Council wishes to arrange for:

- a) The purchase of goods, materials and related services (that is, services which are integral to the provision of those goods or materials, such as installation, servicing, maintenance etc);
- b) The execution of works; or
- c) The provision of other services (including consultancy).

In the exercise of its functions on behalf of the NECA within its own boundaries, the appropriate Constituent Authority's Procurement Procedure Rules shall apply. The opportunity to secure efficiencies and value for money from joint procurement arrangements should be considered, where it is possible to do so.

- 8.3 The Procurement Procedure Rules of the Authority designated in 8.1 and 8.2 are part of this Financial Regulation 8 and failure to comply with them shall amount to a breach of financial regulations.

- 8.4 In addition to the specific provisions of the Procurement Procedure Rules, any procurement of goods, materials, works or services shall have regard to and seek to implement the following general principles:

- a) The need to ensure the Authority and those within its area obtain good value for money and are properly protected as consumers of the goods, works or services;
- b) The need to ensure and demonstrate true and fair competition, without unlawful discrimination;
- c) The need to ensure the procurement process is transparent and accountable and susceptible to full audit;
- d) The need to ensure the elimination of any opportunities for fraud or corruption.

## 9. Relationship between NECA and Nexus

NECA in its role as the strategic authority and Nexus in its role as the executive body of the NECA in relation to transport functions in Tyne and Wear responsible for implementing policy have close links at every level. They are, however, separate bodies linked together by reciprocal financial duties and responsibilities.

## **Financial duties and responsibilities of Nexus to NECA.**

### **9.1 Forward and Budget Strategy**

The general principles to be followed by Nexus are set out at FR 2. In addition the following regulation applies:

- Nexus has a requirement to prepare each year a three-year Forward Plan.
- Revenue and Capital Estimates  
Nexus shall submit to the NELB detailed estimates of its expenditure and income, both capital and revenue based upon the three-year plan, taking into consideration the resource allocations determined by the NELB.

### **9.2 Incurring and Controlling Revenue and Capital Spending and Income**

The general principles to be followed by Nexus are set out in the Financial Procedure Notes that accompany these Financial Regulations which are generally replicated in Nexus' own set of financial regulations. As a separate body Nexus is responsible for having its own accounting systems and procedures in place to enable it to make regular comparisons between approved estimates and actual and committed expenditure, fares and other income.

In addition the following regulations apply:

- Nexus shall only incur expenditure for the purposes stated in the approved NECA revenue budget, these main budget heads being "Concessionary Travel" and "Revenue Support".
- Nexus shall report to the NELB on any operational decisions made during the year on fares, service levels etc. that will have a significant impact upon its budget position.
- Nexus shall only incur expenditure for the purposes stated in the approved NECA capital programme, these main budget heads being "Metro Asset Renewal Plan" and "Local Transport Plan".
- Nexus, in consultation with the Chief Finance Officer, shall submit quarterly reports to the NELB comparing the progress of its actual spend and commitments against its approved NECA revenue and capital budgets.
- Where an overspend (or underspend) is anticipated in relation to one of its main budget heads Nexus shall submit, jointly with the Chief Finance Officer, a report to the Authority setting out the reasons for the variation. Where Nexus has been unable to take corrective action, this report shall identify any alternative options that may be available to Authority to take corrective action.

## **Financial Duties and Responsibilities of the NECA to Nexus**

### **9.3 Forward Planning and Budget Strategy**

9.3.1 The NELB has a duty to consider Nexus' three-year plan and formally approve it after making any modifications considered necessary.

9.3.2 The NELB can require from Nexus any supplementary information to enable it to properly consider the three-year plan.

### 9.3.3 Annual Estimates

The NELB shall determine the resource allocations within which Nexus must prepare its budget. In doing so the NELB will take into consideration all relevant factors including Central Government restrictions on expenditure, levels of reserves, and permitted borrowing.

9.3.4 The Chief Finance Officer, in consultation with Nexus, shall report the overall budget position of the NELB, not later than the month of February of the preceding financial year.

## 9.4 Payment of Grant to Nexus

The Chief Finance Officer shall determine arrangements for the payment of the revenue grant to Nexus in consultation with Nexus. These arrangements include the mechanism by which payment is made and their regularity and timing.

## 9.5 Borrowings

The Chief Finance Officer shall:

- Effect all borrowings on behalf of Nexus (except temporary borrowing);
- Be the Registrar of Stocks, Bonds and Mortgages on behalf of Nexus (unless otherwise authorised by the Authority);
- Determine arrangements for the financing of expenditure of Nexus by borrowing and the repayment of the resulting debt charges in consultation with Nexus as appropriate.

## 10. Financial Controls

10.1 As required by Financial Regulation 1.7 the Designated Officers and the Director of Finance and Resources, Nexus are, for the areas under their control, responsible for ensuring that the arrangements, guidelines and procedures for the proper administration of financial affairs are operated in accordance with the appropriate Financial Regulations

10.2 Designated Officers of the Authority are required to ensure that the controls as listed in Financial Procedure Notes issued from time to time are present, although these officers may, except where explicitly stated otherwise, determine the detail of the controls in order to meet service circumstances.

10.3 The Financial Procedure Notes issued under this regulation by the Chief Finance Officer are:

- FPN1 Orders for work, goods and services
- FPN2 Income
- FPN3 Payment for works, goods and services
- FPN4 Security and control of assets

- FPN5 Insurance
- FPN6 Staffing and payroll
- FPN7 Reimbursement of expenses and payment of allowances
- FPN8 Banking arrangements and cheques
- FPN 9 Investments and borrowing
- FPN10 Information technology and data protection
- FPR11 Commitment of Capital Expenditure.

10.4 Further Financial Procedure notes, or amendments, may be made from time to time by the Chief Finance Officer.

10.5 Further advice on all areas of financial control is available from the Chief Finance Officer who may issue detailed guidance notes on specific controls as necessary. These will be referred to as Financial Best Practice Notes.

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## Financial Procedure Note 1 – Orders for Work, Goods and Services

### a) Objective

*To ensure that work, goods and services are only ordered for the purposes of the Authority's business and that the resulting expenditure is within budget.*

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective, systems should be present to ensure that:

- There is adequate budget provision before committing expenditure;
- Any necessary Authority approvals have been obtained;
- Purchases are in accordance with the Financial Regulation 8;
- That all order documentation used meets the requirements of Financial Regulation 8.

Note: Official Authority orders must:

- Be headed 'NECA' on behalf of the 'Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority';
- State 'Official Order';
- Be numbered;
- Include the name and address of the ordering section, and delivery address if different;
- Show the cost code to be charged;
- Be signed by, and state post of an authorised officer; and
- Include the information required in Financial Regulation 8, including the Procurement Procedure Rules.

Order must be signed only by staff with proper authorisation to do so.

**d) Comments**

Staff authorised to order work, goods and services must ensure that they are aware of any necessary authorisations required and of the Lead Authority's Purchasing Policy.

The lead authority's Purchase Order System must be used whenever possible as it facilitates compliance with the above requirements and collects data to support development of the Purchasing Policy.

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## Financial Procedure Note 2 – Income

### a) Objective

To ensure that all income due to the Authority is promptly collected, banked and properly accounted for.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective, systems should be present to ensure that:

- Budgeted income is fully and promptly collected;
- The Chief Finance Officer is promptly informed of all new sources of income, the sums anticipated and collection arrangements;
- The advice of the Chief Finance Officer is sought prior to the signing of agreements which provide for variable income;
- The basis and level of fees and charges are regularly reviewed;
- Income is collected in advance of service, or where not possible, by official invoice;
- All cheques received are made payable to 'NECA' on behalf of the "Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority". Uncrossed cheques received are crossed 'NECA' on behalf of the "Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority";
- Money received (other than cash paid for vehicle tolls) is acknowledged by the issue of an official receipt, ticket or voucher. (See (d) below.);
- The transfer of official money between staff is evidenced;
- Income collected is banked promptly and held securely prior to banking;
- Money held awaiting banking is insured against theft;
- Money banked is credited to the correct financial account and compared to budget estimate;



- Arrangements for payment by instalment are authorised in advance by the Chief Finance Officer;
- Prior authorisation is obtained to the write-off of uncollectible income by the Chief Finance Officer;
- The Chief Finance Officer must approve claims requiring certification in the name of the Chief Financial Officer.

**d) Special requirements**

Personal cheques must not be cashed out of money held on behalf of the Authority.

## Financial Procedure Note 3 – Payment for Works, Goods and Services

### 1. Objective

To ensure that payments are made only for works, goods or services received by the Authority and has been certified as such.

### 2. Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### 3. Control Checklist

To achieve the above objective systems should be present to ensure that:

#### 1. Pre-payment checks are undertaken to ensure that:

- The goods have been received and examined, meet the required specification and work done or services rendered have been satisfactorily carried out;
- The invoice is in accordance with the contract or order, is arithmetically correct, and has due discounts deducted;
- The payment has not previously been made;
- The payment is authorised.

#### 2. The method of payment is appropriate.

- By use of the corporate creditors system for payment by BACS or cheque (note BACS is the preferred method and must be used wherever possible);
- By imprest account or petty cash for minor sums;
- By some other means as agreed with the Chief Finance Officer.

#### 3. Payment is timely.

- To meet supplier/contractor terms of trade and legislative requirements;
- Justification is provided if urgent payment or dispatch of cheque is required.

4. Transactions are properly accounted for, including;

- proper use of financial codes;
- compliance with HM Revenue and Customs regulations;
- The maintenance of a Register of Contracts by the Chief Finance Officer.

**d) Special Requirements - Advance Payments**

No commitments shall be entered into for goods, work or services for which the supplier or contractor requires payment in advance until the Designated Officer has confirmed the financial standing of the payee with the Chief Finance Officer.

## Financial Procedure Note 4 – Security and Control of Assets

### a) Objective

To ensure the proper use and safeguarding of assets owned by the Authority or for which the Authority has responsibility.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective systems should be present to ensure that:

- Proper security is maintained at all times;
- Assets are recorded and accounted for;
- The use of assets is restricted to authorised Authority business;
- Surplus assets, except land and buildings, are disposed of in accordance with procedures agreed with the Purchasing Manager of the Constituent Authority identified by the Head of Paid Service as being responsible.

In addition, the following controls apply to land and buildings:

- The Head of Property Services of the Constituent Authority identified by the Head of Paid Service as being responsible for land and buildings has overall responsibility for advising on land issues;
- The disposal of land and buildings will be carried out under any scheme of delegations or protocol agreed by the NELB or otherwise with the express approval of the NELB;
- A detailed record of all land and property owned by the Authority shall be maintained by the Head of Property Services of the Constituent Authority identified by the Head of Paid Service as being responsible for land and buildings;
- The Monitoring Officer shall have custody of all title deeds and be responsible for their security;
- Entry should not be allowed into property of NECA without the signing of formal documentation. (If a situation should arise where early entry in connection with a major transaction is required, The Head of Property Services of the Constituent Authority identified by the Head of Paid Service as being responsible for land and buildings will have delegated authority to agree this as appropriate.

**d) Comment**

This financial procedure note applies to all assets, including stocks, stores equipment and vehicles (with either an individual value of £500 or more or a collective value of £2,000 or more) and all cash, land and buildings, that are owned by, or are in the possession of the Combined Authority and for which the Combined Authority is responsible. The form and content of the record is for local decision following consultation with the Chief Finance Officer but must be sufficient to allow verification and to support Balance Sheet entries.

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## Financial Procedure Note 5 – Insurance

### a) Objective

To ensure that the Combined Authority manages all potential insurable risks and liabilities and to limit the authority for arranging insurance cover to the Chief Finance Officer.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Combined Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective, systems should be present to ensure that:

- New risks and any alterations to existing risks are reported to the Chief Finance Officer immediately;
- Combined Authority risks are reviewed annually in accordance with the timetable issued by the Chief Finance Officer;
- Claims are reported in accordance with the guidelines issued by the Constituent Authority identified by the Head of Paid Service as being responsible for insurance and supporting information is provided within required timescales;
- Policy requirements and warranties, notified by the Constituent Authority identified by the Head of Paid Service as being responsible for insurance, are complied with at all times;
- Insurers' loss control requirements are responded to within the relevant timescales.

### d) Comment

Each Designated Officer is responsible for identifying, assessing and reporting risks to the Chief Finance Officer.

The Chief Finance Officer is responsible for arranging all insurance cover and for ensuring the annual review of insurance cover.

## Financial Procedure Note 6 – Staffing and Payroll

### a) Objective

To ensure that staff are appointed in accordance with the Combined Authority's Code of Practice on Recruitment and Selection, are paid in accordance with their Contract of Employment and to ensure leavers are removed from the payroll.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective, systems should be present to ensure that:

- The Code of Practice on Recruitment and Selection is observed in the appointment of staff;
- Amendments to the payroll – including appointments, resignations and changes to Contracts of Employment - are notified to the Head of Service of the Constituent Authority designated by the Chief Finance Officer as being responsible for Human Resources in accordance with payroll deadlines and in the form specified;
- Details of salary and wage amounts to be paid are provided in a form and to a timetable determined by the Chief Finance Officer;
- Uncollected payments are promptly returned to the Authority that made the payment;
- An annual check of staff paid and charged to the financial accounts is undertaken.

## Financial Procedure Note 7 – Reimbursement of Expenses and Payment of Allowances

### a) Objective

To ensure that the reimbursement of allowances and expenses to staff and members is in accordance with the appropriate agreements and legislation.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective systems should be present to ensure that:

#### Staff

- Claims are submitted within one calendar month of the expense being incurred and include sufficient information to allow verification.
- Allowances and expenses are as approved for payment to Combined Authority staff.
- Payment is made in accordance with procedures determined by the Chief Finance Officer.

#### Members

- Claims are submitted within one calendar month of the expense being incurred and include sufficient information to allow verification.
- Allowances for independent members and expenses are as approved for payment to Authority members.
- Payment is made in accordance with procedures determined by the Chief Finance Officer.

### d) Comment

Particular care must be taken to ensure that all payments to individuals, including additional payments to Officers, meet the requirements of the Inland Revenue.

Expenses claims should be supported by receipts whenever possible.



## Financial Procedure Note 8 – Banking Arrangement and Cheques

### a) Objective

To ensure sound banking and payments arrangements by limiting responsibility for it to the Chief Finance Officer.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective systems should be present to ensure that:

- No bank account, or similar, is to be opened except with the authority of the Chief Finance Officer.
- The maintenance of Combined Authority bank accounts is in accordance with arrangements determined by the Chief Finance Officer.
- Cheques shall be ordered only on the authority of the Chief Finance Officer and controlled securely prior to use.
- The approval of the Chief Finance Officer is obtained to any proposal to enter a credit agreement.

## Financial Procedure Note 9 – Investments and Borrowing

### a) Objective

To limit the authority for managing the Authority's Investments and Borrowing to the Chief Finance Officer and to ensure those activities in this area is properly regulated.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Combined Authority and is mandatory for all officers.

### c) Control Checklist

To achieve the above objective systems should be present to ensure that:

- No investment or borrowing transaction is undertaken except with the prior written authority of the Chief Finance Officer;
- Combined Authority bank accounts do not become overdrawn;
- The Chief Finance Officer shall ensure that:
  1. The Authority will create and maintain, as the cornerstones for effective treasury management:
    - a) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
    - b) suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
  2. The content of the policy and the TMPs will follow the recommendations contained in Section 6 and 7 of the Prudential Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
  3. The NELB will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
  4. The NECA delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Governance Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the NECA's policy statement and TMPs and if that officer

is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

5. The NECA is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

- All investments and borrowing are made by the Chief Finance Officer and are in the name of the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority, with the exception of Investments and Borrowing made specifically in respect of Nexus;
- A separate record of the Capital Finance Requirement in relation to Transport services in Tyne and Wear, Durham County and Northumberland County is maintained and reported annually by the Chief Finance Officer;
- All securities are held by the Chief Finance Officer;
- The Chief Finance Officer is the Combined Authority's Registrar of Stocks, Bonds and Mortgages;
- Investments held at the end of each financial year are reported to NELB by the Chief Finance Officer as soon as possible after 31 March;
- All Treasury Management activities are conducted in line with the relevant CIPFA Code of Practice for Treasury Management in Local Authorities; and
- There is an adequate division of duties between arranging and settling of transactions.

Any exceptions to the above can only be authorised by the Combined Authority.

## Financial Procedure Note 10 - Information Technology and Data Protection

### a) Objective

To ensure the orderly and secure development of information technology and the proper control of information held.

### b) Application

This Financial Procedure applies in relation to the Direct Services of the Combined Authority and is mandatory for all officers.

### c) Control

Checklist to achieve the above objective, systems should be present to ensure that:

- Investment in IT complies with the Combined Authority's IT and Information Security strategies and policies.
- All IT purchases:
  - i) Comply with the lead authority's corporate standards and guidelines (including the IT procurement guidelines) unless there are sound reasons to do otherwise;
  - ii) Have necessary capital approvals in place;
  - iii) Are included on an Authority-wide register of IT assets.
- The use of IT and the control of information held are subject to the IT security policy of the Constituent Authority designated by the Chief Finance Officer as being responsible for IT.

## Financial Procedure Note 11 – Commitment of Capital Expenditure

- a) Authority to commit capital expenditure is based on the Capital Programme (the Programme). The Programme is approved by the NELB and is updated regularly to reflect changes in the cost and phasing of schemes and the addition of new schemes.
- b) Inclusion of a scheme in the Programme gives authority to begin procurement and contract procedures subject to the limitations below.
- c) For schemes included in the Programme for commencement in the first financial year (i.e. current financial year) designated Officers have the authority to progress a scheme up to and including contract signature subject to:
- The Corporate Procurement Strategy of the Constituent Authority identified by the Head of Paid Service as being responsible for procurement.
  - Full compliance with the provisions of Financial Regulation 8 on tenders and quotations;
  - Tender costs not exceeding the Programme provision by more than 5% or £50,000, whichever is the lower, provided the source of funding for the additional cost has been identified;
  - Completion of a tender summary report in the form prescribed by the Chief Finance Officer;
  - Certification by the Chief Finance Officer of the tender summary report.

Schemes not meeting these conditions, or where:

- It is proposed to accept other than the lowest tender (where price is the determining criteria), or
- The NELB has directed its approval is required

Must be reported to the NELB for approval to proceed to contract Signature.

- d) Financial Regulation 8 covers contract signature requirements.
- e) For schemes included in the Programme for commencement in any subsequent financial year, Designated Officers have authority to prepare plans and carry out other preliminary work during the first financial year up to a maximum of £50,000.
- f) Proposals to incur preliminary expenditure or commitments above £50,000 must be approved by the Chief Finance Officer and must be recorded by the Chief Finance Officer as a delegated decision.

Note: This authority for preliminary expenditure only applies to schemes in the programme. Confirmation of scheme approval must be sought at the earliest

opportunity if significant changes, either in objective, estimated cost or phasing, are proposed.

**g)** Once commenced, Designated officers have approval to incur:

- Additional expenditure arising from the operation of a 'fluctuation of price' clause;
- Increased costs not exceeding 5% of the contract value or £50,000 whichever is the lower.

Subject to the increased amount being reported for inclusion in the Capital Monitoring Progress Reports to the NELB (where deemed significant by the Chief Finance Officer) and inclusion in the Capital Programme at the earliest opportunity.

## Part 6 Codes of Conduct and Protocols

### Introduction

The purpose of the code and protocols is to help guide members and also officers in their respective roles within the Combined Authority, in their dealings with each other and others they come into contact with.

Given the variety and complexity of those roles and relations, the code and protocols are not prescriptive and may not cover all situations. They provide guidance on situations that commonly occur. They are in part a written statement of good current practice and convention, but aim to promote greater clarity and certainty. They also aim to address those particular issues arising from the relationship between Chief Officers, Officers and members of the NECA, NELB, the Chair of the NELB and Chairs of Committees, Overview and Scrutiny Committees and Sub-Committees.

In effective high performing authorities Officers and Members work well together with trust and mutual respect for their respective roles. NECA Members and Officers fulfil different but complementary roles.

One important feature which underpins the activities of all Members when acting in their official capacity is the ethical framework. The basis of this is that people expect local authorities and Elected Members to maintain high standards of conduct when carrying out their responsibilities.

The Localism Act 2011 places a statutory obligation on the NECA to promote and maintain high standards of conduct by its elected Members. As a result the NECA has adopted a Code of Conduct for Elected Members ("Members' Code of Conduct") and local arrangements for how complaints will be dealt with. The Code is part of the NECA's Constitution and can be found in Part 6.1, the local arrangements are an appendix to the Code.

By keeping to the spirit, as well as the letter, of the Code Members can be confident of maintaining the standards of conduct expected of them. It is also important that everyone involved with the Combined Authority's work, including members of the public, officers, or representatives of other organisations, embrace the Code, and also accept that it may sometimes determine the way members can deal with particular issues.

The guidance in the protocols will help Members to keep within the Code. In addition to that it also sets out protocols to promote effective working.

The NECA will periodically review the guidance to make sure it keeps pace with changes in the law or common practice.

In general terms, if Members are not sure about the action to take in any circumstance there is a very simple rule to follow - **ask first, act later!** The Monitoring Officer will be pleased to give advice and guidance to members on any part of the Code or the protocols.

## Part 6.1 Code of Conduct for Members

### 1. Introduction

With effect from # 2014, The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority adopted a Code of Conduct for Members attached at **Appendix 1**. The purpose of the Code is to govern the behaviour of elected Members of the Combined Authority.

Members, upon appointment, must agree to abide by the Code. If a Member fails to comply with the requirements of the Code a complaint can be made. Details of the procedure for making a complaint and the complaint form are available on the NECA's website or direct from:

The Monitoring Officer for the Combined Authority  
c/o North Tyneside Council  
3FL - The Silverlink North  
Cobalt Business Park  
North Tyneside  
NE27 0BY

Telephone: (0191) 643 5339

The NECA's Code of Conduct for Members is supported by the principles of public life recommended by the Nolan Committee, and the relevant protocols and procedures of the NECA.

### 2. Supporting protocols and procedures

The following documents should be read in conjunction with the Members' Code of Conduct:

- Protocol on Member/Officer relations which sets out the respective roles of Members and Officers and how they should expect to be treated by each other.
- Code of Conduct for Officers, which forms part of this Constitution, is designed to help staff work in a way that will bring credit to themselves and the Combined Authority.
- Whistleblowing Policies to enable officers and Members to raise concerns about issues of conduct without fear of reprisal.

Should there be any conflict between any of these documents in relation to Members' conduct, the Members' Code of Conduct will take precedence.

The procedure ("local arrangements") for dealing with complaints against Members under this Code is attached at appendix 2.



### **3. Personal Responsibility**

Members accept that they have a duty to act within the law. Members have a personal responsibility to ensure that they are aware of the rules of personal conduct and that they comply with them. Members will ensure that they regularly review their personal circumstances to ensure that they do not breach any of the high standards that they have agreed to uphold. Members recognise that they represent the whole community and not just those who voted for them. In deciding how to vote and act Members are aware that they are personally responsible for their actions. Members are influenced by the opinions of others, and a Member's political party will be a strong influence but because they are personally responsible for what they do, Members will make up their own minds about how to act and vote.

Members agree they must be able to justify their actions to the public. Members recognise that they have a duty to foster and develop the public's faith in the honesty of the Combined Authority and its Members.

### **4. Committees**

Members agree not to seek to be members of a committee if their private interests are likely to mean that they would frequently have to withdraw from the committee's consideration of issues. A Member also agrees that they will not seek to be Chair of the NELB or a chair of a committee if they or a body they are associated with has a substantial financial interest in the activities of the NECA or a particular committee.

### **5. Bodies outside of the Combined Authority**

Members agree to apply the standards and rules they observe in NECA meetings to their behaviour at all the meetings they attend as a representative of the NECA unless the Code of Conduct of that other body is in conflict with the NECA Members' Code of Conduct, in which case the Code of Conduct of the external body shall take precedence.

### **6. Whistleblowing**

Members' conduct is also covered by the NECA's Whistleblowing Policy. Through this policy officers may confidentially refer a concern about a breach of the Members' Code of Conduct to a designated officer, rather than making the complaint themselves through the Members' Code of Conduct Procedure.

**Appendix 1**

**The Durham, Gateshead, Newcastle upon Tyne, North Tyneside,  
Northumberland, South Tyneside and Sunderland  
Combined Authority  
Code of Conduct for Members**

The North East Combined Authority has adopted the following code which has effect from ??? April 2014 and which sets out the conduct that is expected of elected members appointed to the NECA when they are acting in that capacity.

**This means the code applies whenever you:**

- (a) Conduct the business of the NECA (including the business of your office as an elected member appointed to the NECA) or**
- (b) Act, claim to act or give the impression you are acting as a representative of the NECA.**

The code is intended to be consistent with Nolan's Seven Principles of Public Life, and should be read in the light of those principles, namely that Members will act with selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Those Principles are not part of this Code but are set out in full at Annex 1 for information.

**Part 1 - General Conduct**

1. You must treat others with respect, including NECA officers and other elected members.
2. You must not bully any person (including specifically any NECA Officer) and you must not intimidate or improperly influence, or attempt to intimidate or improperly influence, any person who is involved in any complaint about any alleged breach of this code of conduct.
3. You must not do anything which compromises or is likely to compromise the impartiality of anyone who works for or on behalf of the NECA.
4. You must not conduct yourself in a manner which could reasonably be regarded as bringing the NECA, or your office as a member of the NECA, into disrepute.
5. You must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person any advantage or disadvantage.
6. You must comply with any Protocol adopted by the NECA which seeks to regulate the conduct of its elected members and which the NELB has specifically declared should fall within the provisions of this code of conduct and which is listed in Annex 4 to this Code.

7. When using or authorising the use by others of the resources of the NECA, you must act in accordance with the NECA's reasonable requirements (as set out in such protocol as it may adopt from time to time for these purposes) and must ensure they are not used for party political purposes.
8. You must not prevent, or attempt to prevent, another person from gaining access to information to which they are entitled by law.
9. You must not disclose information which is given to you in confidence, or information which you believe or ought reasonably to be aware is of a confidential nature, unless:
  - (a) You have the consent of a person authorised to give it; or
  - (b) You are required by law to do so; or
  - (c) The disclosure is made to a third party for the purpose of obtaining professional advice, provided that the third party agrees not to disclose the information to any other person; or
  - (d) The disclosure is reasonable and in the public interest and made in good faith.
10. Where you have been involved in making any decision by the NECA which is subsequently subject to scrutiny by an overview and scrutiny committee of the NECA, you must not take part in that scrutiny process except to the extent you may be invited by the committee to give evidence to, or otherwise assist, it. In this paragraph, 'scrutiny' means the formal examination of a policy or decision previously approved or taken by or on behalf of the NECA in order to reach a view as to its merits or effectiveness.

## Part 2 – Registration of Interests

11. You must register in the NECA's Register of Members Interests information about your registerable personal interests. In this code of conduct 'your registerable personal interests' means:
  - (a) Any Disclosable Pecuniary Interest as set out in **Annex 2**; or
  - (b) Any other interest held by you as set out in **Annex 3**.

You must register information about your registerable personal interests by giving written notice to the Monitoring Officer, who maintains the Register, within 28 days of:

- your appointment as a member of the NECA; and
- any change taking place in your registerable personal interests.

(Note: Failure without reasonable excuse to register a Disclosable Pecuniary Interest is a criminal offence under section 34 of the Localism Act 2011 as well as being a breach of this code.)

12. Where you think that disclosure of the details of any of your registerable personal interests could lead to you, or a person connected with you, being subject to violence or intimidation, the Monitoring Officer may at your request make a note on the Register that you have a personal interest, details of which are withheld.

### **Part 3 – Non-registerable interests**

13. You will have a non-registerable personal interest when you attend a meeting of the NECA, or one of its joint committees, committees or sub-committees, and you are, or ought reasonably to be, aware that a decision in relation to an item of business which is to be transacted might reasonably be regarded as affecting your well being or financial position, or the well being or financial position of a person described in paragraph 14 to a greater extent than most inhabitants of the Combined Area by the decision.

14. The persons referred to in paragraph 13 are:

- (a) A member of your family;
- (b) Any person with whom you have a close association;
- (c) In relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or company of which they are a director or shareholder.

(Note:

- (a) “A member of your family” means: your partner (i.e. your spouse, civil partner or anyone with whom you live in a similar capacity); your parent or parent-in-law; any child, stepchild or sibling of you or your partner; your grandparent, grandchild, aunt, uncle, nephew or niece; and the partners of any of those people.

- (b) You have a “close association” with someone if your relationship is such that a reasonable member of the public might think you would be prepared to favour or disadvantage that person when deciding a matter which affects them).

15. When you attend a meeting of the NECA, or one of its joint committees, committees or sub-committees, and you are aware that you have a non-registerable interest in an item of business (as defined in paragraph 13) you must disclose that interest to the meeting before consideration of that item begins or (if later) when you become aware of the interest.

### **Part 4 - Non-Participation in NECA Business**

16. When you attend a meeting of the NECA or one of its joint committees, committees or sub-committees, and you are aware that the criteria set out in

paragraph 17 are satisfied in relation to any matter to be considered, or being considered at that meeting, you must :

- (a) Declare that fact to the meeting;
- (b) Not participate (or further participate) in any discussion of the matter at the meeting; and
- (c) Not participate in any vote (or further vote) taken on the matter at the meeting;
- (d) Leave the room whilst the matter is being discussed.

17. The criteria for the purposes of paragraph 16 are that:

- (a) You have a registerable or non-registerable personal interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice your judgement of the public interest; **and either**
- (b) The matter will affect the financial position of yourself or one of the persons or bodies referred to in paragraph 14 or in any of your register entries; **or**
- (c) The matter concerns a request for any permission, licence, consent or registration sought by yourself or any of the persons referred to in paragraph 14 or in any of your register entries.

18. If a NECA function can be discharged by you as a member acting alone and you are aware you have a registerable or non-registerable personal interest in any matter to be dealt with by you in that way which meets the criteria set out in paragraph 17, you shall not deal with that matter in any way (except to enable it to be dealt with by someone else).

(Note: Failure, without reasonable excuse, to comply with paragraph 16 to 18 in relation to a Disclosable Pecuniary Interest is a criminal offence under section 34 Localism Act 2011 as well as being a breach of this code.)

19. Paragraphs 16 to 18 do not apply if (i) you have a relevant dispensation under section 33 of the Localism Act 2011 or (ii) the matter in question relates to any of the following functions of the NECA:

- a) statutory sick pay where you are in receipt of, or entitled to receipt of, such pay;
- b) an allowance, payment or indemnity given to members;
- c) any ceremonial honour given to members; and
- d) setting council tax or a precept/levy under the Local Government Finance Act 1992.

**Annex 1 to Code of Conduct****Nolan's Seven Principles of Public Life****Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

**Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

**Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership**

Holders of public office should promote and support these principles by leadership and example.

**Annex 2 to Code of Conduct****Disclosable Pecuniary Interests**

(as defined by Regulations made by the Secretary of State under section 30 Localism Act 2011)

**Please Note:** The following interests are Disclosable Pecuniary Interests if they are an interest of either (a) **yourself**, or (b) **your spouse or civil partner**, or (c) **a person with whom you are living as husband and wife**, or (d) **a person with whom you are living as if you were civil partners** (all of whom are referred to as “relevant persons”):-

**Employment, office, trade, profession or vocation** - Any employment, office, trade, profession or vocation carried on for profit or gain.

**Sponsorship** - Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out your duties as a member, or towards your election expenses.

This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

**Contracts** - Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the NECA —

- (a) under which goods or services are to be provided or works are to be executed; and
- (b) which has not been fully discharged.

**Land** - Any beneficial interest in land which is within the area of the NECA.

**Licences** - Any licence (alone or jointly with others) to occupy land in the area of the NECA for a month or longer.

**Corporate tenancies** - Any tenancy where (to your knowledge)—

- (a) the landlord is the NECA; and
- (b) the tenant is a body in which the relevant person has a beneficial interest.

**Securities** - Any beneficial interest in securities of a body where—

- (a) that body (to your knowledge) has a place of business or land in the area of the NECA; and
- (b) either—
  - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
  - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant



person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Note: In the above descriptions, the following words have the following meanings –

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

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**Annex 3 to Code of Conduct****Other Registerable Personal Interests**

The other interests which you must register under paragraph 11(b) of the code are:

1. Any body of which you are a member (or in a position of general control or management) to which you are appointed or nominated by the NECA;
2. Any body which (i) exercises functions of a public nature or (ii) has charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management);
3. Any person from whom you have received within the previous three years a gift or hospitality with an estimated value of more than £50 which is attributable to your position as member of the NECA.

Note: These mean only your interests and not those of your spouse or civil partner

**Annex 4 to Code of Conduct**

**Protocols which fall within the provisions of the Code of Conduct**

1. Member/Officer Relations Protocol (see Part 6.3).

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## Appendix 2

### Arrangements for Dealing with Allegations of Breaches of the Code of Conduct for Members and Co-opted Members

#### 1. Introduction

These arrangements set out how the Authority will deal with a complaint that an elected or co-opted member of the Combined Authority has failed to comply with the Authority's Code of Conduct.

Where a complaint is made against a Member of the Combined Authority, the Monitoring Officer and the Monitoring Officer of the Member's appropriate Constituent Authority will determine whether the complaint is to be properly dealt with in accordance with the Combined Authority's local arrangements or the appropriate Constituent Authority's local arrangements.

Under Section 28(6) and (7) of the Localism Act 2011, the Authority must have in place "arrangements" under which allegations that a Member or Co-opted Member of the NECA, has failed to comply with the Code of Conduct can be investigated and decisions made on such allegations. Such arrangements must provide for the Authority to appoint at least one Independent Person, whose views must be sought by the Authority before it takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the Authority at any other stage, or a Member or Co-opted Member against whom an allegation has been made.

The Authority has appointed one Independent Person.

#### 2. Receipt of a complaint

A complaint against a Member or Co-opted Member will be sent by the Complainant in writing or by email to:

The NECA Monitoring Officer  
c/o North Tyneside Council  
3FL - Quadrant,  
Silverlink North,  
Cobalt Business Park,  
North Tyneside,  
NE27 0BY

Email:

The Monitoring Officer has statutory responsibility for maintaining the register of members' interests and is responsible for administering the system in respect of complaints of Member misconduct.

The Monitoring Officer will acknowledge receipt of the complaint to the Complainant and provide the subject member of the complaint, with a copy of the complaint within 5 working days of receiving it, and will keep all parties informed of the progress of the complaint.

The Monitoring Officer will also seek comments from the subject member of the complaint to assist in the initial assessment of the complaint.

### **3. Request for confidentiality**

If a Complainant wants to keep their name and address confidential, they are required to indicate this when they submit their complaint. The Authority does not normally investigate anonymous complaints, unless there is a clear public interest in doing so.

To ensure openness and transparency confidentiality will only be granted in exceptional circumstances and in many instances it would not be practical or possible to investigate a complaint without the identity of the complainant being revealed. If however confidentiality is granted and the complaint proceeds the Monitoring Officer will determine whether or when the subject member will be advised of the complaint and the identity of the complainant. The procedure set out below will be adjusted as appropriate to accommodate the decision of the Monitoring Officer.

Where a request for confidentiality is refused by the Monitoring Officer, the Complainant will be advised of that refusal and will be given the option to withdraw the complaint within 7 working days. If the complaint is withdrawn the matter will be then closed and the subject member will not be informed of the complaint. If the Complainant refuses to withdraw the complaint or does not respond within the specified timescale, then the subject member will be sent a copy of the complaint and the complaint will proceed as set out in paragraph 4 below.

### **4. Will the complaint be investigated?**

The Monitoring Officer will review every complaint received and, after consultation with the Independent Person and consideration of the initial comments of the subject member decide whether the complaint will be investigated. The decision will be based on whether the allegation, if proved, would constitute a failure to observe the Code of Conduct and the application of the Authority's adopted assessment criteria (attached at Annex 1). This decision will normally be taken within 28 days of receipt of the complaint. The parties will be advised of the Monitoring Officer's decision together with the reasons for that decision—subject to any decision on confidentiality arising as referred to above.

Where the Monitoring Officer requires additional information in order to come to a decision, he/she may go back to the Complainant for such information, and may request information from the subject member of the complaint.

If the complaint identifies criminal conduct or breach of other regulation by any person, the Monitoring Officer may refer the complaint to the Police or other regulatory agencies irrespective of a request for confidentiality by the Complainant.

### **5. Informal Resolution**

The Monitoring Officer may consider that a complaint can be reasonably resolved informally. In such a case, the Monitoring Officer will consult with the Independent Persons, the subject member and the Complainant to seek to agree a fair resolution of the complaint which also helps to ensure high standards of conduct for the future. If the subject member complies with the suggested resolution, the Monitoring Officer will report the matter to the Governance Committee for information, but will take no further action.

## **6. How is the investigation conducted?**

If the Monitoring Officer decides that a complaint merits formal investigation, he/she will appoint an Investigating Officer. The Investigating Officer may be another officer of the Authority, an officer of another Council or an external investigator.

The Investigating Officer will write to the subject member and will ask them to provide their explanation of events, and to identify what documents or other materials they believe the Investigating Officer needs to see and interview.

The Investigating Officer will decide whether he/she needs to meet or speak to Complainant to understand the nature of the complaint and so that the Complainant can explain their understanding of events and suggest what documents or other materials the Investigating Officer needs to see, and who the Investigating Officer needs to interview.

At the end of his/her investigation, the Investigating Officer will produce a draft report and will send copies of that draft report, in confidence, to the subject member and to the Complainant, to give both an opportunity to identify any matter in that draft report which they disagree with or which they consider requires more consideration. A copy of the draft report will also be sent to the Monitoring Officer.

Having received and taken account of any comments which the Complainant or subject member may make on the draft report, the Investigating Officer will send his/her final report to the Monitoring Officer.

## **7. What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Code of Conduct?**

The Governance Committee will review the Investigating Officer's report and, if they are satisfied that the Investigating Officer's report is sufficient and they agree that there is no evidence of a failure to comply with the Code of Conduct, they will instruct the Monitoring Officer to write to the subject member and to the Complainant, notifying both that they are satisfied that no further action is required, and give both a copy of the Investigating Officer's final report.

If the Governance Committee do not agree with the conclusion that there is no evidence of a failure to comply with the Code of Conduct they will refer the matter for a hearing before the Governance Committee.

In considering the report, the Governance Committee will consult with the Authority's Independent Person.

If the Governance Committee is not satisfied that the investigation has been conducted properly, they may ask the Investigating Officer to reconsider his/her report. Upon the receipt of the report back from the Investigating Officer the Committee will consider whether to accept the report or refer it to a hearing.

## 8. What happens if the Investigating Officer concludes that there is evidence of a failure to comply with the Code of Conduct?

### a) Local Resolution

Where the Investigating Officer concludes that there is evidence of a failure to comply with the Code of Conduct, there may still be an opportunity for local resolution, avoiding the necessity of a hearing. An investigation report may cause a member to recognise that his/her conduct was at least capable of giving offence, and /or identify other appropriate remedial action, and the Complainant may be satisfied for instance, by recognition of fault or an apology. It would only be appropriate for the Monitoring Officer to agree a local resolution at this stage after consultation with the Authority's Independent Person and the Chair of the Governance Committee. In addition this would be conditional on the Complainant being satisfied with the outcome. A summary report on any local resolution of a complaint would be reported to the Governance Committee for information.

### b) Referral for Hearing

If local resolution was not possible, the Monitoring Officer will then refer the matter for a hearing before the Committee.

## 9. The Hearing

Where the Governance Committee has referred a matter for a hearing the procedure at Annex 2 will apply.

## 10. What action can the Governance Committee/Sub-Committee take where a Member has failed to comply with the Code of Conduct?

The NELB has delegated to the Governance Committee such of its powers to take action in respect of individual Members as may be necessary to promote and maintain high standards of conduct.

Accordingly the Governance Committee may:

- a) Issue a formal censure;
- b) Refer the determination findings to the NELB for information;
- c) Make publication of the determination findings by such means as thought fit;
- d) Request the NELB to remove the member from being the Chair or Vice Chair of any Committee or Sub-committee;
- e) Request the NELB remove them from any or all Committees or Sub-committees for a specified period;
- f) Request the NELB to remove particular Thematic Lead responsibilities;
- g) Request the NELB to remove the member for a specified time from all or specified outside appointments to which s/he has been appointed or nominated by the NELB;
- h) Offer training to the member; or
- i) Exclude the member from any Combined Authority's offices or other premises or facilities, for a specified period and to the extent desirable and so as not to interfere with the democratic process, in particular the member's ability to carry out his or her role as an elected member.

The Governance Committee has no power to suspend or disqualify the subject member or to withdraw or suspend allowances or restrict access to or use of Council facilities so that the subject member is unable to perform their essential role as a councillor.

#### **11. What happens at the end of the Hearing?**

At the end of the hearing, the Chair will state the decision of the Governance Committee as to whether a Member has failed to comply with the Code of Conduct and as to any actions which the Governance Committee resolves to take.

As soon as reasonably practicable after that, the Monitoring Officer in consultation with the Chair of the Committee, will prepare a formal decision notice, and send a copy to the Member and the Complainant, make that decision notice available for public inspection on the Combined Authority's website and, if so directed by the Governance Committee, report the decision to the next convenient meeting of the NELB.

#### **12. Review of decisions**

Procedures for the review of decisions are set out in Annex 3.

#### **13. What is the Governance Committee?**

The Governance Committee is made up from seven councillors from the Constituent Authorities, two co-opted Members (for Audit purposes) and an Independent Person. The Committee is a key component of the NECA's corporate governance arrangements and is responsible (amongst other things) for the promotion and maintenance of high standards of conduct by its elected and co-opted members. The full terms of reference for the committee can be found at Part 3.7 of the Constitution.

#### **14. Who is the Independent Person?**

The Independent Person is someone who applied for the post following advertisement of a vacancy for the role, and are appointed by the NELB.

A person does not qualify as "independent", if they are (or at any time in the last 5 years have been) a Member, Co-opted Member or officer of the NECA or any of the Constituent Authorities, or if they are a relative or close friend of such a Member, Co-opted Member or officer.

For this purpose, "relative" comprises –

- (a) a spouse or civil partner;
- (b) any person with whom the candidate is living as if they are a spouse or civil partner;
- (c) a grandparent;
- (d) any person who is a lineal descendent of a grandparent;
- (e) a parent, brother, sister or child of anyone in paragraphs (a) or (b);
- (f) any spouse or civil partner of anyone within paragraphs (c), (d) or (e); or
- (g) any person living with a person within paragraphs (c), (d) or (e) as if they were spouse or civil partner to that person.

The Independent Person is invited to attend meetings of the Committee and their views are sought and taken into consideration before the Committee takes any decision on

whether a Member's conduct constitutes a failure to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.

The Independent Person does not have voting rights on the Committee. Their role is an advisory one.

#### **15. Revision of these arrangements**

The Governance Committee, on the advice of the Monitoring Officer, may depart from these arrangements where it is necessary to do so in order to secure the effective and fair consideration of any matter. The arrangements will also be subject to periodic review by the NELB.

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**Annex 1****Complaints against Members Assessment Criteria**

The following criteria will be taken into account in deciding what action, if any, to take in relation to a complaint that a member has failed to comply with the requirements of the Code of Conduct for Members:

1. Has the complainant submitted enough information to satisfy the Monitoring Officer (or the Governance Committee if appropriate) that the complaint should be referred for investigation or other action?

If not:

The information provided is insufficient to make a decision. So unless, or until, further information is received, no further action will be taken on the complaint.

2. Is the complaint about someone who is no longer a member of the NECA, but is a member of another authority? If so, should the complaint be referred to the Monitoring Officer of that other authority?

If yes:

The complaint will be referred to the Monitoring Officer of that other authority to consider.

3. Has the complaint already been the subject of an investigation or other action relating to the Code of Conduct? Similarly, has the complaint been the subject of an investigation by other regulatory authorities?

If yes:

There may be nothing more to be gained by further action being taken.

4. Is the complaint about something which happened so long ago that there would be little benefit in taking action now?

If yes:

Further action may not be warranted.

5. Does the complaint appear not sufficiently serious to justify the cost or inconvenience of further action?

If yes:

Further action will not be warranted.

6. Does the complaint appear to be simply malicious, politically motivated or tit-for-tat?

If yes:

Further action will not normally be warranted.

7. Is the complaint anonymous?

If yes:

No action will normally be taken unless there are compelling reasons to suggest otherwise, e.g. if it includes documentary or photographic evidence indicating an exceptionally serious or significant matter.

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## Procedure for Hearings

### 1. Introduction

This Annex details the procedure to be adopted for the hearing of complaints by the Governance Committee (or Sub-committee) where an investigation has been completed.

The person(s) making the complaint will be referred to in this procedure as the Complainant and the person against whom the complaint is made will be referred to as the Member.

The Investigating Officer means the Monitoring Officer or other person appointed by the Monitoring Officer to conduct a local investigation in relation to a matter referred to the Monitoring Officer for local investigation.

References to Monitoring Officer include any other person appointed by the Monitoring Officer to carry out the functions of the Monitoring Officer.

### 2. Legal Advice to the Governance Committee

Where the Monitoring Officer also takes the role of the Investigating Officer, he/she must arrange for a separate legal adviser for the Governance Committee in respect of the allegation.

### 3. Notifying the Member and Complainant

The Monitoring Officer shall send a copy of the Investigating Officer's final report to the Member, the Complainant and the Independent Persons.

The Monitoring Officer will ask for a written response from the Member within 14 days, stating whether or not s/he:

- disagrees with any of the findings of fact in the report, including the reasons for any disagreements;
- wants to be represented, at his/her own expense, at the hearing by a solicitor, barrister or any other person;
- wants to give evidence to the Governance Committee, either verbally or in writing;
- wants to call relevant witnesses to give evidence to the Governance Committee;
- wants any part of the hearing to be held in private; and
- wants any part of the report or other relevant documents to be withheld from the public

The Monitoring Officer will also inform the Member that if, at the meeting of the Governance Committee, s/he seeks to dispute any matter contained in the report, without having previously notified his/her intention to do so, the Governance Committee may either adjourn the meeting to enable the Investigating Officer to provide a response, or refuse to allow the disputed matter to be raised.

The Monitoring Officer will also seek the views of the Independent Person on the report and on any action the Independent Person feels should be taken in respect of it.

Upon receipt of the responses, the Monitoring Officer will discuss the responses with the Chair of the Governance Committee and will complete a Pre-hearing Summary which will include:

- a) The name of the 'home' authority
- b) The name of the Member.
- c) The name of the complainant (unless there are good reasons to keep his/her identity confidential).
- d) The Case reference number.
- e) The name of the Chair for the hearing.
- f) The name of the Investigating Officer.
- g) The name of the clerk of the hearing or other administrative officer.
- h) The date the pre-hearing summary was produced.
- i) The date, time and place of the hearing.
- j) A summary of the complaint.
- k) The relevant section or sections of the Code of Conduct.
- l) The findings of fact in the investigation report which are agreed and the findings of fact in the investigation report which are not agreed.
- m) Whether the Member or the Investigating Officer will attend or be represented.
- n) The names of any witnesses who will be asked to give evidence.
- o) An outline of the proposed procedure for the hearing.

The Member and the Investigating Officer are entitled to request that any witnesses they want should be called. However, the Chair of the Governance Committee, following advice from the legal adviser, may limit the number of witnesses, if he/she believes the number requested is unreasonable or that some witnesses will simply be repeating the evidence of earlier witnesses, or else will not provide evidence that will assist the Committee to reach its decision.

Nothing in this procedure shall limit the Chair of the Governance Committee from requesting the attendance of any additional witnesses whose evidence he/she considers would assist the Governance Committee to reach its decision.

#### **4. The Governance Committee**

The Governance Committee shall decide, on the balance of probability, whether the grounds of the complaint are upheld. It shall do so by considering the report and, where

appropriate, written or oral representations made by the Member, and any additional relevant information from the Investigating Officer or witnesses.

Each Governance Committee member shall have one vote, and all matters/issues shall be decided by a simple majority of votes cast.

The meeting of the Governance Committee will be open to the public and press unless confidential information or exempt information under Schedule 12A of the Local Government Act 1972 is likely to be disclosed.

## 5. Procedure at the Hearing

The initial order of business at the meeting shall be as follows:

- declarations of interest;
- consideration as to whether to adjourn or to proceed in the absence of the Member, if the Member is not present;
- introductions;
- any representation from the Investigating Officer and/or the Member as to reasons why the Governance Committee should exclude the press and public and determination as to whether to exclude the press and public. Where the Governance Committee decides that it will not exclude press and public, the Monitoring Officer shall at this point provide copies of the agenda and reports to any members of the press and public who are present.

The purpose of the hearing is to test the robustness of the report, by examining the reasoning contained within the report and the quality of the evidence relied upon. This calls for an inquisitorial approach by the Governance Committee based on seeking information in order to identify potential flaws in the report and to clarify issues. The Governance Committee will control the procedure and evidence presented at the hearing, including the questioning of witnesses.

The Governance Committee may at any time seek legal advice from its legal adviser. Such advice will on all occasions be given in the presence of the Investigating Officer and the Member.

The procedure at the hearing will be as follows, subject to the Chair of the Committee being able to make changes as he or she thinks fit in order to ensure a fair and efficient meeting.

### a) Examination of report and written representations

The Panel will consider the report together with any written response from the Member to the report. The Committee may require the Investigating Officer to answer questions put to him/her by members regarding the contents of the report.

The Committee must also take account of the views expressed by the Independent Persons in their response to the Monitoring Officer.

b) Oral evidence

If there is any disagreement as to the facts of the case, the Investigating Officer will be invited to make any necessary representations to support the relevant findings of fact in the report, calling supporting witnesses as agreed by the Chair.

Questions may be asked by the Committee at any point. The Member, will not be permitted to directly question the Investigating Officer or the witnesses he/she calls.

If the Member wishes to challenge any oral evidence being presented, then these questions shall be directed through the Chair.

The Member will then be invited to make any necessary representations to support their version of the facts, calling supporting witnesses as agreed by the Chair.

Questions may be asked by the Committee at any point. The Investigating Officer will not be permitted to directly question the Member or the witnesses he/she calls. If they wish to challenge any oral evidence being presented, then these questions must be directed through the Chair.

Where the Member seeks to dispute any matter in the report which he/she had not given notice of intention to dispute in his/her written statement in response, the Investigating Officer shall draw this to the attention of the Governance Committee. The Governance Committee may then decide:

- not to admit such dispute but to proceed to a decision;
- to admit the dispute, but to invite the Investigating Officer to respond
- to adjourn the meeting to enable the Investigating Officer to investigate and report on the dispute.

Where appropriate the Investigating Officer will make representations on behalf of the Complainant to the Governance Committee.

The Governance Committee may adjourn the hearing to require the Monitoring Officer to seek further information or undertake further investigation on any point specified by the Committee.

## 6. Decision by the Governance Committee

The Governance Committee will consider in private session which of the following findings to adopt:

- that there is no evidence of any failure to comply with the Code of Conduct;
- that the Member has failed to comply with the Code of Conduct, but that no action needs to be taken;
- that the Member has failed to comply with the Code of Conduct and that a sanction should be imposed.

The available sanctions are:

- a) Issue a formal censure;
- b) Refer the determination findings to the NELB for information;

- c) Make publication of the determination findings by such means as thought fit;
- d) Request the NELB to remove the member from being the Chair or Vice Chair of any Committee or Sub-committee
- e) Request the NELB to remove them from any or all Committees or Sub-committees for a specified period;
- f) Request the NELB to remove particular Thematic Lead responsibilities;
- g) Request the NELB to remove the member for a specified time from all or specified outside appointments to which s/he has been appointed or nominated by the NELB;
- h) Offer training to the member; or
- i) Exclude the member from the Combined Authority's offices or other premises or facilities, for a specified period and to the extent desirable and so as not to interfere with the democratic process, in particular the member's ability to carry out his or her role as an elected member.

In deciding what sanction (if any) to set, the Governance Committee will consider all relevant circumstances including any views expressed by the Independent Persons.

The Governance Committee will then resume the public session and the Chair will announce the decision and the reasons for that decision.

If the matter is a complicated one, where the complaint has a number of aspects, the Governance Committee can decide to consider the evidence and reach a finding on each aspect separately.

The Governance Committee will then consider in open session whether there are any recommendations which it wishes to make arising from consideration of the allegation.

## 7. Notice of findings

The Monitoring Officer will make a short written decision available on the day of the hearing and a full written decision in draft will be prepared as soon as possible.

Within two weeks of the end of the hearing, the Monitoring Officer will circulate a full written decision, to the Member and the Complainant.

At the same time the Monitoring Officer shall arrange for a summary of the findings to be published as may be directed by the Governance Committee.

Where the Governance Committee determines that there has not been a breach of the Code of Conduct, the notice shall:

- state that the Governance Committee found that the Member had not failed to comply with the Code of Conduct and shall give its reasons for reaching that finding and not be published if the Member so requests.

Where the Governance Committee determines that there has been a failure to comply with the Code of Conduct but no action is required, the notice shall:

- state that the Governance Committee found that the Member had failed to comply with the Code of Conduct but that no action needs to be taken in respect of that failure specify the details of the failure; and give reasons for the decision reached.

Where the Governance Committee determines that there has been a failure to comply with the Code of Conduct and that a sanction should be imposed, the notice shall:

- state that the Governance Committee found that the Member had failed to comply with the Code of Conduct;
- specify the details of the failure;
- give reasons for the decision reached; and
- specify the sanction imposed.

Copies of the agenda, reports and minutes of a hearing, as well as any background papers, apart from sections of documents relating to parts of the hearing that were held in private, will be available for public inspection for six years after the hearing.

## **8. Confidentiality and disclosure of information**

Where the Chair of the Governance Committee considers that the report and/or any of the written statements in response are likely to disclose any exempt information and in consequence that it is likely that the Governance Committee will, during consideration of these matters, not be open to the public, he/she shall instruct the legal adviser to not provide copies of these papers to the press or public or permit their inspection by the press or public in advance of the meeting.

The Hearing will be held in public except for those parts of its proceedings which involve exempt information and during the deliberations of the Governance Committee



## Review of Decisions

### 1. Initial Assessment Decisions

If a Complainant is aggrieved by a decision by the Monitoring Officer to not investigate a complaint then the Complainant may request the Monitoring Officer to reconsider their decision.

The Monitoring Officer will consult the Independent Person and the Chair of the Governance Committee, and take their views into account, before deciding whether to uphold or vary their original decision.

### 2. Findings of Governance Committee following a hearing

If a member is aggrieved by a finding of Governance Committee that they have failed to comply with the Code, or with the sanction imposed, they may request a review by an Independent Person from another local authority in accordance with the following procedure:

- The member must request a review, with their detailed reasons for seeking a review, within 5 working days of the publication of the decision notice otherwise the decision of the Governance Committee will become final.
- The request for a review must be in writing and must be submitted to the Monitoring Officer.

If a request for a review is received, the decision of the Governance Committee will be held in abeyance pending completion of the review process.

If a request for a review is received the decision of the Governance Committee (including all the papers considered by the Committee) will be referred to an Independent Person of a Constituent Authority not being the home authority of the Member. The Independent Person will review the case on the information provided and will provide a report to the Governance Committee. The report to the Governance Committee will provide any comments the Independent Person considers are appropriate and relevant taking into account the basis of the request for review from the Member.

Upon the receipt of the Independent Person's report, the Governance Committee will consider the Independent Person's comments, the reasons submitted for the review by the Member and will determine whether to confirm the decision of the Governance Committee, amend the decision or substitute it with an alternative decision; this could include concluding that no breach of the Code occurred.

No further right of appeal or review of the Governance Committee's decision within the Authority is available. However, if the Member or the Complainant considers that the Authority has failed to deal with the complaint properly, they may make a complaint to the Local Government Ombudsman.

## Part 6.2 Code of Conduct for Officers

### 1. Introduction

The way that officers conduct themselves influences the public's opinion of the Combined Authority. This code of conduct is intended to support officers in maintaining standards and to help to protect Officers from misunderstanding or criticism. This Code applies to all officers of the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

### 2. Summary

Officers within the Combined Authority are expected to:

- a) treat others with respect;
- b) work with colleagues to achieve goals;
- c) maintain high standards of performance and behaviour;
- d) promote the values and aims of the council and implement relevant council policies and procedures; and
- e) seek help if for any reason they are unable to do their job

Any Officer, who is unsure about any aspect of the code, should check with their manager.

### 3. Treating others with respect

Officers are expected to treat people with courtesy and consideration and respect an individual's right to privacy.

An Officer must not do anything that compromises or is likely to compromise the impartiality of a Member of the Combined Authority.

The Combined Authority Member/Officer Relations Protocol states that elected members should treat Officers with respect. Officers should treat councillors with respect and avoid over-familiarity, which may be unwelcome and embarrass others.

Officers should deal with customers and service users in a courteous, efficient and unbiased manner and follow the policies and procedures of the Combined Authority.

Officers should apply the same high standards to their dealings with colleagues and with the elected members. They should treat their colleagues with respect and according to their individual needs.

In order to deliver the plans and policies of the NECA, it is expected that its Officers will work together and support each other.

#### **4. Maintaining High Standards**

Residents of the Combined Area and those using services provided by the NECA are entitled to expect the highest standard of conduct. Officers have responsibilities to the community they serve. Officers will strive to ensure courteous, respectful, efficient and impartial service to all groups and individuals within that community. The following sections detail the standards expected in particular areas. If an allegation is made and it is proved that, for example, a gift has been given to an Officer, he/she will have to demonstrate that the reward has not been corruptly obtained.

An Officer must not bribe/attempt to bribe another individual, personally take a bribe or knowingly allow another to.

#### **5. Gifts**

Public Officers are prohibited by law from accepting gifts or rewards, and must show neither favour nor disfavour to anyone in their official capacity. To safeguard themselves, Officers must not accept any gift or other benefit offered to them, their partner or a family member by any person or organisation who has, or wishes to have, dealings with the Combined Authority. Officers should refuse them with courtesy and tact (there may be exceptions, including gifts of token value. In these circumstances Officers should check with a manager. However, if in doubt, they should err on the side of caution). Officers should give a proper explanation and failure to do so might put them or their job at risk. In declining the offer of a gift, a possible way for Officers to avoid offending someone may be to suggest they write to the Head of Paid Service expressing their appreciation.

Although the law does not allow individuals to accept gifts, the Combined Authority is legally able to accept gifts, so another possible way of not offending someone who has offered a gift, which can be put into general use, may be for the Officer to explain that he/she is accepting it on behalf of the NECA. This means the Officer will have to hand it over to their manager where it will become the property of the NECA and could be used in one of the NECA's establishments.

Officers should inform their manager if they are offered a gift as this will need to be recorded even if the gift / hospitality has not been accepted.

#### **6. Hospitality**

Officers should accept offers of hospitality (which must be authorised) only in the circumstances described below:

- a) There is a need to pass on information or represent the Combined Authority in the community.
- b) Attend social or sporting functions only when these are part of the life of the community or where the Combined Authority should be seen to be represented.
- c) It is acceptable for an Officer to accept hospitality through attendance at relevant conferences and courses if it is clear that the hospitality is business rather than personal, where the Head of Paid Service gives permission in

advance and is satisfied that any procurement decisions are not compromised.

Be careful about timing as the host could be seeking to do business with the Combined Authority or to obtain a decision from it. Officers should check with their manager first if they are offered hospitality, as this will need to be recorded, even if they have not accepted the hospitality or it is not authorised.

If Officers are involved in visits to inspect equipment etc., they should avoid jeopardising the integrity of subsequent purchasing decisions by ensuring that the Combined Authority meets the cost of such visits.

To assist in the application of the Code of Conduct fairly and consistently, the guidance below should be followed when considering the acceptance of gifts or hospitality:

- a) What is the context of the offer? Any offer must be impartial, for example, if an offer is received from an organisation currently bidding for a contract, or has recently won a contract, this could be interpreted as not impartial and should be declined.
- b) What is the value of the offer? High value offers would be questionable and should be declined.
- c) What reason is given by the Officer for accepting the offer? There must be a clear business reason for acceptance.
- d) Should the Officer attend the event but pay for the hospitality, for example, an Officer attending an event to promote networking opportunities.
- e) Could the offer of a gift be accepted on behalf of the Combined Authority rather than by the individual?
- f) Is there any doubt about the appropriateness of accepting the gift or hospitality? If there is any doubt as to the integrity or honesty, the manager should refuse permission to accept.

## **7. Sponsorship**

The rules regarding the acceptance of gifts or hospitality also apply to an outside organisation that wishes to sponsor an activity organised by the Combined Authority.

If the Combined Authority wishes to sponsor an event or service, Officers, and their partners, spouses or relatives must not benefit from it in a direct way. If an Officer has an interest in an event or service that the Combined Authority wishes to sponsor, he/she should inform their manager. This should also be done even if the sponsorship has not been accepted.

Where the Combined Authority, through sponsorship, grant aid, financial or other means, gives support in the community, Officers must ensure that impartial advice is given and there is no conflict of interest involved.

## **8. Use of Resources**

The Combined Authority is responsible for the safekeeping of public buildings and the control of public money. Officers should be open as far as possible, and

be ready to answer for their actions. Officers should use NECA resources for authorised, official purposes only.

Officers should strive to ensure value for money to the local community and avoid any legal challenge to the council by using any public money in their care responsibly and lawfully.

## **9. Additional and Outside Employment**

The Combined Authority has to be satisfied that conflicts of interest do not arise with an Officer's additional / outside employment. For this reason, Officers must inform their manager that they intend to seek any outside employment (paid or unpaid, and / or where expenses may be offered), which may have a conflict of interest with their role in the Combined Authority. If Officers are unsure if their additional / outside employment does cause a conflict of interest they should seek advice from their manager.

Officers may be required to refund some or all of their income/expenses from their other activity if it is a function of their employment with the Combined Authority.

The Combined Authority will not unreasonably prevent Officers from carrying out other employment. If a manager refuses an Officer's request they will explain their reasons for doing so.

Officers should not take outside employment if it conflicts with or overlaps with their official duties.

Officers should be aware of the terms of their contract of employment.

## **10. Personal Interests**

Officers must not make official decisions about matters in which they have a personal involvement.

Officers should declare if:

- a) they have any personal interests, whether financial or not, which could overlap or bring about conflict with the Authority's work; or
- b) they belong to any society or organisation which is not open to the public without formal membership and which has secrecy about rules, membership or conduct, with a commitment of allegiance to the organisation.

The purpose of this declaration is to protect Officers from allegations of bias, interest or favouritism.

## **11. Relationships with suppliers or contractors**

In circumstances where an Officer has a financial interest in a contract to which the Combined Authority is a party, or which is proposed to be entered into by the NECA or any of its joint committees, committees, or sub-committees or if an Officer has any relationships of a personal or a business nature with external

contractors or service suppliers, or possible contractors or suppliers, he/she must declare this.

## **12. Communicating Information**

Officers must not use information gained at work for their personal gain or pass it to others who do not have a legitimate work involvement.

Officers should be aware of what information they can and cannot release. If an Officer needs guidance on this, they should speak to their manager. Officers should only reveal information regarding other Officers if they have obtained the approval of the person concerned first, or the law permits the information to be disclosed.

When completing and responding to reference enquiries Officers should give an honest and factual response. Officers should also be aware that failure to comply with this obligation could result in a criminal offence.

## **13. Copyright and Intellectual Property**

If an Officer's employment entails them creating items of intellectual property, such as literary, musical and dramatic works, works of art, original drawings or design, performances and broadcasts (including material placed on the Internet) they belong to the Authority, unless the Authority specifically agrees otherwise. Officers should also ensure that nothing they create in the course of their employment infringes copyright, beyond that which would be accepted as "fair dealing" i.e. normally copies of parts of a work. If an Officer is in doubt he/she should discuss the matter with their manager who may seek legal advice if appropriate.

## **14. Data Protection**

Officers must observe the requirements of the data protection legislation and follow the Authority's computer security policy. Officers may disclose personal data about an individual, from which he or she can be identified and which is held on computer equipment or manual records, only to those who are registered as receivers of such information.

## **15. Giving Fair Advice**

When asked, Officers should give fair advice without bias.

Officers should serve all Members in the same manner and respect their rights.

If an Officer is required to advise a meeting of a political group of Elected Members they should first seek the authority of the Head of Paid Service to attend the meeting. The Officer must remain politically neutral by ensuring that he/she does not show bias towards any particular group. Officers are advised to keep a summary of the key points of their advice. If he/she offers a briefing to one political group he/she should offer one to the other groups on the same topic, within an appropriate timescale.



**16. Political Neutrality**

Officers must in the discharge of their duties act at all times in a politically neutral way. In doing so they must not favour or disadvantage any political group or politician in how they undertake their duties.

**17. Seeking help**

If anything prevents an Officer from doing their job with the Authority he/she should inform their one-up manager.

**18. Breaches of the Code**

Breaches of this code of conduct may lead to action being taken under the Combined Authority's Discipline Procedure.

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## Part 6.3 Member/Officer Relations Protocol

This section provides general guidance for Members and Officers in their relations with one another. It reflects the basic principles underlying the respective rules of conduct that apply to Members and Officers. This protocol cannot cover every eventuality nor is it prescriptive. Its intention is to offer guidance on some of the issues that commonly arise.

Members and Officers are all public servants who depend on each other in carrying out their work. Members are responsible to the people of the Combined Area who they serve for as long as their term of office lasts, while Officers are responsible to the Authority. Their job is to give impartial advice to the NELB and to NECA's joint committees and committees as well as individual Members, and to carry out the NECA's work. The responsibility for decision making in relation to the NECA's work is set out in Part 3 of the Constitution.

Mutual respect between Members and Officers is essential to good local government. Mutual respect and courtesy should prevail in all meetings and contacts (both formal and informal) between Members and Officers. To be most effective Members and Officers will work closely and cohesively together. However, close personal familiarity between individual Members and Officers can damage this important relationship.

The relationship has to operate without any risk of compromising the ultimate responsibilities of Officers to the Authority as a whole, and with due regard to such technical, financial, professional and legal advice that Officers can legitimately provide to Members.

### 1. Roles of Members

Members have many different roles:

- a) Members are the policy makers and carry out a number of strategic and corporate functions collectively approving the Authority's policy framework, strategic plans and budget.
- b) Developing and reviewing policy and strategy.
- c) Monitoring and reviewing policy implementation and service quality.
- d) Members express political values and support the policies of the political party or group to which they belong (if any).
- e) Representing their communities and bringing their views into the Authority's decision making processes, thus becoming advocates for their communities.
- f) Being involved in partnerships with other organisations as community leaders.
- g) Representing the Authority on other bodies and acting as ambassadors for the Combined Authority.



- h) Members may have roles relating to their position as members of the NELB or Overview and Scrutiny Committee or other committees and sub committees of the NECA.

## **2. Roles of Officers**

Officers' main roles are as follows:

- a) Providing advice to the NELB, to NECA's joint committees and committees and Members to enable them to fulfil their roles.
- b) Managing and providing services for which they are responsible.
- c) Being accountable for ensuring those services are efficient and effective.
- d) Advising the NELB, NECA's joint committees and committees and Members in respect of those services.
- e) Initiating proposals for policy development.
- f) Implementing the Authority's policies.
- g) Ensuring the Authority acts lawfully.
- h) Representing the Authority on external organisations.

## **3. Respect and Courtesy**

An essential ingredient to the Authority's business being conducted effectively is ensuring mutual respect, trust, courtesy and even-handedness in all meetings and contacts between Officers and Members. This plays a very important part in the Authority's reputation and how it is seen by the public.

## **4. The Combined Authority's Reputation**

Members and Officers both have an important role in engendering a good reputation for the Combined Authority. In particular they should:

- a) protect and promote the legitimacy of democratic local government;
- b) promote a positive relationship between Members and Officers and be careful not to undermine it;
- c) avoid criticism of the Combined Authority when formally representing it; and
- d) avoid personal criticism of other Members and Officers.

## **5. Undue pressure**

In any dealings between Members and Officers neither should try to take advantage of their position.

In their dealings with Officers, Members should be aware that it is easy for Officers to be overawed and feel at a disadvantage. This can be even more so where Members hold leading roles. However it is also possible for Members, particularly newer Members to be overawed by Officers. Members and Officers must always be mutually respectful regardless of their role within the Authority.

Members must not pressurise any Officer to do things s/he has no power to do, or to work outside of normal duties or hours.

Apart from decisions that are clearly illegal, Officers should usually carry out decisions of the NECA. However, instructions should never be given to Officers to act in a way that is unlawful as ultimately this could damage the Authority's interests. Officers have a duty to express their reservations in this sort of situation, and the Monitoring Officer or Chief Finance Officer may get involved as they have a statutory duty to intervene where illegality or maladministration is possible.

To assist Members in decision making they should be informed of all legal and financial considerations, and be warned of the consequences even if it is unpopular. If a Member has a concern that an Officer is not carrying out a particular NECA decision, the Member concerned should draw this to the attention of the Head of Paid Service.

In similar terms, Officers should not use undue influence to pressure an individual Member to make a decision in his/her favour, nor raise personal matters to do with their job, or make claims or allegations about other Officers to Members.

The Authority has procedures for consultation, grievance and discipline and there is a right to report actions of concern under the Authority's Whistleblowing Policy.

As mentioned above, the Authority has adopted separate Codes of Conduct for Members and Officers. One shared aim of the codes is to improve and maintain the Authority's reputation and so they demand very high standards of conduct.

Under the Members' Code of Conduct Members must promote equality, treat others with respect and not do anything that compromises the unbiased nature of those who work for the Authority. In particular, Members should never act in a way which an independent observer might consider to be bullying, harassment or trying to get special treatment.

## **6. Personal and Business Relationships**

Members and Officers must work together closely to effectively undertake the Authority's work. This inevitably leads to a degree of familiarity. However, close personal relationships between individual Members and Officers can be damaging to mutual respect.

It is important not to allow any personal or business connection or relationship with any other Members or Officer to affect the performance of official responsibilities, taking action or making decisions. It is also important in these circumstances to be wary of passing confidential information to anyone who should not have access to it.

Members and Officers should always consider how any relationship or connection could be interpreted by anyone outside the Authority, or by any other Member or Officer, and avoid creating any impression of unfairness or favouritism.

Members should take account of any relationship or connection they have with any other Member or Officer when considering whether or not they need to register or declare a personal interest. It would usually be inappropriate for a Member to have special responsibilities in an area of activity in which someone with whom s/he has a close personal or business relationship is a senior officer. If this situation arises, the Member should take appropriate action to avoid a potential conflict of interest.

## **7. Officers' Advice to Members**

Members are entitled to ask the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer for such advice and information as they reasonably need to help them in discharging their role as a Member of the Council. This can range from general information about some aspect of the Authority's activities, to a request for specific information on behalf of a constituent.

It is important for the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer to keep Members informed both about the major issues affecting the Authority and about issues affecting the areas s/he represents. Members shall be kept informed about proposals affecting their Constituent Areas and be invited to Authority initiated events within or affecting their Constituent Areas.

Advice or information sought by Members should be given in a timely manner. It should be provided by the relevant service provided it is within the service's resources. Resources are finite and Members should act reasonably in the number and content of the requests they make.

Officers serve the whole Authority and must be politically neutral in their work. In providing advice and support to the NECA and when implementing its lawful decisions, it must not be assumed that an Officer is supportive of a particular policy or view or is being other than politically neutral in implementing such decisions. Political neutrality in carrying out their work ensures that Officers are able to act impartially in the best interests of the Authority. Special legal rules exist which limit the political activities of senior Officers. All senior posts are 'politically restricted', which means that the Officers in those posts are not allowed to speak or write in such a way that could affect public support for a political party. However they can speak or write in a way which is necessary in order to perform their duties properly.

If Members have any concerns that an Officer is not acting in a politically neutral manner, they should refer their concerns to the Head of Paid Service. Allegations that an Officer has not acted in a politically neutral way are serious and could be damaging to his/her reputation.

Officers can advise on matters relating to the Authority's business. However, the Officer may need to tell his or her manager about the discussions, if that is necessary to enable a matter to be properly dealt with.

Officers can usually give information confidentially unless doing so would not be in the Authority's best interests (for example, if it went against their obligation to

protect the Authority's legal or financial position). Any information a Member receives confidentially in one capacity (for example, as a Member of the NELB) cannot be used when acting in a different capacity (for example, when representing his/her ward). Confidential information can only be given to those entitled to see it. It is best to check with the Officer giving the information whether it is appropriate to pass it on to others.

Members should make sure that when they are getting help and advice from Officers they only ask for information to which they are properly entitled. There is more detail about the information to which Members are entitled below. Members' rights to inspect documents are contained partly in legislation and partly at common law.

If a Member asks for information or advice relating to the work of a particular service, and it appears likely or possible that the issue could be raised or a question asked at a subsequent meeting on the basis of that information, the relevant Chair of the Committee should be advised about the information provided.

Officers are required to serve the Authority as a whole. They are responsible to the Head of Paid Service, the Monitoring Officer and the Chief Finance Officer, and not to individual Members whatever office they may hold.

## **8. Politically Restricted Posts**

There are a number of rules which apply to Officers who occupy politically restricted posts under the Local Government and Housing Act 1989. In summary such Officers are prevented from:

- a) being a Member of Parliament, a Member of the European Parliament or a local authority member;
- b) acting as an election agent or sub agent for a candidate for any of those bodies;
- c) being an officer for a political party or branch, or a committee if that role is likely to involve participation in the management of the party or branch, or to act on its behalf in dealings with other persons;
- d) canvassing on behalf of a political party or an election candidate;
- e) speaking in public in support of a political party; and
- f) publishing written or artistic works affecting support for a political party.

## **9. Member Briefings and Political Group Briefings**

General matters of the Authority's policy, development, and performance as well as specific policy issues can be the subject of all party briefings.

There is statutory recognition of political groups. It is common practice for political groups to give preliminary consideration to matters of Authority business before the matters are considered by the relevant decision making forum.

Senior Officers may be asked to attend political group meetings called to address Authority business. All requests for briefings of political groups should be directed to the Head of Paid Service. If attendance is requested the Chief Executive's agreement must be obtained and s/he will determine the appropriate Officer to attend and all groups must be offered the same facilities if they so request.

Where officers do attend political group meetings certain matters need to be understood by Members and Officers about this process:

- a) Officer support in these circumstances will be to provide information and advice and to answer questions about matters of Authority business;
- b) these meetings are not decision making meetings and conclusions reached at them are not the Authority's decisions;
- c) where Officers provide information and advice at these meetings this is not a substitute for providing all necessary information and advice to the decision making forum;
- d) if the meeting includes non-Members of the Authority, Officers may not be able to provide the information and advice they would to a meeting of Members to prevent disclosure of confidential information to non-Members; and
- e) Officers should not be asked for, or give advice or comments on political business, and should not expect to be present at meetings or parts of meetings when matters of political business are to be discussed.

The requirements as to declaring interests apply to political group meetings. The meeting should keep to the requirements of declaring interests, including the requirement to record any declared interests in the record of the meeting.

Officers should respect the confidentiality of any discussions at which they are present with Members in this context. They may however have to brief the Head of Paid Service on the nature of issues raised at the meeting.

It is accepted that a Member of one political group will not have a need to know and has no right to inspect a document, which is confidential to another political group.

When responding to questions at a political group meeting Officers will need to bear in mind the rules as to access to information, and where appropriate the need for Members to show that they have a 'need to know'.

It is recognised that political groups may have in attendance party representatives who are not elected Members of the Authority. At his/her discretion, the Head of Paid Service may permit an Officer to give a political group briefing when such representatives are likely to be present. The Head of Paid Service's decision is final. In any event, if such representatives are present, they:

1. Must comply with the requirements relating to the declaration of any interests and take any necessary consequent action.
2. Must not receive any documentation that contains confidential or exempt information



3. Must not be present when any confidential or exempt information is considered.

Members should be aware that where political group meetings are arranged to deal with non Authority business, particularly matters of a purely party political nature, and which may be attended by non-Members, the Head of Paid Service may consider the meeting to be a political meeting and therefore provision of the Authority's resources and attendance by Officers to be inappropriate.

It must not be assumed that an officer is supportive of a particular policy or view considered at a political group meeting simply because he/she has attended or provided information to the meeting.

Officers will respect the confidentiality of any political group discussions at which they are present and, unless requested to do so by that political group, will not relay the content of such discussions to another political group or to any other members. This shall not prevent an officer providing feedback to other senior officers on a need-to-know basis.

In their dealings with political groups, officers must treat each group in a fair and even-handed manner.

Officers should not attend nor be asked to attend political group meetings at any pre-election period (the time between the election being announced and election day).

At any other meeting arranged by a political group or individual Member, Officers can only attend to provide information which is publicly available. Whether an Officer can attend will be a decision for the Head of Paid Service. If an Officer who is invited to attend a public meeting is concerned that the meeting is or is becoming a political meeting the Officer will withdraw from the meeting as soon as reasonably practicable to ensure that the political neutrality of the Officer is seen to be maintained.

It is acknowledged that some Authority staff may receive and handle messages for members on topics unrelated to the Authority. Whilst these will often concern diary management, care should be taken to avoid the Authority's resources being used for private or party political purposes.

## **10. Head of Paid Service**

The Head of Paid Service's responsibility is to the Authority as a whole and not to any political group.

The Head of Paid Service is expected to work closely with the NELB and its Chair and Vice Chair. This is subject to maintaining his/her position as politically neutral. Everyone should respect the political neutrality of the Head of Paid Service. S/he should not be asked to play any role or undertake any task which is likely to prejudice that neutrality or make it difficult for him/her to continue to serve successive administrations of whatever political persuasion.

The Head of Paid Service is able to give advice on a confidential basis about procedural matters to any Member. All Members of the Authority have access to the Head of Paid Service.

The following principles govern the relationship between the Head of Paid Service and political groups:

- a) It is proper for the Head of Paid Service to develop a working relationship with all political groups on the Authority.
- b) The Head of Paid Service is free to provide information and answer procedural inquiries to Members of any group. S/he will not advise as to the policies which any group should pursue.
- c) The Head of Paid Service will draw the attention of the NELB to any case where consideration should, in his opinion, be given to affording information, consultation, or representation to other committees.

When the Head of Paid Service attends a meeting of any political group, s/he will ensure that the part s/he plays in the proceedings is consistent with his/her political neutrality.

The foregoing principles apply similarly to the Monitoring Officer and Chief Finance Officer, who shall act under the general direction, and after seeking the advice of, the Head of Paid Service.

## **11. Correspondence**

When a Member sends any letter, fax or e-mail to an Officer, if s/he is also sending a copy to another person s/he should make this clear to the Officer. Similarly if an Officer sends information to a Member and copies that information to any other person, s/he should make that clear to the Member concerned.

Communication between Members and Officers will normally be confidential, and should not be disclosed to third parties unless there are overriding obligations to disclose it to protect the Authority's interests.

A Member may however disclose information to a constituent if the information deals with a ward matter which the constituent has raised, provided the information is not confidential and that disclosure will not harm the interests of the Authority or another party. As a general rule personal information about a third party will be confidential. It is best to seek advice if there is any doubt as to whether information can be disclosed. Where the Officer providing the information considers that the whole or any part of the information should be treated as confidential then this will be indicated and Members will respect that position.

Other than in the case of information sent by Members in their capacity as ward councillors, official letters sent on behalf of the Authority should normally be sent out in the name of the appropriate Officer rather than in the name of a Member. In certain exceptional circumstances (for example, when making representations to a Government Minister or writing to the leader of another local authority) it may be appropriate for a letter to be issued in the name of the Chair of the NELB.

Members should not send letters which appear to create obligations, accept or deny any liability, or give instructions on behalf of the Authority. An Officer must always send any such letter.

## **12. Members' access to documents and information**

Members may request senior officers to provide them with such information, explanation and advice as they may reasonably need to assist them to discharge their roles as Members.

## **13. Interpretation, complaints and allegations of breaches**

This part of the protocol should be read in conjunction with the Authority's "whistleblowing" policy which may be found at Part 6.5 of this Constitution.

Members or officers with questions about the implementation or interpretation of any part of this protocol should seek the guidance of the Monitoring Officer.

A Member who is unhappy about the actions taken by, or conduct of, an officer should endeavour wherever possible to:

- avoid personal attacks on, or abuse of, the officer.
- ensure that any criticism is well founded and constructive.
- avoid making criticism in public.
- take up the concern with the officer privately.

If direct discussion with the officer is inappropriate (e.g. because of the seriousness of the concern) or fails to resolve the matter, the Member should raise the issue with the officer's manager or the relevant senior officer.

A serious breach of this protocol by an officer may lead to an investigation under the Authority's disciplinary procedure. There are special rules that apply to the Authority's Head of Paid Service, the Chief Finance Officer and the Monitoring Officer and these can be found in the Officer Employment Rules of Procedure at Part 4.5 of the Constitution.

An Officer who believes a Member may have acted other than in accordance with this protocol should raise his/her concern with the Monitoring Officer. He/she will consider how the complaint or allegation should be dealt with. At a minor level, this may be no more than informally referring the matter to the leader of the relevant political group. More serious complaints may involve alleged breaches of the members' code of conduct, and may be referred to the Authority's Governance Committee.



## Part 6.4 Anti-Fraud and Corruption Policy

### 1. The Combined Authority's Commitment

The Combined Authority is committed to sound corporate governance and supports the Seven Principles of Public Life for the conduct of its Members and Officers, namely:

- Selflessness;
- Integrity;
- Objectivity;
- Accountability;
- Openness;
- Honesty; and
- Leadership.

Fraud and corruption cheats the local taxpayers who have the right to expect Members and Officers to perform their functions in an honest and proper manner.

The Combined Authority seeks in the first instance to prevent fraud and corruption and will take all action necessary to identify any occurrences if suspected. If any such instances are detected they will be investigated in a correct and agreed manner. The Combined Authority pledges to pursue the recovery of losses and the suitable punishment of those responsible.

### 2. Prevention

Prevention will be achieved through:

- staffing policies
- making members aware of their responsibilities
- internal control systems and
- liaison with outside agencies

#### 2.1. Officers

As a public employer, the Combined Authority is obliged to maintain, and is entitled to expect, high standards of conduct among its officers to ensure that public confidence in their integrity and impartiality is not undermined. The public is entitled to demand conduct of the highest standard and that Officers work honestly and without bias in order to achieve the Authority's objectives.

The Combined Authority recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at recruitment stage to establish, as far as possible, the propriety and integrity of potential staff. In this regard temporary and contract staff are treated in the same manner as permanent officers.

Managers should ensure that procedures laid down by the Authority's Personnel Officer in the Recruitment and Selection Guidelines and Code of Practice are followed and, in particular, that written references are obtained before employment offers are confirmed.

Officers are expected to follow the Authority's Code of Conduct which includes regulations regarding the registration of interests, gifts and hospitality. Officers are reminded that they must operate within Section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the Combined Authority, or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration.

The Combined Authority recognises that the continuing success of its anti-fraud and corruption strategy and its general credibility will depend largely on the effectiveness of its training programmes and the responsiveness of Officers throughout the organisation. To facilitate this, the Authority supports the concept of induction and continuing training and Officer appraisal, particularly for Officers involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. The Authority has in place a Disciplinary Procedure for all Officers and the possibility of disciplinary action against Officers who ignore such training and guidance is clear.

## 2.2. Members

Members are expected to operate honestly and without bias. Their conduct is governed by:

- The Code of Conduct for Members
- The Constitution

These matters include rules on the declaration and registration of potential areas of conflict between Members' duties and responsibilities on behalf of the Combined Authority, and any other areas of their personal or professional lives. These will be regularly drawn to the attention of Members.

## 2.3. Internal Control System

The internal control system comprises the whole network of financial, operational and managerial systems established within the Constituent Authorities to ensure that objectives of the Combined Authority are achieved in the most economical and efficient manner.

The Financial Regulations of the Combined Authority (see Part 5) provide the framework for financial control. Under Financial Regulations Managers are required to ensure that:

- Arrangements, guidelines and procedures for the proper administration of the financial affairs of the Combined Authority are operated in accordance with Financial Regulations;
- The Chief Finance Officer is informed where there has been a failure to comply with Financial Regulations or where amendment or revision of a regulation is considered necessary; and
- The Chief Finance Officer is informed as soon as possible of any matters involving, or suspected of involving, irregularity in the use of the Combined Authority resources or assets.

The Audit and Strategic Risk service of the Constituent Authority identified by the Head of Paid Service for this purpose independently monitors the existence, appropriateness and effectiveness of internal controls.

## 2.4. Liaison

Arrangements are in place now and will continue to develop which encourage the exchange of information between the Combined Authority and other agencies on national and local fraud and corruption activity.

The Authority acknowledges that in order to prevent fraudsters using multiple identities and addresses, it cannot afford to work in isolation and must liaise with other organisations. To this end the Authority has a number of external contacts that include:

- Northumbria Police
- Tyne and Wear District Treasurers
- Universities and Colleges
- UK Border Agency
- DWP
- Jobcentre Plus
- Federation Against Software Theft (F.A.S.T.)

All liaisons are subject to adherence to Data Protection Legislation and regard to the confidentiality of information.

## 2.5. Partners

Arrangements are in place within partner organisations, Nexus and TT2 to identify, investigate and appropriately report incidents of fraud and corruption which may occur within those organisations.

## 2.6. Strategy

The Audit and Strategic Risk service of the Constituent Authority identified by the Head of Paid Service for this purpose will implement the policy on the Combined Authority's behalf.

# 3. Detection and Investigation

Where fraud and corruption still happen, systems should assist in revealing the occurrences and people should be encouraged to do likewise. They must then be investigated in a fair and impartial manner.

## 3.1. Detection

The array of preventative systems, particularly internal control systems and audit, within the Authority generally should be sufficient in themselves to deter fraud, but they have also been designed to provide indications of any fraudulent activity.

The Combined Authority's officers are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may

have on any issues associated with the Authority's activities. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. If necessary, a route other than a line manager may be used to raise such concerns. Examples of possible routes are:

- Audit and Strategic Risk Service
- Chief Finance Officer
- Monitoring Officer

Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Combined Authority's complaints procedure.

If Officers feel unable to raise their concerns through any of the internal routes, then they may wish to raise them through Public Concern at Work (telephone 020 7404 6609), a registered charity whose services are free and strictly confidential. See also Part 6.5 Whistleblowing Policy.

The Code of Conduct requires Officers of the Combined Authority to report any illegality or impropriety to their manager or supervisor. Financial Regulations require the Chief Finance Officer to investigate matters that involve, or may involve, financial irregularity.

### 3.2. Investigation

Depending on the nature and the anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies, such as the police, to ensure that all allegations are properly investigated and reported upon and where appropriate, maximum recoveries are made for the Authority. The follow up of any allegation of fraud and corruption received will be through agreed procedures which ensure that:

- matters are dealt with promptly;
- all evidence is recorded;
- evidence is sound and adequately supported;
- all evidence is held securely;
- where appropriate, the police and the Authority's Insurance Officer are notified;
- the Authority's Disciplinary Procedures are implemented; and
- the rules of natural justice are incorporated.

The procedures and reporting lines are an integral part of the Combined Authority's anti-fraud culture that ensures:

- consistent treatment of information about fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the proper implementation of a fraud investigation plan;
- restitution or compensation; and
- the optimum protection of the Authority's interests.

Where financial impropriety is discovered, referral to the police is a matter for the Chief Finance Officer, in consultation with the relevant officers of the Authority.

In deciding whether to recommend referral the following factors are taken into account:

- the amount of the loss and duration of the offence;
- the suspect's physical and mental condition;
- voluntary disclosure and arrangement for restitution; and
- the strength of the evidence.

The Combined Authority's Disciplinary Procedures will be used as appropriate irrespective of police involvement.

There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations may be dealt with as a disciplinary matter and may leave the complainant open to an action for defamation.

The External Auditor also has powers to investigate independently fraud and corruption and the Combined Authority can make use of these services.

#### **4. Summary**

The Authority has a clear commitment to minimising the possibility of corruption and theft or other misuse of public money and assets. It pledges to prevent fraud and corruption but to take all action necessary to identify fraud and corruption if suspected, and pursue the recovery of losses and the punishment of those responsible.

The Authority's Officers and Members are expected to have the highest standards of conduct and to be vigilant in combating fraud and corruption in all its guises.

The Authority has implemented a clear network of systems and procedures to assist in the fight against fraud and corruption. These arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

## Part 6.5 Whistleblowing Policy and Procedure

### 1. Introduction

The NECA is committed to the highest possible standards of openness, probity and accountability and will not tolerate malpractice or wrongdoing.

The NECA is therefore committed to a policy for confidential reporting of concerns, “whistleblowing”, which seeks to protect individuals who make certain disclosures with regard to any instance of malpractice or wrongdoing and to investigate them in the public interest.

Whistleblowing is when a member of staff raises concerns about the activities of the organisation they work for which are ethically or legally questionable.

The aims of the policy are to:

- Provide for a culture of zero tolerance toward fraud and corruption.
- Encourage officers and others with serious concerns about any aspect of the NECA’s work to feel confident to come forward and voice those concerns.
- Provide ways for officers to raise concerns at an early stage and in the right way and enable them to get feedback on any action taken.
- Ensure that officers know what to do if they are not satisfied with actions taken.
- Provide re-assurance that officers who raise concerns in good faith can do so without fear of reprisals or victimisation.

This policy covers any wrongdoing relating to unlawful conduct, financial malpractice or dangerous working environments.

It is available for use by all Officers of the NECA and Officers of Constituent Authorities providing services to the NECA, its committees, sub-committees and joint committees.

It is not to be used where other more appropriate procedures are available. There are existing procedures which enable officers to lodge a grievance relating to their conditions of employment, raise matters of harassment or to make a complaint. This policy covers concerns that fall outside the scope of these existing procedures.

The NECA will seek to ensure that its stance on whistleblowing is widely publicised and that officers have access to appropriate guidance.

### 2. Whistleblowing Procedures for Officers

Officers are often the first to realise that there may be something seriously wrong within an authority. Normally Officers would be expected to raise any concerns initially with their line manager. However they may feel that expressing their concerns would be disloyal to their colleagues or to the NECA or may also fear harassment or victimisation. It may be easier to ignore these concerns than report what may just be a suspicion of malpractice.

Whistleblowing is the process for raising a concern about suspected wrongdoing, especially in circumstances where the whistleblower feels forced to raise that concern



outside the normal management reporting line. For instance, the whistleblower may be concerned about the actions of their own line management, or about the failure of their line management to act over suspected wrongdoing on the part of others.

The Whistleblowing policy encourages and enables officers and others with serious concerns about any aspect of the NECA's work or those engaged in work for the NECA to come forward and voice those concerns. It recognises that most cases will need to proceed on a confidential basis. At the same time, the provisions of the Public Interest Disclosure Act 1998 (PIDA) provide protection from harassment and victimisation for officers who raise concerns in good faith.

### 3. Aims and scope of this Policy

This policy aims to:

- Make you feel confident to raise concerns and to question and act upon concerns about practice.
- Give you avenues to raise your concerns and receive feedback on any action taken.
- Guarantees that you receive a response to your concerns and ensures that you are aware of the process to follow if you are not satisfied.
- Reassure you that you will be protected from possible reprisals or victimisation.

There are existing procedures in place if you have a grievance relating to your own employment or consider that you are being harassed due to your race or sex or age, or if you are concerned about health and safety risks, including risks to the public as well as to other Officers. Indeed you are under a legal obligation to report to your supervisor or manager any work situation which you consider to represent:

- a danger to the health and safety of yourself, fellow Officers or members of the public; or
- a shortcoming in the Authority's arrangements for health and safety.

If you are reluctant to raise such health and safety concerns with your supervisor or manager, or if you have raised them and are concerned about the response, then arrangements exist for you to raise the health and safety concerns with the Head of Paid Service and/or with Health and Safety Representatives from the relevant trade union.

This policy is intended to cover concerns that fall outside the scope of other procedures. These include:

- conduct which is an offence or a breach of law;
- disclosures related to miscarriages of justice;
- health and safety risks, including risks to the public as well as other Officers;
- damage to the environment;
- the unauthorised use of public funds;
- fraud and corruption; sexual or physical abuse of clients; any attempt to prevent disclosure of any of the above, or
- other conduct which gives you cause for concern.

Thus any serious concerns that you have about any aspect of service provision or the conduct of your staff or members of the Combined Authority or others acting on behalf of the Combined Authority can be reported under this policy. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Combined Authority subscribes to; or
- is against the Combined Authority's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

This policy supplements and does not replace the corporate complaints procedure, or the grievance procedure and other procedures established to deal with aspects of harassment i.e. sexual, racial and age harassment, and with health and safety concerns.

#### **4. Harassment or Victimisation**

The Combined Authority is committed to good practice and high standards and aims to be supportive of its Officers.

The Combined Authority recognises that the decision to report a concern can be a difficult one to make. However uncovering malpractice will be doing a service to the Authority. You will be doing your duty to your employer and those for whom you are providing a service.

The Combined Authority will fulfil its responsibility to ensure that you are NOT harassed, victimised or otherwise disadvantaged when you raise a concern. Any allegation concerning an Officer who engages in any form of victimisation or harassment against you as a result of your raising a concern will be the subject of a thorough investigation and disciplinary action will be taken if the case is proved.

Allegations by an Officer who is the subject of disciplinary investigations or proceedings concerning the conduct of those proceedings can only be raised through the disciplinary appeals procedures.

#### **5. Confidentiality**

All concerns will be treated in confidence wherever possible and every effort will be made to preserve your anonymity if you so wish. You may need however to come forward as a witness, but if you wish to be supported by a representative of your choice then this would be available to you.

#### **6. Anonymous allegations**

This policy encourages you to put your name to your allegation whenever possible. Concerns expressed anonymously are much less powerful but they will be considered so far as is possible or practicable by the Combined Authority.

#### **7. Untrue allegations**

If you make an allegation in good faith, but it is not confirmed by the investigation, no



action will be taken against you. If however, you make an allegation maliciously or for personal gain, disciplinary action may be taken against you.

## 8. How to raise a concern

If you are an officer of the Combined Authority, as a first step, you should raise concerns with your immediate manager or their manager. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice, for example if you believe that your immediate manager or their managers are involved, you should approach the Monitoring Officer.

The manager receiving notification of concerns under this policy will inform the Monitoring Officer that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the manager receiving the report must immediately notify the Chief Finance Officer.

Concerns may be raised verbally or in writing. Reports should be sent to your immediate manager or their superior or to the appropriate Chief Officer and a copy sent to the Monitoring Officer.

If you are a contractor, as a first step, you should normally raise concerns with your manager, who will then inform the lead officer who is dealing with the particular contract. If you do not have a manager, you should raise your concerns direct with the lead officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that your manager or the lead officer is involved, you should approach the Monitoring Officer direct.

Otherwise, the lead officer receiving notification of concerns under this Policy will inform the Monitoring Officer that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the lead officer receiving the report will also immediately notify the Chief Finance Officer.

Concerns may be raised verbally or in writing. A copy of any report you send to your manager or lead officer should also be sent to the Monitoring Officer for monitoring purposes.

The Monitoring Officer is responsible for the maintenance and operation of this policy and will monitor how the complaint is handled and ensure that the requirements of this policy are fulfilled.

The earlier you express the concern the easier it will be to take action.

Officers and Contractors can get confidential, independent advice from the charity Public Concern at Work on 0207 404 6609. Their website is at [www.pcaaw.co.uk](http://www.pcaaw.co.uk)

You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

You can invite your trade union or professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

Concerns can also be raised through your trade union.

## 9. How the Combined Authority will respond

The Authority will respond to your concerns, and it will be necessary to investigate your concerns but this is not the same as either accepting or rejecting them.

Within **3 working days** of a concern being raised, you will be sent a written response:

- acknowledging that the concern has been received;
- indicating how it is proposed to deal with this matter;
- giving an estimate of how long it will take to provide a final response;
- telling you whether any enquiries have been made; and
- supply you with information on staff support mechanisms.

The Monitoring Officer will be sent a copy of this response.

Where appropriate, matters raised may:

- Be investigated by management, internal audit, or through the disciplinary process.
- Be referred to the police or other statutory agencies.
- Be referred to the external auditor.

In order to protect individuals and those about whom concerns are raised, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.

Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

The amount of contact between the individual considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the investigating officers, will seek further information from you.

Where any meeting is arranged, and this can be off-site if you so wish, you can be accompanied by a trade union or professional association representative or a friend.

The Combined Authority will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Combined Authority will arrange for you to receive advice about the procedure.

The Combined Authority accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the

outcomes of any investigation.

## 10. The Responsible Officer

The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and may report as necessary to the NELB, but in such a way that your confidentiality will be preserved.

It is the responsibility of any manager/director who receives a whistleblowing report to provide the Monitoring Officer with:

- a copy of the original report immediately;
- the initial written response to the person raising the concern; and
- any further responses.

The Monitoring Officer as soon as possible must also be informed of the outcome(s) of any investigation and any actions instigated as a result.

## 11. How the matter can be taken further

This policy is intended to provide Officers and Contractors with an avenue within the Combined Authority to raise concerns and hopes any whistleblower would be satisfied with any action taken. If you are not satisfied with the outcome of the confidential report, a request in writing for the investigation and outcome to be reviewed can be made to the Head of Paid Service. If you remain dissatisfied and want to take the matter outside of the Combined Authority, advice is available from trade unions and local Citizens Advice Bureau on the options that are available.

One possibility is that you may wish to rely on your rights under the Public Interest Disclosure Act 1998. This Act gives you protection from victimisation if you make certain disclosures of information in the public interest. The provisions are quite complex and include a list of prescribed persons outside of the Combined Authority who can be contacted in certain circumstances (see The Public Interest Disclosure (Prescribed Persons)(Amendment) Order 2003 [www.legislation.hmso.gov.uk](http://www.legislation.hmso.gov.uk)). You should seek advice on the effect of the Act from the persons referred to above.

If you do take the matter outside of the Combined Authority, you should ensure that you do not disclose information where you owe a duty of confidentiality to persons other than the Combined Authority (e.g. service users) or where you would commit an offence by making disclosure.

In order to ensure that you do not make any such disclosures it is advisable to check the position with the Monitoring Officer.

## Part 7 Members Allowances

The Order provides that no remuneration is to be payable by the NECA to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the NECA.

### A. Members Allowances Scheme

Note: All rates of allowance within this Section are effective from # 2014

#### 1. Interpretation

In this Scheme "Year" means the 12 months ending with 31 March

#### 2. Renunciation

A member may by notice in writing given to the Chief Finance Officer elect to forego any part of his or her entitlement to an allowance under this Scheme.

#### 3. Claims/Payments

All claims relating to subsistence and travelling expenses must be supported by receipts.

#### 4. Amendments to Scheme

Amendments to this scheme can be made by the NELB at any time.

### B. Scheme of travel and subsistence allowance

#### 1. Qualifying Duties

The definition of duties qualifying for the payment of travel and subsistence allowances shall include any duty carried out by any member of the NECA in accordance with a request, authorisation or designation by the NELB; or in accordance with a request by the Monitoring Officer or Chief Officer for the purpose of, or in connection with the discharge of the functions of the NECA.

#### 2. Travel

Members are expected to travel by standard class rail. First class travel is considered acceptable only in the following circumstances:

- a) Additional space and privacy is required during the journey in order to work.
- b) Where the cost of discounted first class travel is less than that of the cheapest available standard class ticket.

Members can make their own travel arrangements and (other than by private car) may claim a sum equal to the cost of the rail fare or their actual expenses, whichever is the lesser.

The rate for travel by taxi shall be:

- a) in cases of urgency or where no public transport is reasonably available, the amount of the actual fare and any reasonable gratuity paid; and
- b) in any other case, the amount of the fare for travel by public transport.

### 3. Motor Mileage

The authorised rate where members travel by their own car or van, or one belonging to a member of their family, or one otherwise provided for their use is 45p per mile (all engine sizes) up to 10,000 miles per annum.

The above rates may be increased by the amount of any expenditure incurred on tolls, ferries or parking fees, including overnight garaging.

### 4. Bicycle

Members who travel to approved duties by bicycle will be reimbursed at a rate of 20p per mile.

### 5. Subsistence

#### Day Subsistence

Day subsistence rates are on a 'meals' basis, with eligibility based on the time of day the meal is taken and time away from home, as follows:

**Breakfast rate**                      A rate of up to £5.00 may be paid where a Member leaves home earlier than usual and before 6.00 am and incurs a cost on breakfast taken away from home.

**One meal**                              (Five hour rate) - A rate of up to £5.00 may be paid where the Member has been away from his home/normal place of work for a period of at least five hours and has incurred a cost on a meal.

**Two meal**                              (Ten hour rate) - A rate of up to £10.00 may be paid where the Member has been away from his home/normal place of work for a period of at least ten hours and has incurred a cost on a meal or meals.

**Late evening meal**                A rate of up to £15.00 may be paid where the Member has to work later than usual, finishes work after 8.00 pm having worked a normal day and has to buy a meal which would usually be taken at home.

If the Member is paid an allowance under the five or ten hour rule, the late meal allowance could still be paid if they finished work after 8.00 pm and purchased a meal that would usually be taken at home.

It is important to remember that subsistence rates are maximum amounts and claims for such expenses should total the amount actually incurred or the maximum amount whichever is the lesser amount. Receipts must be submitted.

#### Overnight Accommodation

- a) The cost of overnight accommodation will be paid where necessary at a reasonable rate for a 3 star hotel.
- b) The amount claimed should not be higher than the amount actually incurred and any reimbursement at a higher rate than is specified will only be permitted when prior agreement to the cost has been given by the NECA Monitoring Officer.

#### Meals provided free of charge

The rates specified above are to be reduced by an appropriate amount in respect of any meal provided free of charge by an authority or body in respect of the meal or the period to which the allowance relates.

### **6. Meals on Trains**

When main meals are taken on trains during a period for which there is an entitlement to day subsistence, the reasonable cost of the meals (including VAT) may be reimbursed in full. In such circumstances, reimbursement for the reasonable cost of a meal would replace the entitlement to the day subsistence allowance for the appropriate meal period.

### **7. Claims / Payments**

Claims for payments under this scheme shall be made in writing to the Chief Finance Officer of the Constituent Authority which has nominated the Member to serve on the NECA, on a quarterly basis, in arrears, or at more frequent intervals if the Member so chooses. Payments shall be made by the nominating Constituent Authority on the same basis. All payments are rechargeable to the NECA by the Constituent Authorities on a quarterly basis.



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DATED

2014

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THE DURHAM, GATESHEAD, NEWCASTLE UPON TYNE, NORTH TYNESIDE,  
NORTHUMBERLAND, SOUTH TYNESIDE and SUNDERLAND COMBINED AUTHORITY

And

THE COUNTY COUNCIL OF DURHAM, THE COUNCIL OF THE BOROUGH OF  
GATESHEAD, THE COUNCIL OF THE CITY OF NEWCASTLE UPON TYNE, THE  
COUNCIL OF THE BOROUGH OF NORTH TYNESIDE, NORTHUMBERLAND COUNTY  
COUNCIL, THE COUNCIL OF THE BOROUGH OF SOUTH TYNESIDE and THE  
COUNCIL OF THE CITY OF SUNDERLAND

Vivienne Geary  
Head of Law and Governance  
North Tyneside Council  
Quadrant  
The Silverlink North  
Cobalt Business Park  
North Tyneside  
NE27 0BY



**THIS DEED** witnesses as follows:

**1. Definitions**

In this Deed –

- 1.1 “the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Deed of Operation” means this Deed made between the NECA and the Constituent Authorities and entered into on even date as amended from time to time.
- 1.2 “the NECA” means the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority
- 1.3 “the NELB” means the North East Leadership Board comprising of the Members of the NECA.
- 1.4 “the Constituent Authorities” means The County Council of Durham, The Council of the Borough of Gateshead, The Council of the City of Newcastle Upon Tyne, The Council of the Borough of North Tyneside, Northumberland County Council, The Council of the Borough of South Tyneside and The Council of the City of Sunderland.
- 1.5 “the Order” means the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.
- 1.6 “the Parties” means the NECA and the Constituent Authorities.
- 1.7 “the Monitoring Officer” means such person as shall be appointed by the NECA pursuant to Part 3.5 of the Constitution.
- 1.8 “the TNEC” means the Transport North East Committee being a joint committee established by the Parties.
- 1.9 “the TWSC” means the Transport North East (Tyne and Wear) Sub-Committee.
- 1.10 “DCC” means the County Council of Durham.
- 1.11 “NCC” means Northumberland County Council.
- 1.12 “Nexus” is the executive body of the NECA for the purposes of Part 5 of the Local Transport Act 2008 and Part 6 of the LDEDCA 2009.
- 1.13 “The Delivery Agencies” means DCC, NCC and Nexus
- 1.14 “NELEP” means the North East Local Enterprise Partnership.
- 1.15 “the Combined Area” means the administrative areas of the 7 Constituent Authorities.
- 1.16 “the Constitution” means the Constitution of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

- 1.17 “the Tyne and Wear Authorities” means the Authorities of the Council of the Borough of Gateshead, the Council of the City of Newcastle Upon Tyne, the Council of the Borough of North Tyneside, the Council of the Borough of South Tyneside and the Council of the City of Sunderland
- 1.18 “the 2012 Regulations” means the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- 1.19 “the LGA 1972” means the Local Government Act 1972.
- 1.20 “the LDEDCA 2009” means the Local Democracy, Economic Development and Construction Act 2009

## **2. Interpretation**

- 2.1 Clause, Schedule and Paragraph headings shall not affect the interpretation of this Deed;
- 2.2 The Schedule and Appendices form part of this Deed and shall have effect as if set out in full in the body of this Deed. Any reference to this Deed includes the Schedule and Appendices.
- 2.3 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 2.4 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 2.5 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time.
- 2.6 A reference to “this Deed” or to any other Deed, Agreement or document referred to in this Deed is a reference to this Deed or such other, Deed document or Agreement as varied from time to time.
- 2.7 References to Clauses, Schedules and Appendices are to the Clauses, Schedules and Appendices of this Deed and references to Paragraphs are to Paragraphs of the relevant Schedule.
- 2.8 No person other than a Party to this Deed shall have any rights to enforce any term of this Deed.
- 2.9 This Deed and any dispute or claim arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
- 2.10 If any court or competent authority finds that any provision of this Deed (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of this Deed shall not be affected.

### **3. Functions Retained by the NELB**

- 3.1 In the absence of specific delegations to other bodies referred to in the Constitution (including committees and sub-committees of the NELB), all functions remain with the NELB.
- 3.2 Only the NELB will exercise the following functions which will require a unanimous vote in favour by all seven Constituent Authority members (or substitute members acting in place of those members)
1. The adoption of, and any amendment to, or withdrawal of any Growth Plan included in the Budget and Policy Framework of the NECA's Constitution;
  2. The adoption of, and any amendment to, or withdrawal of any local transport plan under section 108(3) of the Transport Act 2000;
  3. The approval of, and any amendment to, the NECA's annual budget;
  4. The setting of any transport levy under section 74 of the Local Government Finance Act 1988 and in accordance with regulations made thereunder;
  5. The allocation by the NELB of local transport plan funding to the individual Constituent Authorities and Nexus, and the approval of all other capital and revenue matters relating to the NECA's transport budget save where such matters have been expressly delegated to another body;
  6. The approval of, and any amendment to, or withdrawal of growth schemes set out in any adopted Growth Plan, including the local major schemes devolved funding;
  7. The approval of, and any amendment to, or withdrawal of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the NECA;
  8. The approval of, and any amendment to, or withdrawal of such other plans and strategies as determined by the NELB and included in the Budget and Policy Framework of the NECA's Constitution;
  9. The transfer of any further functions by the Constituent Authorities to the NECA;
  10. The appointment of any individual co-optees to the NELB;
  11. The use of the general power of competence by the NECA beyond the powers provided within the LDEDCA 2009.
  12. The approval of any amendment to the NECA's Constitution which has not been delegated to the Monitoring Officer (see Part 3.6 Scheme of Delegation of Functions to Chief Officers in the NECA's Constitution).
  13. The appointment of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer); and

- 14 The designation of the Combined Authority's Head of Paid Service
- 3.3 Other functions reserved to the NELB do not require a unanimous vote and include (but are not limited to):-
15. The approval of (and any amendment to or withdrawal of) all other major transport schemes (including such matters as Quality Contract Schemes and/or Voluntary Partnership Agreements);
  16. The approval of (and any amendment to or withdrawal of) a public transport strategy;
  17. Influence and/or co-ordination of strategic investment in the highway network across the combined area;
  18. Co-ordination, with the statutory Highway Authorities, of the development of a joint highway management plan;
  19. Strategic influence of the development and operation of air, rail, road, river, sea and public transport networks,
  20. The approval of (and any amendment to or withdrawal of) transitional transport arrangements following the formation of the NECA;
  21. The approval of (and any amendment to or withdrawal of) formal partnership agreements and arrangements with external partners and other stakeholders (e.g. central government, MPs/MEPs, rail franchisors/franchisees) on strategic transport issues;
  22. The approval of the policies and strategies to be included in the policy framework;
  23. The approval of the NECA's annual accounts;
  24. The appointment/selection of the Overview and Scrutiny Committee and any other committee or sub-committee as considered by the NELB as appropriate to discharge its functions;
  25. The appointment/selection of a Chair and Vice Chair(s) of any joint committee, committee or sub-committee;
  26. The appointment of co-opted members to any of its joint committees, committees or sub-committees;
  27. The appointment of the Independent Person as required by the Localism Act 2011;
  28. The appointment of any independent expert adviser for the NECA or any of its joint committees, committees or sub-committees;
  29. The designation of the Thematic Leads.



30. The dismissal of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer) and the appointment or dismissal of any deputy of such a statutory chief officer and the appointment or dismissal of any non-statutory chief officer or any deputy of such a non-statutory chief officer.

#### **4. Transport functions of the Transport North East Committee (TNEC)**

The following transport functions have been delegated by the NELB to the TNEC (and the TNEC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes):

1. Monitoring the NECA's transport budget;
2. Approval of releases from the NECA's transport funding for capital schemes within the agreed capital programme and the agreed budget (as defined by the NELB) for the scheme concerned;
3. Formulation, development and monitoring of procedures for public consultation on, and lobbying for, the NECA's transport policies including taking responsibility for the active promotion of the Combined Area's transport interests;
4. Monitoring and overseeing the activities and performance of DCC and NCC in the discharge of the transport functions delegated to them by the NELB
5. The functions delegated to the TNEC also include those functions set out at Part 6 below and are delegated to TNEC on the strict understanding that they are exercisable in practice by the TWSC, a subcommittee of the TNEC.

#### **5. Transport Functions Referred to the Transport North East Committee (TNEC)**

The NELB shall seek the advice and recommendations of the TNEC on such transport matters as the NELB considers appropriate which shall include (but are not limited to): -

1. The NECA's revenue budget for transport and the setting of any transport levy;
2. The borrowing limits of the NECA in relation to transport matters pursuant to section 3 of the Local Government Act 2003;
3. The capital programme of NECA and the Delivery Agencies;
4. The development of policies for the promotion and encouragement of safe, efficient and economic transport facilities and services and the production of any Local Transport Plan pursuant to sections 108-112 of the Transport Act 2000;
5. Formulation of general policies with respect to the availability and convenience of public passenger services pursuant to section 9A (5)-(7) of the Transport Act 1968

6. Determination of issues arising from the rail franchising process;
7. The development of policies, setting of budgets and operational arrangements in connection with the NECA's Transport Studies Function

**6. Transport functions of the Transport North East (Tyne and Wear) Sub-committee (TWSC)**

The following transport functions have been delegated by the NELB to the TNEC and sub-delegated to the TWSC in respect of the area of the Tyne and Wear Authorities (and the TWSC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes):

1. Considering and recommending to NELB the creation and development of:-
  - (i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
  - (ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000;
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985;
3. Implementing Ticketing Schemes pursuant to sections 135-138 of the Transport Act 2000
4. Determining the local bus information to be made available, and the way in which it should be made available, pursuant to sections 139-143 of the Transport Act 2000;
5. Determining the operation, performance and development accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985;
6. Monitoring and overseeing the activities and performance of Nexus (including but not limited to the power pursuant to section 15(6) of the Transport Act 1968 to give to Nexus such directions as appear appropriate to secure the observance of the rights of the NECA);
7. Ensuring that Nexus secures the provision of appropriate public passenger transport services pursuant to section 9A(3) of the Transport Act 1968;
8. Ensuring that Nexus implements those actions given to it for promoting the economic, social and environmental well-being of the Combined Area and its residents pursuant to section 99 of the Local Transport Act 2008;
9. Determining variations in charges for transport services or facilities provided by Nexus, pursuant to section 15(2) of the Transport Act 1968;
10. Authorising:-

- (i) The disposal of any land by Nexus pursuant to section 10(1)(xxiii) of the Transport Act 1968
  - (ii) The acquisition of any land by Nexus pursuant to section 10(1)(xx) of the Transport Act 1968; and
  - (iii) The development of any land by Nexus pursuant to section 10(1)(xxii) of the Transport Act 1968
11. Determining the operation, performance and development of tendered bus services, bus stations/stops, and passenger transport services pursuant to section 10(1)(1)(via) of the Transport Act 1968;
  12. Monitoring the performance of the Metro service and recommending appropriate action;
  13. Monitoring the operation and performance of bus, ferry and local rail services and influencing accordingly.
  14. Dealing with any other matter which has been transferred from the former Tyne and Wear ITA to the NECA under Article 6 of the Order, unless the matter has been explicitly reserved to the NELB in the foregoing provisions.

Further transport functions may be delegated to the TWSC by the NELB as it considers appropriate.

## **7. Transport functions of DCC and NCC**

The following transport functions have been delegated by the NELB to DCC and NCC in relation to their respective administrative areas (and each County Council shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes):

1. Considering and recommending to NELB the creation and development of:-
  - (i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
  - (ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985;
3. Implementing Ticketing schemes pursuant to sections 135-138 of the Transport Act 2000
4. Determining the operation, performance and development of accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985;
5. All obligations of County Councils relating to mandatory travel concessions pursuant to sections 145A to 150 of the Transport Act 2000;

6. Those functions of County Councils set out in Part IV of the Transport Act 1985 (Passenger Transport in areas other than Integrated Transport Areas) under:

Section 63 – functions of local Councils with respect to passenger transport

Section 81 – provision, maintenance and operation of bus stations

Section 82 – bus stations: restriction on discriminatory practices

## **8. Appointment of Chair and Vice Chairs of the NELB**

- 8.1 The Chair and Vice Chairs of the NELB will be appointed at the annual meeting of the NELB which will take place as soon as practicable after the Constituent Authorities have held their annual meetings.
- 8.2 Notwithstanding Clause 8.1 above, the Chair and Vice Chairs will hold their respective positions for a term of 2 municipal years commencing on the day of their appointment.
- 8.3 The Chair and Vice Chairs may continue to hold their respective positions for a further period of not more than 2 years from the last date of their initial term of 2 years with the agreement of the other members of the NELB.

## **9. Establishment of the TNEC**

- 9.1 Pursuant to Section 101(5) of the LGA 1972, and Regulations 9, 10, 11 and 12 of the 2012 Regulations, the Parties agree to enter into arrangements to discharge certain of their functions relating to transport jointly and for this purpose to establish a joint committee to be called the Transport North East Committee (“the TNEC”).
- 9.2 The TNEC may establish Sub-Committees.
- 9.3 Each Constituent Authority shall appoint two members to be a member of the TNEC with one such member having portfolio responsibility for transport within the Constituent Authority.

## **10. Transport Functions Undertaken by Nexus**

- 10.1 Subject to the monitoring and oversight of the TWSC, Nexus will discharge in the Tyne and Wear Authority areas the functions and responsibilities that fall to it under the following legislation –

Transport Act 1968;

The Tyneside Passenger Transport Area (Designation) Order 1969;

Tyneside Metropolitan Railway Act 1973;

Tyne and Wear Passenger Transport Act 1979;

Transport Act 1983;

Transport Act 1985 – Parts III, IV and V

Tyne and Wear Passenger Transport Act 1989;

Railways Act 1993;

The Railways (Class and Miscellaneous Exemptions) Order 1994;

The Tyne and Wear Passenger Transport (Sunderland) Order 1994;  
Transport Act 2000 – Part II;  
Railways Act 2005;  
Local Transport Act 2008

- 10.2 Nexus will discharge in the Tyne and Wear Authority areas any functions and responsibilities given to it by further legislation or any amendments to the legislation set out in Clause 10.1 above.

## **11. Other Provisions.**

- 11.1 The TNEC and the TWSC will conduct business in accordance with the Rules of Procedure set out in Part 4 of the Constitution.
- 11.2 The costs and liabilities incurred by the TWSC will be met by the Tyne and Wear Authorities.
- 11.3 The NECA will meet such costs and liabilities as are reasonably attributable to the exercise of the functions of the NELB delegated or referred to the TNEC, TWSC, DCC or NCC subject to the provisions of the Order and the Indemnity set out in Clause 14 below.
- 11.4 Where a Constituent Authority nominates a member to a Committee of the NECA, the NELB will accept that nomination.

## **12. Transport Protocols**

- 12.1 The Parties will draw up and agree detailed Protocols in relation to the operation and discharge of transport functions by the NELB which will be annexed to this Deed when agreed.
- 12.2 The Transport Protocol relating to DCC and NCC is at Appendix 1 of this Deed.
- 12.3 The Parties will keep the Protocols under regular review and may revise them from time to time and shall submit any such revised, new or further Protocol, to the NELB for consideration and approval.
- 12.4 Protocols drawn up agreed or revised under this Clause will not override anything provided for or required by this Deed and will not in themselves constitute arrangements for the discharge of functions made in accordance with Section 101 of the LGA 1972 and the 2012 Regulations.

## **13. Funding of Transport Functions Transferred by the Order**

- 13.1 The costs of the NECA reasonably attributable to the exercise of its transport functions will be met by means of three separate levies issued by the NECA to the Tyne and Wear Authorities, DCC and NCC.

## 14. Indemnity

- 14.1 The Tyne and Wear Authorities shall indemnify the County Councils in respect of any costs, claims, liabilities or expenses that may arise to the County Councils as a consequence of their participation in or membership of the NECA to the extent that they arise as a consequence of any decision for the provision of transport within any part or the whole of the former ITA area, and not within the area of the County Councils.
- 14.2 Each County Council shall indemnify the Tyne and Wear Authorities in respect of any costs, claims, liabilities or expenses that may arise to the Tyne and Wear Authorities as a consequence of the Tyne and Wear Authorities participation in, or membership of, the NECA to the extent that they arise as a consequence of any decision for the provision of transport within any part or the whole of the County Council areas, and not within the area of any of the Tyne and Wear Authorities.
- 14.3 In the absence of any agreement to the contrary;
- (i) the carrying out of any works relating to any property or assets which transferred to the NECA from the ITA by operation of the Order which continue to be applied to any transport functions within the Combined Area by the NECA, and any associated costs, will be a matter for and the responsibility of the Tyne and Wear Authorities to determine as between them; and
  - (ii) the carrying out of any works relating to any property or assets which may be deemed to have transferred to the NECA from either of the County Councils by operation of the Order, and which continue to be applied to any transport functions within the Combined Area by the NECA, and any associated costs, will be a matter for and the responsibility of the County Council within whose boundaries such property or assets are situate.
  - (iii) any income or revenue which is derived from assets, functions or operations which transferred from the ITA to the NECA by virtue of the Order (including but not limited to the Tyne Tunnels) shall be ring-fenced for use within the area of the Tyne and Wear Authorities;
  - (iv) any income or revenue which is derived from functions or operations which transferred from either DCC or NCC (“the Transferring Authority”) to the NECA by virtue of the Order or which are derived from assets relating to or connected with such functions or operations shall be ring-fenced for use within the area of the Transferring Authority.
- 14.4 Each Constituent Authority shall indemnify the NECA and each other Constituent Authority in respect of any costs, claims, liabilities and expenses that may arise from the exercise by any of them, or any group of them, prior to the date of the coming into being of the NECA of any statutory power or duty the responsibility for which has passed to the NECA or any statutory power or duty exercised concurrently between the NECA and the Constituent Authorities.
- 14.5 Nothing in this Clause 14 of this Deed shall extend to indemnify any party to the extent that any liability in respect of which indemnification is sought has been

caused or contributed to by any act or omission of the party seeking the benefit of this indemnity.

- 14.6 It is acknowledged by the parties that all costs claims and liabilities that may arise in respect of the pension funds for the Tyne and Wear authorities and DCC and NCC will be calculated in accordance with Article 5 (4) of the Order.
- 14.7 The Indemnity set out in Clause 14.1 to 14.6 and Clause 14.3 shall be reviewed as considered appropriate by the Constituent Authorities. The Indemnity and Clause 14.3 shall be reviewed in any event if it is proposed that Nexus (or any body in the role of Executive Body of the NELB) should operate beyond the geographical boundaries of the Tyne and Wear Authority areas.

## **15. The DCC and NCC Property**

- 15.1 It is acknowledged by the parties that DCC and NCC retain any and all rights in any property or assets associated with the delivery of any of their respective transport functions on behalf of the NECA, and that they retain, without limitation, the rights to dispose of, develop and raise income and revenue from such property or assets. If any court or tribunal decide that Article 11(4) of the Order has the effect of transferring any such property to the NECA, the NELB undertakes to transfer such property or assets back to the relevant County Council at a nominal consideration as soon as is reasonably practicable following the finalisation of any procedures or requirements required to be entered into or undertaken to enable any transaction to be for a nominal consideration.

## **16. Accountable Body for the NELEP**

- 16.1 Each of the Constituent Authorities shall indemnify the NECA in equal proportions for all and any costs, claims, liabilities and expenses that may arise from the NECA acting as the Accountable Body for the NELEP, unless the costs, claims, liabilities and expenses are incurred as a result of a negligent act or default of one or more Constituent Authorities, in which case only that or those Constituent Authorities shall indemnify the NECA.

## **17. Economic Development Protocols**

- 17.1 The Parties will draw up and agree detailed Protocols in relation to the discharge of the economic development functions set out in Schedule 2 of the Order which are exercisable by the NECA concurrently with the Constituent Authorities, having regard to the provision in Article 12(3) of the Order that any requirement in any enactment for a Constituent Authority to exercise such a function may be fulfilled by the exercise of that function by the NECA.
- 17.2 The Parties will keep the Protocols under regular review and may revise them from time to time and shall submit any such revised, new or further Protocol, to the NELB for consideration and approval.
- 17.3 Clause 12.4 above applies to Protocols drawn up, agreed or revised under this Clause as it does in relation to Protocols under Clause 12 above.

17.4 The Economic Development Protocols will be annexed to this Deed as and when agreed between the Parties.

## **18. Regeneration Protocols**

18.1 The Parties will draw up and agree detailed Protocols in relation to the discharge of the Regeneration functions set out in Schedule 2 of the Order which are exercisable by the NECA concurrently with the Constituent Authorities, having regard to the provision in Article 12(3) of the Order that any requirement in any enactment for a Constituent Authority to exercise such a function may be fulfilled by the exercise of that function by the NECA.

18.2 The Parties will keep the Protocols under regular review and may revise them from time to time and shall submit any such revised, new or further Protocol, to the NELB for consideration and approval.

18.3 Clause 12.4 above applies to Protocols drawn up, agreed or revised under this Clause as it does in relation to Protocols under Clause 12 above.

18.4 The Regeneration Protocols will be annexed to this Deed as and when agreed between the Parties

## **19. Economic Development and Regeneration Functions**

19.1 The economic development and regeneration functions set out in Schedule 2 of the Order are –

The power under section 144 of the LGA 1972 (the power to encourage visitors and provide conference facilities).

The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A (1)(b), 514A and 560A of the Education Act 1996 (duties and powers related to the provision of education and training for persons over compulsory school age).

The duty under section 69 of the LDEDCA 2009 (duty to prepare an assessment of the economic conditions of the local authority's area).

19.2 It is agreed that the function under Section 69 of the LDEDCA 2009 (duty to prepare an assessment of economic conditions) will be exercised by the NECA, and that pursuant to the Order any requirement for the Constituent Authorities to exercise this function will be fulfilled by its exercise by the NECA.

## **20. Overview and Scrutiny Arrangements**

20.1 The NELB will establish an Overview and Scrutiny Committee to enable the Constituent Authorities to exercise an overview and scrutiny role in relation to the decisions and activities of the following bodies –

- (a) the NELB
- (b) the TNEC
- (c) the TWSC
- (d) any other committees, sub-committees or joint committees of the above
- (e) Nexus



- (f) DCC and NCC in relation to transport functions delegated to them
- (g) the NELEP to the extent that they agree or otherwise at such time that the NECA becomes the Accountable Body for the NELEP and the review relates to the fulfilment of the role of Accountable Body by the NECA

20.2 The Constituent Authorities will make arrangements (whether by standing orders or otherwise) enabling questions on the discharge of the functions of the NECA to be put to that Constituent Authority's representative on the NELB and for such questions to be answered by that representative at a meeting of full Council of that Constituent Authority.

## **21. Review of the Constitution**

21.1 Notwithstanding the requirements contained within the Constitution of the NECA at Part 1 Section 18 "Review and Revision of the Constitution" that Parties agree to undertake an interim review of the operation of the Constitution and report the outcome of the review to the NELB 6 months following the establishment of the NECA or as soon as possible thereafter. A further review will be carried out 6 months after the completion of the interim review and reported to the NELB and thereafter shall be undertaken annually in accordance with the requirements of the Constitution.

## **22. Review of Arrangements**

22.1 The Parties will undertake, pursuant to Section 111 of the LDEDCA 2009, a joint review of the matters set out in Clause 21.2 to be commenced, whichever is the earlier of:

- (a) The fifth anniversary of the commencement date of the NECA; or
- (b) Immediately after notice is given by a Constituent Authority requesting a joint review, provided that such notice is not given before the third anniversary of the Commencement date of the NECA.

22.2 The matters are –

- (a) A matter in respect of which an Order may be made under any of sections 104 to 107 of the LDEDCA 2009
- (b) A matter concerning the NECA or Nexus that the NELB has power to determine
- (c) Any other matter contained in this Deed

22.3 The provisions of this Clause are without prejudice to the statutory rights of one or more of the Parties to undertake their own review at any time.

22.4 The joint review referred to in Clause 22.1 and 22.2 will be undertaken in accordance with Schedule 1 of this Deed.

## **23. Amendments to this Deed**

23.1 This Deed may be amended following agreement in writing by all the Parties.

23.2 The operation of this Deed will be subject to an annual review.

## **24. Dispute Resolution**

24.1 Any dispute between the Parties arising out of this Deed which cannot be settled shall be referred to the Heads of Paid Service of the Parties to the dispute who will negotiate to resolve the matter in good faith.

## **25. Termination**

25.1 This Deed will terminate as necessary and at a time agreed by all of the Parties following a joint review carried out in accordance with Clauses 22.1, 22.2 and 22.4.

25.2 This Deed will be terminated by the making of an Order by the Secretary of State under sections 104 to 107 of the LDEDCA 2009

## **26. Notices**

26.1 Any notice, demand or other communication required to be served on the NECA under this Deed shall be sufficiently served if delivered personally to or sent by pre-paid first class recorded delivery post or email or facsimile transmission to the NECA's Monitoring Officer at the Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY. If so sent, any such notice, demand or other communication shall, subject to proof to the contrary, be deemed to have been received by the NECA's Monitoring Officer at the time of personal delivery or on the second working date after the date of posting or transmission as the case may be.

26.2 Any notice, demand or other communication required to be served on one or more of the Constituent Authorities under this Deed shall be sufficiently served if delivered personally to or sent by pre-paid first class recorded delivery post or email or facsimile transmission to the Monitoring Officer(s) of the Constituent Authority(ies) concerned. If so sent, any such notice, demand or other communication shall, subject to proof to the contrary, be deemed to have been received by the Constituent Authority(ies) concerned at the time of personal delivery or on the second working date after the date of posting or transmission as the case may be.

**IN WITNESS** whereof the Parties have caused this Deed to be executed the day, month and year first before mentioned.

The Common Seal of **THE DURHAM, GATESHEAD, NEWCASTLE UPON TYNE, NORTH TYNESIDE, NORTHUMBERLAND, SOUTH TYNESIDE and SUNDERLAND COMBINED AUTHORITY**

Was affixed hereunto in the presence of :-

Monitoring Officer

**EXECUTED** as a **DEED** (but not delivered until the date of it) by the affixing of the Common Seal of **THE COUNTY COUNCIL OF DURHAM** By Order :-

Authorised Sealing Officer  
(A permanent Officer of the County Council)

The Common Seal of **THE BOROUGH COUNCIL OF GATESHEAD**

Was affixed in the presence of :-

Mayor

Solicitor to the Council

Executed as a deed by affixing  
The common seal of **THE COUNCIL  
OF THE CITY OF NEWCASTLE  
UPON TYNE**  
in the presence of :-

Lord Mayor

Assistant Director Legal Services/  
Senior Solicitor

The Common Seal of **THE COUNCIL  
OF THE BOROUGH OF NORTH  
TYNESIDE**  
Was affixed in the presence of :-

Chair of the Council

Authorised Signatory

The Common Seal of **NORTHUMBERLAND  
COUNTY COUNCIL**  
Was hereunto affixed in the presence of :-

Authorised Officer

The Common Seal of **THE COUNCIL OF  
THE BOROUGH OF SOUTH TYNESIDE**  
Was hereunto affixed in the presence of :-

Mayor

Head of Legal Services

The Seal of **The COUNCIL OF THE  
CITY OF SUNDERLAND**  
Was hereunto affixed in the presence of:

Authorised Officer

## **SCHEDULE 1**

### **1. Introduction**

- 1.1 The Order establishing the NECA may be changed by a further Order made by the Secretary of State under Sections 104 to 107 of the LDEDCA 2009 in accordance with the statutory procedure in the LDEDCA 2009.
- 1.2 Section 111 of the LDEDCA 2009 provides that any one or more of the Constituent Authorities or the NECA may undertake a review relating to the whole of the NECA or one or more areas of the NECA. Such a review can be on one or more of the matters in respect of which an order can be made under Sections 104 – 107 of the LDEDCA 2009 including changing the boundaries of a combined authority by adding or removing an area to or from an existing combined authority (with the relevant Authority's consent). No change can be made to the areas included in the combined authority without an Order of the Secretary of State following such a review and the publication of a scheme by the Authority or Authorities carrying out the review.
- 1.3 The Constituent Authorities wish to record the arrangements which have been agreed between them for the conduct of any future review in relation to the NECA or any one or more areas of the NECA under sections 111 and 112 of the LDEDCA 2009.
- 1.4 The Constituent Authorities in particular wish to acknowledge the intention to review the future integration of transport provision and arrangements across the Combined Area.

### **2. Agreement to Undertake a Joint Review**

- 2.1 The Constituent Authorities will develop a set of indicators (the indicators) based on the priorities in the NELB's Strategy (and any delivery plan developed thereunder) which will be agreed by each Constituent Authority and which may be used by the NELB and Constituent Authorities to assist in assessing performance of the NECA including use in any review under Section 111 of the LDEDCA 2009.
- 2.2 The Constituent Authorities will undertake a joint review with the NECA to be commenced on whichever is the earlier of:-
  - (a) the fifth anniversary of the commencement date of the NECA; or
  - (b) immediately after a Constituent Authority serves notice on the NECA and other Constituent Authorities requesting a joint review provided that such notice is not given before the third anniversary of the commencement date.
- 2.3 The matters which will be considered in any joint review are those matters set out in Section 111(3) of the LDEDCA 2009, which in particular will include:
  - (i) Performance of the NECA against the indicators;

- (ii) Performance of the NECA in improving the exercise of the relevant statutory functions, economic conditions and transport in the NECA's area and in the area of individual Constituent Authorities;
- (iii) Costs and value for money;
- (iv) Constitutional arrangements including membership and voting;
- (v) Functions of the NECA;
- (vi) The boundaries of the NECA;
- (vii) Relationship of the NECA to its executive delivery body, Nexus;
- (viii) The progress towards the greater integration of the transport functions across the combined area; and
- (ix) Any other criteria reasonably considered relevant by any of the Constituent Authorities or the NELB.

2.4 The Constituent Authorities will procure that in any joint review an independent person is commissioned to consider those matters set out in Paragraph 2.3 above and to report on:

- (i) The performance of the NECA against the indicators and other review criteria, and
- (ii) Any changes to the NECA's functions, area, constitutional arrangements which would be likely to improve:
  - (a) the exercise of statutory functions relating to transport, economic development and regeneration or
  - (b) the effectiveness and efficiency of transport and the economic conditions in the area of the NECA or an area of a Constituent Authority.

Any representations, reports and other information submitted by a Constituent Authority will be taken into account in the review.

### **3. Separate Authority Review**

3.1 In the event that a Constituent Authority decides either alone or together with another Constituent Authority to undertake a review under Section 111 of the LDEDCA 2009 which is not a joint review as provided for in Paragraph 2 above, each Constituent Authority agrees as follows:

- (i) each Constituent Authority undertaking such a review will give notice to the other Constituent Authorities and the NECA setting out the matters which are to be the subject of the review;
- (ii) each Constituent Authority (whether or not undertaking such a review) will provide and will procure that the NECA provides such information or independent reports including the reports referred to at Paragraph 2.4 above

as are reasonably required by the reviewing Constituent Authority or Authorities in order to conduct such a review.

#### **4. General**

- 4.1 If one or more Constituent Authorities or the NECA, having undertaken a joint review as provided for in Paragraph 2 or a separate review as provided for in Paragraph 3, publishes a scheme under Section 112 of the LDEDCA 2009 proposing the removal of an area or areas from the area of the NECA (with the consent of the Constituent Authority(ies) for the area or areas), each of the remaining Constituent Authorities will take all reasonable steps to support the removal of the said area(s) from the area of the NECA including in any response to the Secretary of State in the course of his/her consultation on any proposed order.





- (ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
- 2. Implementing Concessionary Travel Schemes pursuant to sections 93 - 105 of the Transport Act 1985;
- 3. Implementing Ticketing Schemes pursuant to sections 135-138 of the Transport Act 2000;
- 4. Determining the operation, performance and development of accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985;
- 5. All obligations of County Councils relating to mandatory travel concessions pursuant to sections 145A to 150 of the Transport Act 2000
- 6. Those functions of County Councils set out in Part 4 of the Transport Act 1985 (Passenger Transport in areas other than Integrated Transport Areas) under:

Section 63 – functions of local Councils with respect to passenger transport

Section 81 – provision, maintenance and operation of bus stations

Section 82 – bus stations: restriction on discriminatory practices

### **The Role of the County Councils**

- 5. The Executive and Policy Board of the County Councils will meet on a date as soon as reasonably practicable after the delegation of the delegated functions by the NECA. On meeting, the Executive and Policy Board will receive a report on the exercise of the delegated functions and will decide if any functions will be carried out by officers and upon what basis. Functions carried out by officers will be exercised subject to consultation with the relevant portfolio holder of the Executive or Policy Board and /or the Leader.
- 6. The relevant Portfolio Holder will provide reports when required to the Transport North East Committee of the NECA advising on how the delegated functions have been exercised, are to be exercised, and how any exercise or planned exercise of functions meets or will meet the policies and strategies set by the NECA.
- 7. The Executive and Policy Board of the respective County Councils through delegation to officers will support, advise and assist in the development of plans and strategies on a regional and sub-regional basis including the Local Transport Plan and a Strategic Transport Plan.

**IN WITNESS** whereof the Parties have caused this Deed to be executed the day, month and year first before mentioned.

The Common Seal of **THE DURHAM, GATESHEAD, NEWCASTLE UPON TYNE, NORTH TYNESIDE, NORTHUMBERLAND, SOUTH TYNESIDE and SUNDERLAND COMBINED AUTHORITY**  
Was affixed hereunto in the presence of :-

Monitoring Officer

**EXECUTED** as a **DEED** (but not delivered until the date of it) by the affixing of the Common Seal of **THE COUNTY COUNCIL OF DURHAM** By Order :-

Authorised Sealing Officer  
(A permanent Officer of the County Council)

The Common Seal of **THE BOROUGH COUNCIL OF GATESHEAD**  
Was affixed in the presence of :-

Mayor

Solicitor to the Council

Executed as a deed by affixing  
The common seal of **THE COUNCIL  
OF THE CITY OF NEWCASTLE  
UPON TYNE**  
in the presence of :-

Lord Mayor

Assistant Director Legal Services/  
Senior Solicitor

The Common Seal of **THE COUNCIL  
OF THE BOROUGH OF NORTH  
TYNESIDE**  
Was affixed in the presence of :-

Chair of the Council

Authorised Signatory

The Common Seal of **NORTHUMBERLAND  
COUNTY COUNCIL**  
Was hereunto affixed in the presence of :-

Authorised Officer

The Common Seal of **THE COUNCIL OF  
THE BOROUGH OF SOUTH TYNESIDE**  
Was hereunto affixed in the presence of :-

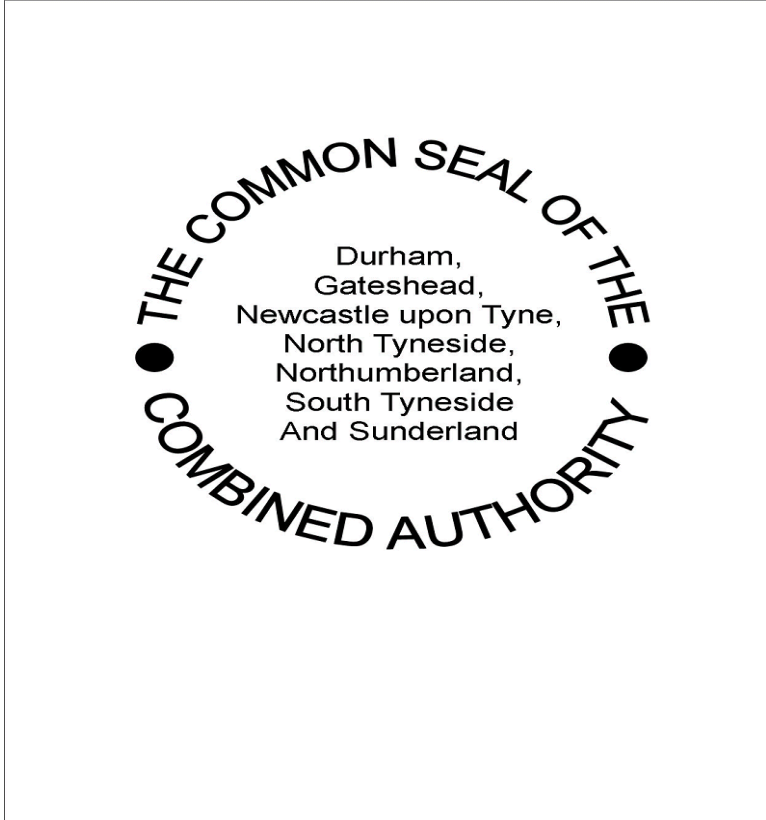
Mayor

Head of Legal Services

The Seal of **The COUNCIL OF THE  
CITY OF SUNDERLAND**  
Was hereunto affixed in the presence of:

Authorised Officer

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## North East Combined Authority

### North East Leadership Board (NELB)

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**DATE:** 29 April 2014

**SUBJECT:** Appointment of Committee Membership (including Appointment of Co-opted Independent Members of the Governance Committee and Appointment of Independent Person), Appointment of Chairs and Vice-Chairs and Appointment of External Auditors

**REPORT OF:** Vivienne Geary, Monitoring Officer

#### EXECUTIVE SUMMARY

The purpose of this report is to seek the agreement of the Leadership Board to the appointment of Members to the Joint Transport Committee known as the Transport North East Committee (TNEC), its Sub-Committee known as the Transport North East (Tyne and Wear) Sub-Committee, and the North East Combined Authority (“the Authority”) Committees, namely, the Overview and Scrutiny Committee and the Governance Committee. The report also invites agreement on the process for the appointment of Chairs and Vice Chairs of those committees and Independent Members of the Governance Committee.

The Leadership Board is also requested to agree the appointment of Deloitte LLP as the External Auditor of the Authority.

Finally, the Leadership Board is requested to agree arrangements to identify an Independent Person as required in respect of Code of Conduct complaints. The appointment of such a person is a requirement of the Localism Act 2011.

#### RECOMMENDATIONS

It is recommended that the Leadership Board:

- a) appoint the nominated Constituent Authority Members to the Transport North East Committee (“the TNEC”), the Transport North East (Tyne and Wear) Sub-Committee (“the TWSC”), Overview and Scrutiny Committee and the Governance Committee as set out in **Appendix 1**;
- b) appoint Deloitte LLP (“Deloitte”) on an interim basis as the External Auditor for the Authority;
- c) agree the process for the appointment of the Chairs and Vice Chairs of the TNEC, TWSC, Overview and Scrutiny Committee and the Governance Committee;

# North East Combined Authority

## North East Leadership Board (NELB)

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- d) authorise the Monitoring Officer in consultation with the Chair and Vice Chairs of the Authority to undertake an exercise to identify an Independent Person for the Authority and to report to a future meeting of the Leadership Board for the appointment of the Independent Person; and
- e) appoint Mark Scrimshaw and George Clark as the Independent Members of the Governance Committee and Chair and Vice Chair of that Committee respectively on an interim basis for an initial period of 6 months subject to review, and agree the payment of a fee of £1000 and £500 respectively for fulfilling those roles in that initial period.

# North East Combined Authority

## North East Leadership Board (NELB)

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### 1 Background Information

- 1.1 The Authority is created pursuant to the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA 2009) and by the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014 ('the Order') which came into force on 15 April 2014.

### Overview and Scrutiny Committee

- 1.2 The Authority is required to have an Overview and Scrutiny Committee under the provisions of the Order however this is the only Committee that the Authority is required to have. No member of the Leadership Board can be appointed to the Committee. The Authority is, however, able to establish other Committees or Sub-Committees as it considers appropriate.
- 1.3 The Overview and Scrutiny Committee comprises 2 Members from each of the Constituent Authorities with 14 Members of the Committee in total. Although there is no legal requirement for political balance in relation to the appointments made to the Committee because less than 3 Members are being appointed to the Committee, the Leadership Board has agreed that it would be based on the political balance applicable within each Constituent Authority.
- 1.4 In correspondence recently received from the Under Secretary of State regarding Overview and Scrutiny arrangements he has requested that Combined Authorities consider that good practice in relation to Overview and Scrutiny arrangements. The facets of good practice referred to are that:
- the membership of the Overview and Scrutiny Committee should reflect the political balance of the Constituent Authorities.
  - the Chair and Vice Chair of the Overview and Scrutiny Committee should preferably not be a member of the political party to which the majority of the Authority's members belong.
  - the Authority has proper regard to the reports and recommendations of the Overview and Scrutiny Committee.

Two aspects of the good practice identified by the Under Secretary of State are followed by the Authority and the Leadership Board is requested to note the views of the Under Secretary of State in respect of good practice when considering the process for identifying the Chair and Vice Chair of the Overview and Scrutiny Committee.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **Governance Committee**

- 1.5 The Authority is a 'local authority' for the purposes of the Localism Act 2011 and as a result it is required promote and maintain high standards of conduct among Members, to adopt a Code of Conduct for Members, to put in place 'arrangements' for dealing with alleged breaches of that Code and also to appoint an Independent Person who must be consulted prior to the determination of any complaint of a breach of the Code. In addition, the Authority is required to have appropriate arrangements in place to consider the robustness of the Authority's financial arrangements and approach to risk. Under the Constitution the Governance Committee is delegated responsibility on behalf of the Authority to undertake corporate governance responsibilities, consider the Authority's arrangements for addressing risk, for promoting high standards of conduct within the Authority and dealing with any Standards complaints made.
- 1.6 The Authority is, however, required to appoint an Independent Person as referred to above. The Leadership Board is invited to authorise the Monitoring Officer in consultation with the Chair and Vice Chairs to seek expressions of interest from the Independent Persons of the Constituent Authorities and to report to the next Leadership Board to enable the Leadership Board to appoint a suitable candidate.
- 1.7 It is also proposed that two Independent Members are appointed to the Governance Committee as the Chair and Vice Chair of the Committee. The proposed Independent Members, Mark Scrimshaw and George Clark, have previously held positions as Independent members of the Tyne and Wear Integrated Transport Authority Audit Committee and have agreed to undertake the roles for the Authority if appointed by the Leadership Board to do so for an interim period of 6 months when the arrangements will be reviewed. A small fee would be paid to the Independent Members by the Authority if appointed of £1000 and £500 for the position of Chair and Vice Chair respectively.

### **Transport North East and Tyne and Wear Sub-Committee**

- 1.8 In order to discharge the transport functions transferred to the Authority from the former Integrated Transport Authority, Durham County Council and Northumberland County Council by virtue of the Order, a Joint Transport Committee is established, with the Thematic Lead for Transport representing the Authority on that Joint Committee, and two Members from each of the Constituent Authorities (one with portfolio responsibility for transport and including the Thematic Lead as one member from the relevant Constituent Authority) representing each of the Constituent Authorities on the Committee. This Joint Committee is to be known as the Transport North East Committee ("the TNEC"). It has been acknowledged that the Thematic Lead for Transport would undertake the role of Chair of this Committee with Vice Chairs being the respective portfolio holders with Transport responsibilities from Durham and Northumberland together with one of the portfolio holders from the Tyne

# North East Combined Authority

## North East Leadership Board (NELB)

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and Wear Authorities also appointed as a third Vice Chair . The process for selecting the Tyne and Wear Vice Chair is to be agreed by the Leadership Board.

- 1.9. A Sub-Committee of the TNEC is delegated responsibility to address transport issues affecting the Tyne and Wear Authority areas only, called the Transport North East (Tyne and Wear) Sub-Committee. The Sub-Committee comprises of the 5 Members with portfolio responsibility for transport from the Tyne and Wear Authorities. It has been acknowledged that the Vice Chair of TNEC from the Tyne and Wear Authorities would undertake the role of Chair of the this sub Committee with the process of selecting the Vice Chair to be agreed.

### **Appointments**

- 1.10 The Constituent Authorities have been invited to nominate representatives to the various Committees and these are set out in Appendix 1 to this report.
- 1.11 The Leadership Board is invited to agree the process to identify the Chairs and Vice Chairs of each of the Committees referred to in Appendix 1.
- 1.12 The Authority's Constitution specifies the size and composition of the Joint Committee, Sub-Committee and Committees of the Authority. The proposed appointments as set out in Appendix 1 reflect the requirements of the Constitution in terms of the size and composition of the various Committees.

### **External Auditor**

- 1.13 The Authority is required to have an external auditor appointed to it by the Audit Commission to audit the accounts of the Authority. The External Auditor of the Tyne and Wear Integrated Transport Authority is Deloitte LLP ("Deloitte"). Before an external auditor is appointed to the Authority, consultation with the Authority needs to take place. Formal consultation has not been possible pending the creation of the Authority and it is therefore proposed, that Deloitte becomes the External Auditor of the Authority in the interim. The Audit Commission is aware of this proposal and is content for Deloitte to take on such a role until such time as the Commission can review the position.

## **2 Proposals**

- 2.1 The Leadership Board is requested to agree to the recommendations set out above to enable the Authority to operate in accordance with the Order and as set out in the Authority's Constitution and to make the appointments to the Committees and Sub-Committee as set out in Appendix 1 of this report.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **3 Next Steps**

- 3.1 To call meetings of the various Committees and Sub-Committee in accordance with the programme of meetings as set out elsewhere on the Agenda.
- 3.2 The appointments once made will enable the Member from the Authority and the Members from the Constituent Authorities to attend as appropriate the respective Joint Committee, Committee or Sub-Committee to which they have been appointed.

### **4 Potential Impact on Objectives**

- 4.1 The appointments to the committees referred to in this report will enable the Authority to properly discharge the functions delegated to them.

### **5 Finance and Other Resources**

- 5.1 The provision of the support arrangements for the Authority is contained within the existing financial resources available to the Authority and a further report on the budget of the Authority will be considered at the meeting of the Leadership Board on 29 April 2014. Any Allowances paid to the Members from the Constituent Authorities in attending a Joint Committee, Committee or Sub-Committee will be a matter for each of the Constituent Authorities and their respective remuneration panels. The Authority will in the interim be responsible for the fee paid to the Independent Members. It is proposed that Independent Members of the Governance Committee receive £1000 for undertaking the role of the Chair and £500 for the Vice Chair for the proposed interim 6 month period.

### **6 Legal**

- 6.1 The Authority is required to make arrangements to enable relevant decision making responsibilities, Overview and Scrutiny arrangements and associate functions to be fulfilled. These responsibilities arise under the Local Government Act 1972 in addition to various aspects of finance and audit legislation and the Localism Act 2011, as well as the provisions of the Order creating the Authority.

The proposals set out in the report comply with these requirements. In addition the arrangement for the appointment of an External Auditor is in accordance with the Audit Commission Act 1998.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **7 Other Considerations**

#### **7.1 Consultation/Community Engagement**

The proposals contained within the report have been subject to consideration by and briefings for the Leaders and Elected Mayor at appropriate points during the period leading up to the creation of the Authority. In addition the establishment of the Authority and associated decision-making and scrutiny arrangements have been the subject of widespread consultation by the Secretary of State and the Constituent Authorities.

#### **7.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **7.3 Equalities and Diversity**

There are no specific equality and diversity implications arising from this report.

#### **7.4 Risk Management**

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

#### **7.5 Crime and Disorder**

There are no specific crime and disorder implications arising from this report.

#### **7.6 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

### **8 Background Documents**

- 8.1
  - The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014.
  - The LA7 Governance Review and Scheme submitted to the Secretary of State
  - The letter of Brandon Lewis MP to the Leaders of the Constituent Authorities, dated 15 April 2014

### **9 Links to Plans in the Policy Framework**

- 9.1 This report has no direct links to plans in the Policy Framework.

# North East Combined Authority

## North East Leadership Board (NELB)

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### 10 Appendices

10.1 Appendix 1 – Membership 2014/15

10.2 The letter of Brandon Lewis MP to the Leaders of the Constituent Authorities, dated 15 April 2014

### 11 Contact Officers

11.1 Jane Robinson, Head of Paid Service. Tel 0191 433 2050  
Vivienne Geary, Monitoring Officer. Tel 0191 643 5339  
Sonia Tognarelli, Chief Finance Officer. Tel 0191 561 1851

### 12 Sign off

- Head of Paid Service
- Monitoring Officer
- Chief Finance Officer



# North East Combined Authority

## North East Leadership Board (NELB)

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### Appendix 1

#### Membership 2014/15

##### (A) North East Leadership Board (NELB) Membership 2014/15

**Proposed day and time of meeting:**

3<sup>rd</sup> Tuesday in April, July, September, October and January at 2pm

**Membership:** 8 (one Member from each Constituent Authority and a non-voting North East Local Enterprise Partnership member).

Authority/Body	Member	Substitute Member (Councillor)
Durham	Councillor Simon Henig (Chair)	Alan Napier
Gateshead	Councillor Mick Henry (Vice-Chair)	Martin Gannon
Newcastle upon Tyne	Councillor Nick Forbes	Joyce McCarty
North Tyneside	Mayor Norma Redfearn (Vice-Chair)	Bruce Pickard
Northumberland	Councillor Grant Davey	Dave Ledger
South Tyneside	Councillor Iain Malcolm	Alan Kerr
Sunderland	Councillor Paul Watson	Harry Trueman
North East Local Enterprise Partnership	To be confirmed	To be confirmed

#### Thematic Lead Areas:

- (a) Transport – To be agreed;
- (b) Economic Development and Regeneration – To be agreed;
- (c) Employability and Inclusion – To be agreed.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **(B) Transport for North East Committee (TNEC) Membership 2014/15**

**Proposed day and time of meeting:** 4<sup>th</sup> Thursday in May, July, October and February at 10 am

**Membership:** 14 (two Members from each Constituent Authority).

Details of nominees to be provided

#### **Chair and Vice-Chairs to be appointed**

<b>Authority</b>	<b>Members</b>	
Durham		
Gateshead		
Newcastle upon Tyne		
North Tyneside		
Northumberland		
South Tyneside		
Sunderland		

### **(C) Transport North East (Tyne and Wear) Sub-committee (TWSC) Membership 2014/15**

**Proposed day and time of meeting:** 4<sup>th</sup> Thursday in May, July, September, October, November, January, February and March at 11 am

**Membership:** 5 (one Member from each Tyne and Wear Local Authority).

Details of nominees to be provided

#### **Chair and Vice-Chair to be appointed**

<b>Authority</b>	<b>Member</b>	
Gateshead		
Newcastle upon Tyne		
North Tyneside		
South Tyneside		
Sunderland		

# North East Combined Authority

## North East Leadership Board (NELB)

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### (D) Governance Committee Membership 2014/15

**Proposed day and time of meeting:** 2<sup>nd</sup> Friday (with exceptions) in June, September and February at 2pm

**Membership:** 7 (one Member from each Constituent Authority) and also 2 non-voting co-opted Independent Members who will act as Chair and Vice-Chair and 1 Independent Person for the purpose of the Standards regime, who could be invited to observe at meetings.

Details of nominees to be provided.

Please note Mr M Scrimshaw and Mr G Clark are nominated as Independent Members on an interim basis.

### Chair and Vice-Chair to be appointed

Authority	Member	
Durham		
Gateshead		
Newcastle upon Tyne		
North Tyneside		
Northumberland		
South Tyneside		
Sunderland		
Independent Member		
Independent Member		
Independent Person	To be confirmed	

# North East Combined Authority

## North East Leadership Board (NELB)

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### (E) Overview and Scrutiny Committee Membership 2014/15

**Proposed day and time of meeting:** 2<sup>nd</sup> Tuesday in June, September, December and February at 2pm

**Membership:** 14 (two Members from each Constituent Authority, who are not Members of NELB).

Details of nominees to be provided

### Chair and Vice-Chair to be appointed

Authority	Members	
Durham		
Gateshead		
Newcastle upon Tyne		
North Tyneside		
Northumberland		
South Tyneside		
Sunderland		



Department for  
Communities and  
Local Government

Leaders of constituent councils of the Durham,  
Gateshead, Newcastle Upon Tyne, North Tyneside,  
Northumberland, South Tyneside and Sunderland  
Combined Authority

**Brandon Lewis MP**  
*Parliamentary Under Secretary of State*

**Department for Communities and Local  
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[www.gov.uk/dclg](http://www.gov.uk/dclg)

Our Ref:  
Your Ref:

15 APR 2014

Dear Colleague

**Combined authority governance and transparency**

I am very pleased that the Order, which Parliament approved, has been made, establishing on 15 April 2014 your Combined Authority – an important step for achieving the jobs, investment and growth all want to see in your area.

During their recent considerations of the Combined Authority Orders Parliament gave particular attention to the Orders' provisions on the detailed governance and transparency arrangements for Combined Authorities, including provisions on overview and scrutiny committees. We undertook to write to the Leaders of all councils involved in Combined Authorities to highlight the importance of following good practice on overview and scrutiny, not least to ensure that combined authorities continue to command the confidence of all.

Good practice on overview and scrutiny enables wide cross-party representation effectively and transparently to hold to account a body's key decision takers, in the case of a combined authority essentially the Leaders of the councils concerned. The Order requires the Combined Authority overview and scrutiny committee(s) to have members drawn from the constituent councils. Following good practice will mean that members are appointed to these committees with a view to achieving political balance across the councils involved. Good practice also suggests that preferably the Chairman of an overview and scrutiny committee should not be a member of the majority political party represented in the body's decision making forum – for the Combined Authority the meeting of their members, again largely the Leaders of the councils involved. In addition, where a body follows good practice it will have proper regard to the reports and recommendations of its overview and scrutiny committee(s) such that those committee(s) not only hold the body to account for past decisions but actively influence the body's future policy.

By following good practice in these ways, the various political parties represented on all the councils concerned will have appropriate involvement and influence in the work of your Combined Authority, maintaining that wide ranging support and continuing commitment which is essential for the success of your Combined Authority.

I will place a copy of this letter on the department's website.

I would conclude by wishing you all the very best for your future collaboration and joint working through your Combined Authority – providing all the opportunities you expect for promoting growth and prosperity in your areas.

A handwritten signature in black ink, appearing to read 'Brandon Lewis', with a long horizontal flourish extending to the right.

**BRANDON LEWIS MP**

## North East Combined Authority

### North East Leadership Board (NELB)

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**DATE:** 29 April 2014

**SUBJECT:** Programme of Meetings

**REPORT OF:** Vivienne Geary, Monitoring Officer

#### **EXECUTIVE SUMMARY**

The purpose of this report is to advise Members to agree the programme of meetings for the Municipal Year 2014/15.

In order to discharge its functions effectively, the North East Combined Authority and its committees and the sub-committee are advised to meet according to the programme set out in Appendix A.

#### **RECOMMENDATIONS**

It is recommended that the Leadership Board agree the proposed programme of meetings, as set out in Appendix A.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **1 Background Information**

- 1.1 The North East Combined Authority's responsibilities for functions in relation to transport, economic development and regulation including skills are set out in the Authority's Constitution, together with the committee structure to discharge those functions effectively. The proposed programme of meetings was developed taking into consideration a number of aspects, including key areas of work, effective reporting structure, consistency and requirements of internal and external audit.

### **2 Proposals**

- 2.1 In order to discharge its functions effectively, the North East Combined Authority and its committees and the sub-committee are to meet according to the programme of meetings set out in Appendix A.

### **3 Next Steps**

- 3.1 If agreed, the programme of meetings will be published and shared with officers and members.

### **4 Potential Impact on Objectives**

- 4.1 As part of decision making processes, the Authority is required to have an effective committee structure. Having a programme of meetings will have a positive impact on the Authority's objectives.

### **5 Finance and Other Resources**

- 5.1 The proposed programme of meetings was designed to minimise costs.

### **6 Legal**

- 6.1 There are no specific legal implications arising from this report.

### **7 Other Considerations**

#### **7.1 Consultation/Community Engagement**

Not applicable.

#### **7.2 Human Rights**

There are no specific human rights implications arising from this report.



# North East Combined Authority

## North East Leadership Board (NELB)

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### 7.3 Equalities and Diversity

There are no specific equality and diversity implications arising from this report.

### 7.4 Risk Management

The proposed programme of meetings is aimed at assisting the Authority with the operation of an effective governance structure. It, therefore, will have a positive effect on the Authority's ability to manage risks.

### 7.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

### 7.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

## 8 Background Documents

### 8.1 The North East Combined Authority Constitution

## 9 Links to Plans in the Policy Framework

### 9.1 This report has no direct links to plans in the Policy Framework.

## 10 Appendices

### 10.1 Appendix A – Proposed Programme of Meetings

## 11 Contact Officers

- 11.1 Vivienne Geary, [viv.geary@northtyneside.gov.uk](mailto:viv.geary@northtyneside.gov.uk) Tel: 0191 643 5339  
Linda Scott, [linda.scott@newcastle.gov.uk](mailto:linda.scott@newcastle.gov.uk) Tel: 0191 211 5159  
Victoria Miller, [victoria.miller@newcastle.gov.uk](mailto:victoria.miller@newcastle.gov.uk) Tel: 0191 211 5118

## 12 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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## Appendix A

### NORTH EAST COMBINED AUTHORITY – PROGRAMME OF MEETINGS

	April (2014)	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan (2015)	Feb	Mar
<b>NELB</b> 3 <sup>rd</sup> Tuesday (exceptions) at 2pm	15 (2.30pm) And 29			15	-	16 special to approve Final Accounts	22*			20		
<b>TNEC</b> 4 <sup>th</sup> Thursday at 10am		29		24	-		23				26	
<b>TWSC</b> 4 <sup>th</sup> Thursday at 11am		29		24	-	25	23	27		29	26	26
<b>O+S</b> 2 <sup>nd</sup> Tuesday at 2pm			10		-	9			9		10	
<b>Governance</b> 2 <sup>nd</sup> Friday (exceptions) at 2pm			27		-	12					8	

\* Wednesday

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## North East Combined Authority

### North East Leadership Board (NELB)

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**DATE:** 29 April 2014

**SUBJECT:** Report on the 2014/2015 Budget for the Combined Authority

**REPORT OF:** Chief Finance Officer

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#### **1 Executive Summary**

This report sets out the Authority's proposed base budget for 2014/15; and some practical considerations for 2014/15. It identifies existing budgets which will be brought together to form the Authority's budget for the first year of its operation. Based on a full financial year for 2014/15 the Authority would have an estimated Net Revenue Budget of £89.7million; a Capital Programme of £66million and an external funding programme of £55million. These totals represent the spending in the full year 2014/15 therefore, to reflect the post 1<sup>st</sup> April commencement date, a detailed apportionment of costs and budget for the period to 15<sup>th</sup> April 2014 will be carried out. The budget will be affected by decisions of the Leadership Board relating to the outcome of workstream discussions not yet reflected in the budget as well as by any news of additional capital or revenue funding for the year.

#### **2 Recommendations**

The Leadership Board is recommended to :-

1. Agree a base net revenue Budget of £89.73m for 2014/15 as summarised in Table 1 at 6.2, to be adjusted proportionately to reflect the number of days that the Combined Authority will operate in 2014/15;
2. Agree a base Capital Programme for 2014/15 of up to £66m as set out in this report, which will be adjusted to reflect the level of anticipated spending after the commencement date in 2014/15;
3. Note that 2014/15 will be a transitional year, and that it is intended to continue most existing SLA agreements, wherever it is reasonable to do so, for the year and that these will be reviewed during the year in time for revised proposals for 2015/16 to be considered in the Autumn of 2014.
4. Note the information from the various workstreams that could have an impact on the ongoing financial contribution or lead to one off set up costs which will need to be funded on an equal shares basis.
5. Agree the proposal to establish an unearmarked reserve for the Authority amounting to £350,000, made up of a one-off contribution of £50,000 from each member council.
6. Note the proposed approach to the allocation of corporate costs of the Authority set out in sections 4.3 and 4.4 of this report.

# North East Combined Authority

## North East Leadership Board (NELB)

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7. Consider a provisional increase in the annual contribution for LA7 Costs of £11,373 to a contribution of £20,000 to the costs of the Combined Authority;
8. Note that the Value Added Tax (Refund of Tax) Order 2014 adds the Authority to a scheme in the VAT Act 1994 through which VAT may be recovered and the proposals to deal with the accounting and audit implications due to a commencement date later than 1 April 2014.

### 3 Background Information

3.1 A number of workstreams had been established to support the development of the Authority. The key areas which will feed into the budget are set out below -

- NE LEP
- Transport
- Economy
- Skills
- Communications

3.2 The proposed draft budget for 2014/2015 draws together the two main elements based on the following assumptions;

- **NE LEP**

North East LEP activity on the basis that on establishment of the Authority the accountable body role will be transferred to the Authority from Sunderland City Council, although Service Level Agreement (SLA) support to carry out this role will continue. A report transferring the accountable body role is included elsewhere on this agenda.

- **Transport**

On establishment of the Authority the Integrated Transport Authority (ITA) and North East Local Transport Board (NELTB) were dissolved and the Leadership Board now undertakes the roles and responsibilities of those bodies, replacing the existing Tyne & Wear ITA arrangements and assuming transport authority functions for Durham and Northumberland that are transferred to the Authority. The 2014/15 budget for the new Authority includes decisions that have already been taken in respect of the Tyne and Wear ITA transport levy and allocating the grants for Integrated Transport Block (ITB) and Local Major Transport Schemes to local authorities in the region governed by Transport North East Committee.

For the other workstream areas, nothing has been included in the budget at this stage and will be the subject of future reports to the Authority once

# North East Combined Authority

## North East Leadership Board (NELB)

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progressed further. The following are noted:

- **Economy**

Inward Investment Gateway Service – Economic Development Directors are considering the requirements to support a new service. Other Economy portfolio function requirements are in development. At this stage it is assumed that the costs will be met either from existing local authority budgets, or additional external funding.

- **Skills**

The first key function under this workstream is to understand the funding opportunities available and those already being utilised in the Authority's area and then to establish a strategy for their use. The Authority will consider the outcome of this in 2015 along with any funding requirements.

- **Communications**

At this stage the communication workstream has identified potential initial costs of £85K (£20K one off) from establishing the combined authority. The costs relate to the setting up of the new website, branding and PR. In addition, there will be a requirement to develop a communications strategy. Further consideration will be given to the opportunity to fund part of this cost from existing budgets, e.g. within the ITA Transport budget for Tyne and Wear; from Transport budgets in Durham and Northumberland, and from within the LEP support budget, with any corporate ongoing costs funded by an additional contribution allocated equally between councils. The initial one off costs once agreed by the Authority could be divided between the seven councils on equal basis.

- **Priorities Task Group.**

Much of the strategic capacity to support the Authority has been provided by a Priorities Task Group, made up of an officer from each of the seven authorities. While these have worked together as a team, they have remained individually employed by their host authority. Consideration will need to be given to the future of this strategic capacity and the options for providing and funding it.

## 4 Revenue Budget 2014/2015

### 4.1 Main Elements – From Existing Revenue Budgets

Existing budgets are in place to fund the Tyne and Wear ITA; the Transport budgets in Durham and Northumberland County Councils; the North East LEP and to provide Co-ordination/Policy Support to the LA7 Leaders Board. It is proposed to bring these existing budgets together, where they will be accounted for by the Authority. A summary of budget is set out in Table 1 at 6.2 and a copy of the TWITA budget report is attached at Appendix 1.

On this basis, the Authority's base net budget for 2014/15 is currently estimated to be £89.73m, of which 99.5% (£89.3m) is Transport related, with

# North East Combined Authority

## North East Leadership Board (NELB)

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£250,000 relating to Economic Development – funding the existing LEP core team; and £79,611 for Co-ordination and Policy Support.

### 4.2 Additional Requirement – Corporate Costs

A budget requirement of £140,000 (£20,000 per authority) has been identified to cover a wider range of corporate costs that the Authority will incur in addition to the core team and administration. This is an increase of £60,389 (£8,627 per authority) from the previously LA funded LA7 core team of £79,611 which is now subsumed within the Authority. This increase will be fully met in 2014/15 in Tyne and Wear by savings in ITA costs, with offsetting savings in Durham and Northumberland.

### 4.3 Minimising and Funding Corporate Costs

To meet the objective of minimising any extra costs of establishing the Authority, central costs have been kept to a minimum and funded from realignment within the existing transport budgets and its overheads; from additional external income (grants) and from in-kind free provision of support from the constituent authorities – e.g. cost of meeting spaces. Any additional costs in 2014/15 would need to be fully justified and approved by all.

### 4.4 Approach to overhead allocation

Non-transport related costs will be allocated on an equal share basis in line with the Order, and transport-related overheads are allocated in proportion to Transport Gross Revenue Expenditure. This is considered appropriate to reflect the level of complexity and activity involved in the transport related budget / costs and currently how those costs are shared under levy arrangements.

## 5 Reserves

- 5.1 The Authority needs to hold an adequate level of unearmarked reserve, which the Chief Finance Officer is required to sign off as adequate, based on the risks that the Authority would face during the financial year. The transport funding arrangements for 2014/15 are structured in such a way that in year cost pressures would be met by the Delivery organisations in Tyne and Wear (Nexus) and Northumberland and Durham County Councils, with any levy adjustment being required in the following year. The ITA has addressed its Pension cost liabilities and its financing costs are relatively fixed. There are considerable earmarked reserves within the Tyne and Wear transport accounts relating to the Tyne Tunnels and the Metro Reinvigoration programme which can accommodate cost pressures relating to the capital programme.



# North East Combined Authority

## North East Leadership Board (NELB)

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- 5.2 The Leadership Board has previously agreed the establishment of a minimum base unearmarked reserve of £350k for the Authority based on a one-off contribution of £50,000 from each Constituent Council.
- 5.3 For Tyne and Wear Councils, the refund of £440,000 of the existing ITA unearmarked reserve will enable each Tyne and Wear Council to fund their £50,000 contribution to create a Authority unearmarked reserve, as well as having a contribution to meet the increased initial contribution of £8,627 towards the corporate costs of the Authority.
- 5.4 After the refund of the majority of the unearmarked reserve, it is likely that there will be a small balance held within the Tyne and Wear Transport area of the budget, alongside an unallocated contingency of £0.232m. The Authority will also hold earmarked reserves that are ringfenced for Tyne and Wear and for specific activities, i.e. the Tyne Tunnels Financing Reserve (c. £27m) and the Tyne & Wear Metro Reinvigoration Reserve (c. £9.6m).
- 5.5 There is a requirement for the Chief Finance Officer to report on the robustness and adequacy of the estimates and level of reserves. Having considered information in drawing up the Combined Authority budget and reserves position the Revenue Budget is considered robust and levels of reserves adequate for 2014/15.

## **6 Revenue Budget**

- 6.1 The Gross Revenue Expenditure of the Authority in a full year based on budgets for 2014/15, which reflects 2013/14 activity levels, is estimated at £166.4m. This includes the inclusion of the accounts of Nexus in the Authority's group accounts, which includes £50million of Gross Expenditure that is fully funded by external grant and fare income. It should be noted that the gross revenue budget for the LEP in 2014/15 is £1,432,626. This budget includes one off funding and the level of the budget in future years is more uncertain and could vary significantly. It will depend on access to additional funding to support the level of activity to be undertaken in future years. The Net Revenue Budget of the Authority for 2014/15 after taking account of income and external specific grant funding is currently estimated to be £89.73million.

# North East Combined Authority

## North East Leadership Board (NELB)

6.2 A summary of the Gross and Net Revenue Budget of the Authority for 2014/15 is set out in Table 1 below.

**Table 1: Summary of Gross and Net Revenue Expenditure Budget 2014/15**

	<b>Total Gross Revenue Expenditure</b>	<b>External Income / Direct Grants / Reserves</b>	<b>Net Revenue Expenditure</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<u>Transport</u>			
Tyne & Wear (Grant to Nexus)	115,318,000	-50,398,000	64,920,000
Tyne & Wear (non-Nexus)	3,287,130	0	3,287,130
Tyne & Wear (Tyne Tunnels)	25,146,000	-25,146,000	0
Northumberland	5,543,070	0	5,543,070
Durham	15,590,027	0	15,590,027
<u>LEP</u>			
LEP Executive Core Team	525,600	-275,600	250,000
Growth Strategy Development	250,000	-250,000	0
Regional Improvement and Efficiency Partnership	190,000	-190,000	0
ERDF Policy Strategy and Co-ordination	28,152	-28,152	0
NELEP Skills Advice	55,000	-55,000	0
Growing Places Fund Administration	90,016	-90,016	0
Regional Growth Fund Admin.	293,858	-293,858	0
<u>Core Team and Administration</u>			
Combined Authority Corporate Costs	140,000	0	140,000
<b>Total</b>	<b>166,456,853</b>	<b>-76,726,626</b>	<b>89,730,227</b>

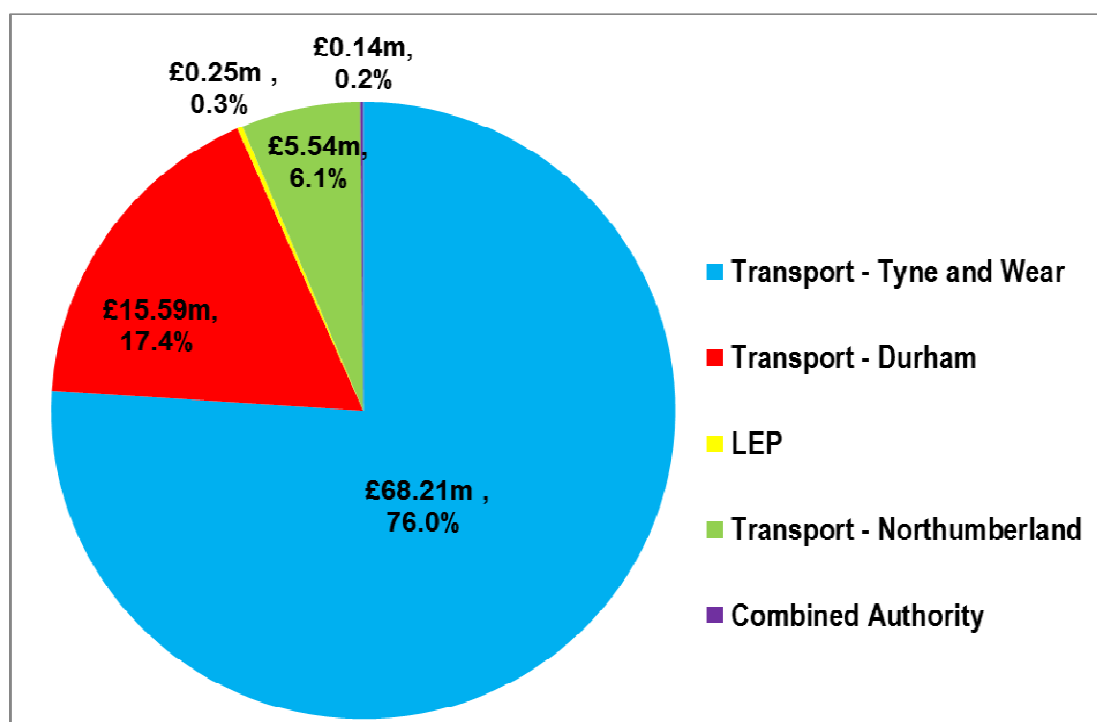
# North East Combined Authority

## North East Leadership Board (NELB)

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6.3 Chart 1 below shows that the majority of the net revenue expenditure totalling £89.73million for the Authority is transport related, amounting to £89.3million (99.5%) of the net revenue budget identified at this stage.

**Chart 1: Potential Net Revenue Base Budget of £89.7 million for 2014/15 (based on current information). All figures are in £millions.**



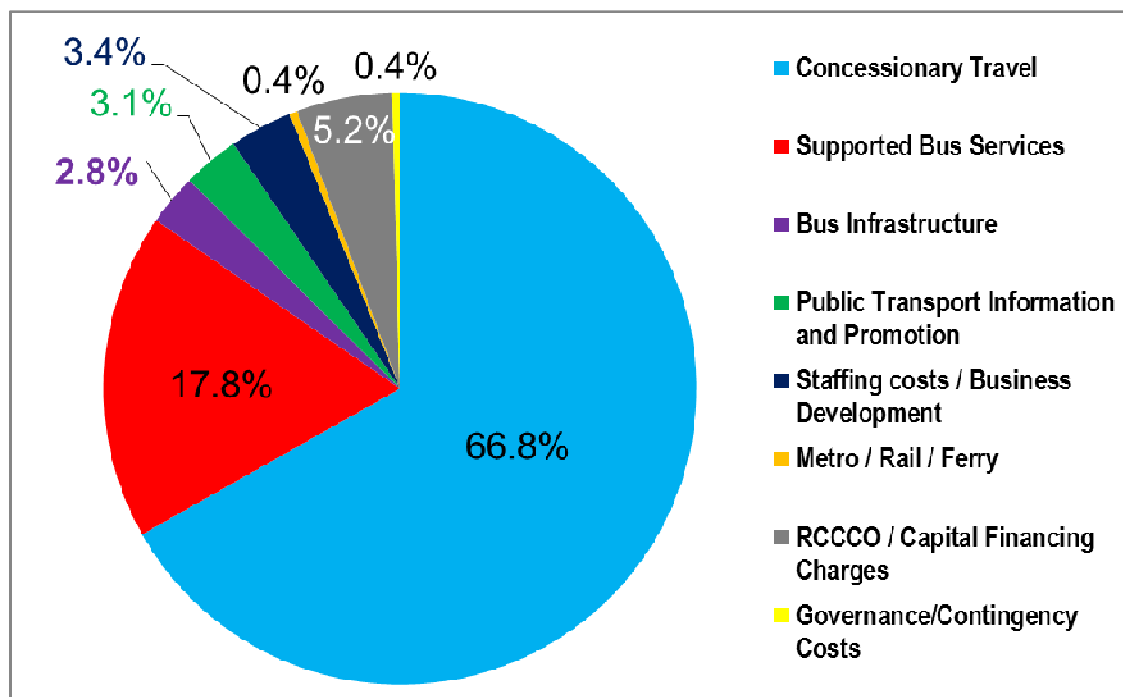
6.4 The majority of the net revenue expenditure of the Authority is transport related, and an analysis over different types of transport related expenditure is set out in the Chart 2 below. This shows that the majority of the costs £63.3million (66.8%) relates to Concessionary Travel, with secured Bus Services costing £16.9million (17.8%).

# North East Combined Authority

## North East Leadership Board (NELB)

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**Chart 2: Analysis Net Revenue Expenditure Budget for Transport for 2014/15 (based on current information).**



### 7 Capital Investment and the Wider financial responsibilities of the Authority

7.1

The revenue budget does not give the full picture of the level of complexity and high levels of other resources the Authority has responsibility for. These include capital investment, oversight of grants and loans, for example -:

- **Transport – TWITA Capital Programme**

The Tyne and Wear ITA approved transport capital programme for 2014/15 amounts to £58.850million.

- **Transport – Local Major Transport Schemes**

Allocation of grants for Local Major Transport Schemes to LA's in the region governed by Transport North East Committee

- **Transport – Integrated Transport Block Grant (ITB)**

Allocation of the ITB grants to LAS - total allocation for 2014/15 of £24.620million, of which £17.426million is already included in the TWITA capital programme, with an allocation of £4.475million for Durham County Council and £2.719million for Northumberland County Council, as summarised in Table 2 below.

# North East Combined Authority

## North East Leadership Board (NELB)

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**Table 2: Local Transport Plan: Integrated Transport Capital Funding – 2014/15**

	Allocation £000
Gateshead	2,496
Newcastle	2,999
North Tyneside	1,928
South Tyneside	1,532
Sunderland	3,011
Nexus / Public Transport Allocation	5,460
<b>Tyne and Wear ITA Total</b>	<b>17,426</b>
Durham County Council	4,475
Northumberland County Council	2,719
<b>TOTAL COMBINED AUTHORITY AREA</b>	<b>24,620</b>

- **NELEP – Growing Places Fund £25m**

This jointly funds the LEP's NE Investment Fund which provides capital loan funding to drive local economic growth. The £25m is currently being allocated against projects, with loan repayments to continue in 2014/15 and beyond. To date £20.6m has been approved towards schemes to date.

- **NELEP – Regional Growth Fund £30m**

As part of the government's RGF Round 3, the LEP secured funding of £30m, which jointly funds the NE Investment Fund with the Growing Places Fund. £15.4m has been approved towards schemes to date.

- 7.2 The agreement with Government over the coming months of the North East's Strategic Economic Plan (SEP) and the associated funding allocations will significantly inform the funding landscape from 2015/16. Delivery of this plan which includes Local Growth Fund, ERDF and European Social Fund (ESF) allocations supporting the identified Thematic Programme Areas will be the subject of further discussion and planning during the current year.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **8 Proposed practical arrangements – 2014/15**

- 8.1 The aim is to put in place accounting and financial arrangements for 2014/15 which will cause minimum of disruption and provide flexibility and minimum cost. The dedicated part time support of a Chief Finance officer is being implemented to give sufficient capacity to the new Authority. As the activities of the Authority become more integrated and more defined, practical financial arrangements will be kept under review to best meet the needs of the Authority.

#### Financial systems

- 8.2 It is recommended that, for the 2014/15 year at least, the Authority uses the financial systems which contain the accounts of TWITA, including general ledger, payroll, debtors and creditors systems and capital asset register. Given the scale of transactions and the knowledge of these systems built up by the ITA finance team and Deloitte, the External Auditors of TWITA, this appears to represent the lowest cost and least disruptive solution.
- 8.3 Separate structures will be created within the relevant systems to enable the separate identification and accounting of different areas of activity. It is a requirement that transport related income and expenditure, assets and liabilities relating to Tyne and Wear, Northumberland and Durham be accounted for separately in order for the separate levy calculations to take place. A coding structure will be put in place in the financial systems to enable reporting to take places on this basis.
- 8.4 For practical reasons the LEP activity will continue to be routed through the Sunderland financial system in order to enable continuity from the perspective of transferring staff but also in order to enable continuation of the financial support role to be carried out effectively by the LEP team based in Sunderland. Arrangements are being made to draw information together on a monthly basis to satisfy the Combined Authority's reporting requirements.

#### Internal Audit

- 8.5 While the Authority is using the financial systems used by TWITA (i.e. those of its lead authority - Newcastle City Council), it is recommended that the same authority provide internal audit services, similar to the level provided to TWITA. This will provide both continuity and significant economies of scale through removing the need for separate audits of the financial systems and controls.

#### External Audit

- 8.6 The current appointment of the TWITA's external auditors, Deloitte LLP, runs

# North East Combined Authority

## North East Leadership Board (NELB)

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until 31/03/15. For purposes of continuity, it is recommended that the Deloitte remain external auditors for the Authority for the 2014/15 year. This appointment is addressed elsewhere on the Agenda for this meeting. The ITA's external audit fee for 2013/14 is £19,559. This is likely to rise for 2014/15, reflecting the additional complexity and scope of the Combined Authority. As an indication of the potential Audit Fee, the Greater Manchester Combined Authority 2013/14 scale fee was £32,340. For the purpose of budget planning a figure of up to £30,000 is being assumed at this time.

### Governance Committee

- 8.7 There will be a significant amount of work required by the Authority's Governance Committee early in 2014/15 in connection with the sign off of the TWITA accounts for 2013/14; and the consideration of the new risk register and control framework and financial regulations and accounting policies for the Authority.

### Commencement Date

- 8.8 Due to the commencement date being after 1 April, it is a requirement that a combined set of accounts for 2014/15 is prepared showing the accounts for TWITA for the first part of the year and the accounts for the Combined Authority for the period after commencement. This approach was suggested by DCLG and is aimed at reducing the costs of preparing fully separate accounts.

### VAT

- 8.9 A combined authority has not been regarded as a qualifying body under S33 of the VAT Act 1994, however after a successful approach to Government, HM Treasury included a proposal in the recent March Budget to grant this status to combined authorities. HM Treasury subsequently issued The Value Added Tax (Refund of Tax) Order 2014, which provides that the combined authorities listed in the Order are specified for the purposes of Section 33 of the VAT Act 1994. The effect of this is that those bodies are entitled to claim refunds of VAT paid on purchases made to support their non-business activities. This VAT would previously have been irrecoverable and would become a cost borne out of local taxation. The Order itself is subject to a consultation period, ending on 18 April, after which it will be laid before Parliament and it's expected to be effective from mid May 2014. The Authority has responded positively to the consultation.

## 9. Next Steps

# North East Combined Authority

## North East Leadership Board (NELB)

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9.1 The budget and capital programme of the Authority will be monitored and reported to the Leadership Board on a quarterly basis.

9.2 Practical arrangements in relation to the finances and support services of the Authority will be reviewed during the 2014/15 financial year.

### 10. Potential Impact on Objectives

10.1 The report sets out the finance and resourcing of the Authority to support the meeting of its objectives.

### 11. Finance and Other Resources

11.1 The report sets out finance and other resource considerations in detail.

### 12. Legal

12.1 The Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. The Authority must also make provision for an adequate level of unearmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

12.2 The Order creating the Authority requires that the costs of the Authority reasonably attributable to the exercise of its functions relating to economic development and regeneration are to be apportioned according to any agreement between the Authorities or in the absence of agreement in equal shares.

12.3 The costs associated with the transport functions will from 2015/16 be met by three separate levies, one for Tyne and Wear and one for each of the County Councils. In the interim the levy for the Tyne and Wear Authorities is effective as if it were applied by the Authority. Pro rata contributions from the County Councils reflecting the balance of their transport budgets are also provided for in the Order, however these budgets will be applied to fulfil the County Councils' delegated transport responsibilities.

12.4 In accordance with the Order approval of the Annual Budget of the Authority is to be unanimous.

### 13. Other Considerations

#### 13.1 Consultation/Community Engagement



# North East Combined Authority

## North East Leadership Board (NELB)

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The Authority's budget comprises previously approved budgets which were subject to consultation as a part of the approval process.

### 13.2 Human Rights

There are no specific human rights implications arising from this report.

### 13.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

### 13.4 Risk Management

Financial risks associated with the Authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Authority.

### 13.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

### 13.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

## 14. Background Documents

14.1 TWITA Budget and Levy 2014/15 report - 23 January 2014

## 15. Links to Plans in the Policy Framework

15.1 This report has no direct link to Plans in the Policy Framework.

## 16. Appendices

16.1 Appendix 1 - TWITA Budget and Levy 2014/15 report - 23 January 2014

# North East Combined Authority

## North East Leadership Board (NELB)

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### 17. Contact Officers

17.1 Jane Robinson, Head of Paid Services, Gateshead Council Tel.0191 4332050

Vivienne Geary, Monitoring Officer, North Tyneside Council Tel. 0191  
6435339

Sonia Tognarelli, Chief Finance Officer, Sunderland Council Tel.0191  
5611851

### 18. Sign Off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

# APPENDIX 1



Tyne and Wear Integrated Transport Authority

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REPORT FOR DECISION

**DATE:** 23 January 2014

**SUBJECT:** ITA Budget and Levy 2014/15

**REPORT OF:** Treasurer, TWITA and Director of Finance and Resources, Nexus

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## PURPOSE OF REPORT

This report sets out the Budget and Levy requirements for the Tyne and Wear ITA in 2014/15.

Following discussion with the five Metropolitan District councils in Tyne and Wear, a reduction in the levy is proposed for 2014/15. This makes permanent the £2m 'rebate' for 2013/14 and 2014/15 which was agreed in January 2013.

The Authority is therefore asked to consider the draft Budget for 2014/15 and to set its levy for 2014/15 at £68,207,132. The Authority is also asked to agree a Revenue Grant of £64,920,000 to Nexus for 2014/15.

## RECOMMENDATIONS

The ITA is recommended to:

1. Approve the ITA and Nexus Revenue Budgets for 2014/15 as set out in this report;
2. Approve a levy of £68,207,132 for 2014/15:
  - a. The levy to be apportioned between the five District councils in accordance with the Transport Levying Bodies Regulations 1992 made under the Local Government Act 1988, which uses the 2012 mid-year population estimates as the basis of the levy allocation, as set out in paragraph 3.2;
  - b. The Districts to pay in twelve equal instalments, each instalment to be received by the Treasurer to the ITA on or before the last working day of each month;
3. Approve the amount of Revenue Grant to Nexus of £64,920,000 for 2014/15;
4. Note the intention for a cash freeze in the levy in 2015/16 and future years should an acceptable Voluntary Partnership Agreement be reached or a Quality Contracts Scheme be agreed;
5. Note that should there be any delay in the implementation of the ITA's Bus Strategy, providing that there was a levy freeze in 2015/16, that this financial strategy could be extended until at least March 2016;

Write to DCLG ministers to notify them that the reduction in the ITA Levy is intended to help

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## Tyne and Wear Integrated Transport Authority

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### REPORT FOR DECISION

District Councils meet the Governments grant funding cuts and that it is still the view of the ITA view that the 2014/15 levy change should not be taken into account in the calculation of the council tax referendum limit for the District Councils;

6. Approve a reduction in the price of the Metro concessionary Gold Card (from £25 to £12 for Tyne and Wear residents and from £35 to £25 for non-Tyne and Wear residents – paragraph 5.3 refers);
7. Approve the statement on minimum revenue provision repayments for borrowed capital expenditure for 2014/15 as set out in Appendix C.
8. Note that should the proposed Combined Authority be implemented from 1 April 2014, the levy and financial assets and liabilities of the ITA will be transferred to that Authority from its date of operation.
9. Note that should the proposed Combined Authority be implemented from 1 April 2014, an estimated £9.6m of the ITA's usable reserves will continue to be earmarked by the Combined Authority for investment in the Metro Asset Renewal Plan (paragraphs 5.5 and 6.4 refer)

### BACKGROUND DOCUMENTS

Held by the contact officers

### CONTACT OFFICERS

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### IMPACT ON OBJECTIVES

To support economic development and regeneration	Positive
To address climate change	Positive
To support safe and sustainable communities	Positive

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## 1 Executive Summary

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- 1.1 This report sets out the Budget and Levy requirements for the ITA in 2014/15 and indicative funding requirements for 2015/16 onwards.
- 1.2 It is recommended that the ITA agree a £2m reduction in the levy for 2014/15, and note the intention for a subsequent cash freeze in future years should an appropriate Voluntary Partnership Agreement be reached or Quality Contracts Scheme be agreed. This is consistent with the discussions that have been held with Chief Executives and Leaders and Elected Mayor, where a cash freeze would provide the funding certainty necessary to deliver the ITA's Bus Strategy, whether under the terms of a Quality Contracts Scheme or a Voluntary Partnership Agreement. As well as the £2m immediate permanent saving, this proposal delivers future real terms savings to the Districts as the levy would not be uplifted for inflation.

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## 2 Background information

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- 2.1 When the Districts and the ITA approved its Medium Term Financial Strategy for the period 2011/12 to 2013/14 it was agreed to deliver a 10% (£7.151m) reduction in the levy over the first two years, with a cash freeze in 2013/14. A further £1.435m of grant was retained by the Districts in 2011/12, and a £2m 'rebate' provided in 2013/14, giving a total saving to Tyne and Wear Districts of £10.606m or 14.8% over the period. The £2m rebate was agreed in principle for 2014/15 as well, with no certainty of it being continued after that.
- 2.2 The front-loaded levy saving was delivered through a combination of efficiency savings, including reduced staffing in Nexus where, amongst other efficiency measures, there has been a 20% reduction in headcount since 2011, and by using revenue reserves to support expenditure while sustainable and permanent cost savings were implemented. In the absence of securing appropriate funding from Government for the costs of Statutory Concession Travel scheme, sustainable savings were planned through a combination of a) the Bus Strategy project to develop either a Voluntary Bus Partnership or Quality Contract scheme; and b) further efficiency savings within the ITA and Nexus.

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## Tyne and Wear Integrated Transport Authority

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### 3 ITA Levy

3.1 Under the Transport Levying Bodies regulations 1992, the ITA is required to issue a levy proportioned by reference to the total resident population at the relevant date of the area of each District concerned (the relevant date being 30 June in the financial year which commenced two years previous to the levying year).

3.2 Table 1 below sets out the proposed levy for 2014/15, which represents a £2m reduction on the base levy for 2013/14.

District	2013/14 Levy	2012 Mid-Year Population	2014/15 Proposed Levy	Change
Gateshead	£12,736,607	200,153	£12,318,818	(£417,789)
Newcastle	£17,747,316	282,442	£17,383,460	(£363,856)
North Tyneside	£12,793,836	201,446	£12,398,399	(£395,437)
South Tyneside	£9,423,691	148,428	£9,135,299	(£288,392)
Sunderland	£17,505,682	275,743	£16,971,156	(£534,526)
<b>TOTAL</b>	<b>£70,207,132</b>	<b>1,108,212</b>	<b>£68,207,132</b>	<b>(£2,000,000)</b>

3.3 The change in the levy is taken into account in calculating whether a council exceeds the Council Tax Referendum Limit. This is an issue of concern that has been raised with DCLG to no effect so far. It results in a difference between Metropolitan areas and unitary authorities and shire areas which do not have ITA transport levies. The referendum limit for 2014/15 has still to be confirmed and the issue of the impact of the reduction of the levy to help offset cuts in Government funding to the Districts will continue to be raised with DCLG Ministers.

3.4 Discussions with the Districts have generally indicated that it is preferable to baseline the £2m reduction earlier, rather than later, because of the impact on the ability to raise Council Tax up to the referendum limit, where there may be more pressure for a Council Tax increase in future years. To date the limit for 2014/15 has not yet been announced and although it is unlikely to be more than the 2% set in 2013/14, the Secretary of State has indicated that he would consider requests for a lower limit.

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## 4 The ITA Budget

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- 4.1 The ITA budget has been prepared on a stand still ongoing basis, however should the proposed Combined Authority for the area of Durham, Northumberland and Tyne and Wear be established from 1 April 2014, the ITA budget will transfer to the Combined Authority to fund transport related expenditure. There are a number of decisions still to be taken around the model of support for the proposed Combined Authority and the make-up of its transport committee, and a one-year budget has therefore been prepared largely on a stand-still basis (although it should be noted that the further £2m permanent reduction in the levy has been accommodated), assuming that the current arrangements will continue. Once arrangements have been finalised they will be met within the overall funding envelope, although there may be changes to individual budget lines.
- 4.2 A report was brought to the ITA at its November meeting setting out the proposal to use ITA and Tyne Tunnels reserves to repay the Authority's historic pension deficit. A payment of £9m was made to the Tyne and Wear Pension fund on 2 January, which has meant that the ITA's annual contributions are now nil, as set out in the detailed budget in Appendix A. The ITA levy-funded budget will make an annual contribution to the Tyne Tunnels trading account to repay the reserves it has temporarily borrowed, including interest. The interest rate used for this calculation is 3.5%, which is equivalent to the PWLB borrowing rate for 14 year borrowing at the time the payment was made (14 years being the deficit recovery period set by the Pension Fund at the triennial valuation). A small deficit balance of around £1m will still exist in the Pension Fund on the basis of current assumptions, which will be reassessed at the next triennial valuation (March 2016) and will hopefully reduce at that point.
- 4.3 This approach has enabled a significant annual saving to be made on both the ITA levy budget and the Tyne Tunnels trading account, which is well in excess of the loss of income on revenue reserves as a result of no longer holding these cash balances.
- 4.4 There has also been a reduction in the budget for financing charges applied to the ITA, as historic capital financing debts reduce over time.

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- 4.5 The Tyne Tunnels trading account budget is set out in Appendix A. This shows a reducing annual deficit, which remains in line with the overall financing strategy and the modelling that has been undertaken in relation to the thirty year contract with TT2 Ltd. As discussed in paragraph 4.2 above, use has been made of Tunnels reserves to repay the pension deficit, which has led to a saving on annual pension payments as well as a better return on cash balances that have been treated as a temporary internal loan to the ITA.

## 5 Nexus Budget

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### 5.1 Overview

The Nexus budget proposal for 2014/15 has been formulated taking into account the recommendation made to the ITA when it agreed the Medium Term Financial Strategy (MTFS) in January 2013 which was to agree in principle to the levy freeze adopted in 2013/14 continuing into 2014/15.

This continues the budget strategy previously agreed whereby a cumulative 10% reduction in the levy with effect from 1 April 2011 together with a further £1.435m of grant redirected to the five Districts is being managed through a combination of efficiency savings and use of reserves in order to protect services in the medium term, subject to a more sustainable package of savings linked to the delivery of the bus strategy being achieved.

In this regard, the ITA took a key decision in July 2013 to consult on the implementation of a Bus Quality Contracts Scheme. This does not preclude a Voluntary Partnership Arrangement from being implemented and, at the time of writing, both options are being evaluated.

During the current financial year, the Nexus budget has been able to withstand further pressures, including the accommodation of an additional £2.0m levy reduction which had previously been offered to the five District councils in a cash back arrangement over two years but which will now be permanently base lined.

The budget deficit for 2014/15 remains around £5.0m and is therefore consistent with that which was agreed in January 2013. Due to the improved position being reported in 2013/14, there is a reduced call on usable revenue reserves across the medium term which therefore allows the continuation of this strategy into 2015/16 should there be



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## Tyne and Wear Integrated Transport Authority

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any delays in implementing the bus strategy.

Appendix B provides a detailed financial summary of the Nexus budget across the three years 2013/14 to 2015/16.

### 5.2 2013/14 Forecast Budget

Revenue monitoring reports are received by the Nexus Board every four weeks. The latest report indicates that the deficit for the current financial year is forecast to be in the order of £1.5m which represents a £1.5m improvement on the original budget.

This forecast also includes a reduction in the levy of £2.0m which was previously being funded through usable reserves. The forecast outturn for 2013/14 and the impact on usable reserves is therefore some £3.5m better than the original budget.

The movement in the budget is set out in the table below:-

2013/14 Budget	£000	£000
<b>Base Deficit</b>		<b>3,000</b>
<u>Pressures</u>		
Metro re-launch	300	
Investment income	125	425
<u>Savings</u>		
Employees	(315)	
Concessionary Travel	(450)	
Metro Fare box	(2,200)	
Secured Bus services	(430)	
HV Power	(150)	
Metro Concession	(253)	
Other	(160)	(3,958)
		(533)
Levy Reduction		2,000
<b>Forecast Deficit<sup>1</sup></b>		<b>1,467</b>

The Metro re-launch has not yet occurred but is provided for within the current financial year since it is expected to coincide with the full implementation of gates and

<sup>1</sup> Excludes £0.6m expenditure relating to the Bus Strategy Delivery Project

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the introduction of smart ticketing products before the end of March 2014.

Investment income has suffered as a result of unprecedented low interest rates. The Nexus Board has recently approved changes to its investments policy which it is hoped will address this issue in 2014/15.

As far as savings being made during the current year are concerned, it should be noted that some of these variances are one-off in nature and do not carry forward to 2014/15.

This is particularly apparent in relation to Concessionary Travel reimbursement where, in the context of two year negotiated settlements with the large bus operators, there are commitments that carry forward into next year so the saving in 2014/15 (against the 2013/14 base) is less than the £0.450m saved in the current year.

Similarly, although savings have been made within the secured bus services network during 2013/14, in the interests of maintaining service provision, cost pressures have to be accommodated in 2014/15. This includes loss of Bus Service Operators Grant (BSOG).

Reduced traction energy consumption is impacting favourably on the budget for HV Power in 2013/14 but significant price inflation means that cost pressures carry forward into 2014/15.

Employee costs are less than budgeted for because the pay freeze for Nexus staff, first introduced in 2010, continued into 2013.

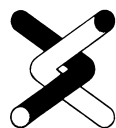
The Metro has suffered performance problems during 2013/14 and, at this time, over £0.2m of additional performance penalties over and above those budgeted for within the base are expected to be levied on DB Regio.

As far as Metro fare revenue is concerned, better than anticipated performance in 2013/14 has provided a significant boost to the budget. This is expected to continue into 2014/15.

### 5.3 2014/15 Base Budget

The 2014/15 budget has been formulated on a stand still basis (whilst taking the opportunity to find and deliver further efficiency savings) as well as ensuring that the £2.0m levy reduction becomes a permanent feature of the base budget requirement.

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The forecast deficit for 2014/15 is £4.770m. This compares to an agreed deficit of £5.000m for 2014/15 as approved by the ITA in January 2013. A comparison between the expected movement in the deficit between 2013/14 and 2014/15 (January 2014 on January 2013) is shown below:-

	<b>Original Forecast January 2013 £000</b>	<b>Revised Forecast January 2014 £000</b>	<b>Variance £000</b>
Base 2013/14 Deficit	3,000	3,000	0
Employees	585	808	223
Metro Concession	1,676	1,405	(271)
HV Power	500	500	0
Metro Fare box	(800)	(3,000)	(2,200)
Gold Card income	0	668	668
Concessionary Travel	0	(144)	(144)
Other efficiencies	29	(507)	(536)
	<b>4,990</b>	<b>2,730</b>	<b>(2,260)</b>
Levy	0	2,000	2,000
Rail Grant	10	41	31
<b>Base 2014/15 Deficit</b>	<b>5,000</b>	<b>4,771</b>	<b>(229)</b>

Employee costs are higher than expected because the 2013 pension fund valuation has increased the future service employer contribution rate by 1.1%. The full year effect of the apprentice training programme where there is now a commitment to recruit 10 apprentices per annum is also included. The pay freeze implemented in April 2013 has compensated part of these increases although incremental progression, payable through the staff performance appraisal system, is provided for within the 2014/15 budget.

The Concession payment to DB Regio is less than originally anticipated because of downward movements in the indexation rates that govern the annual contract price adjustment.

The HV Power inflationary pressure is still expected to be around £0.500m with energy

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prices increasing by around 10% next year.

Continued growth in the Metro Fare box is expected in 2014/15. This builds on improved performance during the latter part of 2012/13 and throughout 2013/14, although it should be noted that the January 2014 fares increase as recently approved by the ITA at its November meeting is also factored into next year's estimate.

The improved budget position will allow for a reduction in the price of the Gold Card from £25 to £12 (and from £35 to £25 for non-Tyne and Wear residents) should the Authority decide to implement this recommendation which is a reversal of the decision to increase the price in 2012, something that has led to a significant fall in the number of elderly and disabled journeys across the Metro network. Whilst this means accommodating a loss of Gold Card revenue amounting to an estimated £0.668m, work is progressing in offsetting this cost pressure through the Nexus customer services strategy which is aimed at reducing administration and ultimately, the cost of sale for all Metro ticketing products.

There are other efficiencies now built into the 2014/15 budget as a result of further examination of the base budget. These amount to around £0.680m including £0.144m of concessionary travel reimbursement savings that continue into 2014/15 as a result of the two year negotiated settlements with the three large operators. As a proportion of those costs which managers across Nexus directly control, the £0.536m of additional efficiencies amount to around 4% of the controllable cost budget.<sup>2</sup>

There is a minor change to Metro Rail Grant (MRG), consistent with movements in the indexation rates that govern the annual grant payment from the Department for Transport (DfT).

These further efficiencies have meant an additional £2.0m is now being removed from the levy and, as a result, there is a reduced call on usable reserves across the medium term. This will allow the continuation of this financial strategy into 2015/16 if there are any delays in implementing the bus strategy.

In 2014/15, Nexus will have a gross revenue expenditure requirement of £171.9m which is funded from a combination of income from fare box revenues, Direct

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<sup>2</sup> Controllable costs exclude areas of the budget such as the Metro Concession, Concessionary Travel reimbursement, Secured Bus services, High Voltage Power and Debt Financing Charges. Budget managers across Nexus, whilst tasked to deliver a standstill budget identified further savings amounting to 4% of their controllable budgets

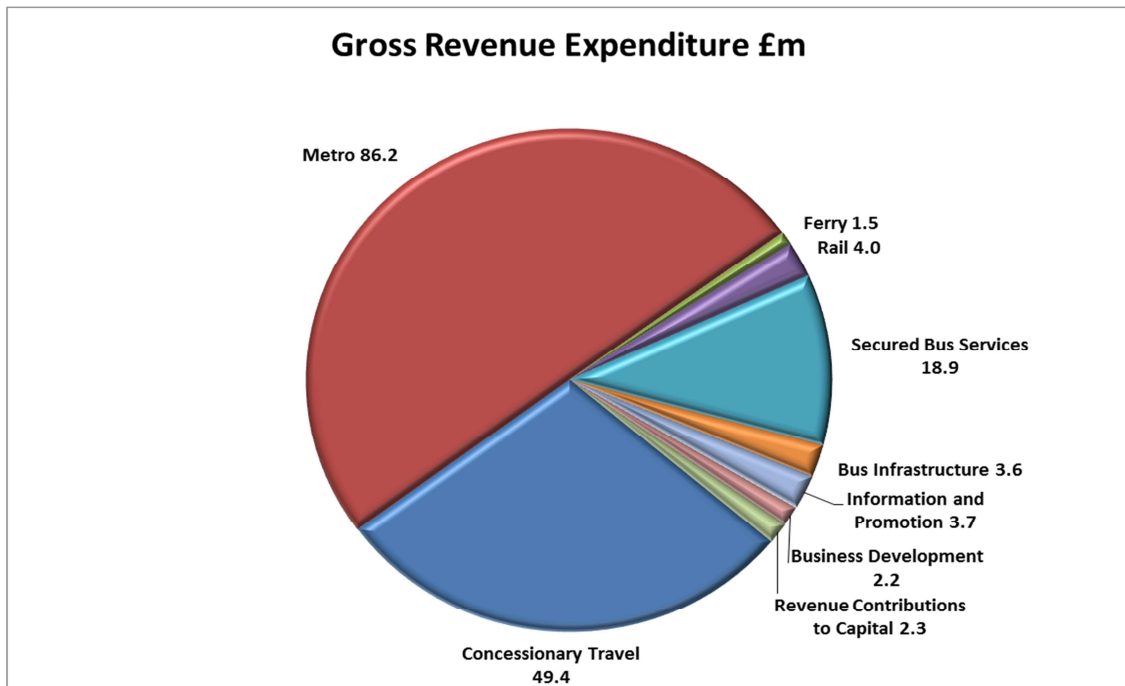
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Tyne and Wear Integrated Transport Authority

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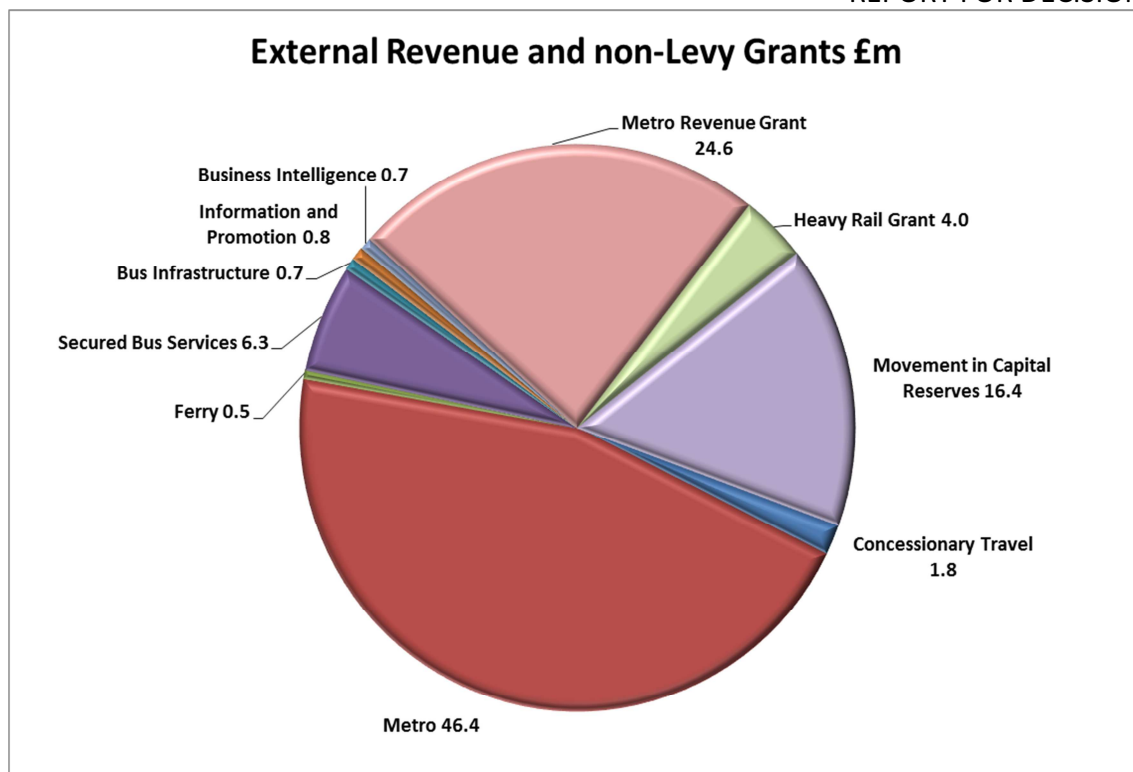
Government Grants (including the metro rail grant) and the Levy. An illustration based on the proposed 2014/15 budget of services provided by Nexus is given in the chart below:-



This shows that the largest areas of gross expenditure are in relation to Metro and Bus services (where a significant element of expenditure is for the reimbursement of concessionary travel).

These services are funded as follows:

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The levy on the District councils is minimised through commercial income and other direct grants, particularly in relation to Metro and the Northern Rail franchise. The release from capital reserves offsets depreciation on those fixed assets previously funded from government grant and the majority of these costs are attributable to Metro.

As has been previously explained to the Authority, services which are most impacted by the volatility in the ITA levy payment are Concessionary Travel, which is a largely statutory service relating to bus, Secured Bus services, bus infrastructure, provision of public transport information and the cross Tyne ferry service.

The sustainability of the reduction in the levy is therefore heavily dependent on being able to deliver long term savings in the cost of the bus network for which a strategy was agreed at the November 2011 meeting of the ITA.

This strategy has been in development since the ITA approved its medium term financial strategy in January 2011, when usable revenue reserve funding was earmarked to meet the forecast budget shortfalls in both 2011/12 and 2012/13. The financial strategy has effectively continued into 2013/14 and 2014/15 and the Authority has now consulted on the implementation of a Bus Quality Contracts Scheme. The evaluation of both the Quality Contracts Scheme and a Voluntary

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Partnership Agreement with bus operators is ongoing at the time of writing.

### 5.4 Looking Ahead to 2015/16

Depending on which route is taken to deliver the bus strategy, the continuation of the financial strategy might need to be extended through to the end of 2015/16.

Whilst this would only be possible if the levy were to remain frozen, if that was the case, budget estimates are summarised in the following table and as detailed in the attached Appendix B:

	<b>2013/14 Forecast £000</b>	<b>2014/15 Base £000</b>	<b>2015/16 Base £000</b>
Gross Expenditure	165,800	171,922	179,252
Gross Income	(70,640)	(73,653)	(81,233)
<b>Total Base Requirement</b>	<b>95,160</b>	<b>98,269</b>	<b>98,019</b>
Levy	(64,920)	(64,920)	(64,920)
Metro – MRG	(24,897)	(24,620)	(24,473)
Rail – Northern Franchise	(3,876)	(3,958)	(3,958)
<b>Total Base Deficit</b>	<b>1,467</b>	<b>4,771</b>	<b>4,668</b>

Moving forward into 2015/16, cost pressures continue to manifest themselves but these are broadly offset by increased Metro fare revenues and a reduction in the deficit payment to the Tyne and Wear Pension Fund as a result of the 2013 valuation which has the effect of holding the deficit payment constant in 2014/15 but reduces it in both 2015/16 and 2016/17.

Furthermore, it is evident that whilst Metro continues to cover its increasing cost base through fare revenues and maintenance efficiencies, the current system of delivering bus services cannot continue in the longer term unless the bus strategy can deliver the necessary savings or the ITA is able to increase the levy. Given cuts in local government funding the latter option is highly improbable and unrealistic.

### 5.5 Impact on Usable Reserves

As members are aware, this financial strategy has enabled the maintenance of services since the introduction of cuts to the levy. It is dependent on a mix of efficiency savings and use of revenue reserves for which retention of a minimum value of at least £5.0m was previously established. This strategy therefore continues to provide an appropriate

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balance between these competing objectives, in particular the retention of a minimum, prudent level of revenue reserves.

The effect of the financial strategy on revenue reserves is shown in the table below:-

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening Balance	15,838	15,709	12,282
Transfer from Capital Reserves <sup>3</sup>	2,000	2,000	0
	17,838	17,709	12,282
Applied during year <sup>4</sup>	(2,129)	(5,427)	(4,668)
<b>Closing Balance</b>	<b>15,709</b>	<b>12,282</b>	<b>7,614</b>

Usable capital reserves held by Nexus are earmarked for current and future investment purposes. Residual costs relating to the Metro Ticketing and Gating scheme, a provision for capital works associated with the Metro station investment programme, the bus strategy project, Metro re-launch and works at Sunderland railway station are all currently earmarked to be met from capital reserves. Capital reserves are also being utilised to underpin the financial strategy in 2013/14 and 2014/15 and are available for this purpose because of reductions in revenue contributions to non-metro capital projects where a combination of LTP, LSTF and Better Bus Area Funding have instead been utilised.

The estimated balance on usable capital reserves as at March 2016 is £22.0m of which £8.2m is forecast as being held on behalf of Nexus by the ITA and earmarked for Metro Reinvigoration with the remainder available for future investment. Should the proposed Combined Authority be implemented from 1 April 2014, the balance of ITA reserves as at 31 March 2014 held on behalf of Nexus (currently estimated to be £9.6m) will therefore need to be earmarked by the Combined Authority for investment in the Metro Asset Renewal Plan.

<sup>3</sup> Base lining the further £2.0m reduction in the levy allows a transfer from usable capital reserves to support the extension of the financial strategy; these amounts were previously earmarked for the cash back payment to the District councils in accordance with the January 2013 MTFs

<sup>4</sup> Includes costs relating to the Bus Strategy Delivery Project which are not budgeted for within the revenue account



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## 6 Transition to a proposed Combined Authority

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- 6.1 If the proposed Combined Authority (CA) for the North East is established, the Tyne and Wear ITA will be dissolved from 1 April 2014 and its functions taken over by the CA. The ITA needs to set the levy on a going concern basis, which would be transferred into the CA.
- 6.2 The CA will be the Local Transport Authority, with the power to issue a levy on constituent authorities to meet transport related expenditure. DfT have confirmed that the Tyne and Wear ITA will set its Transport Levy in January 2014, and a CA (if established) would inherit the 2014/15 ITA Levy and set the first Transport Levy across the seven authority footprint in January/February 2015 for the 2015/16 financial year.
- 6.3 The Transport Levying Bodies Regulations will be amended to allow for separate levy calculations for Durham, Northumberland and Tyne and Wear, to recognise the very different levels of transport expenditure per head between the urban and rural conurbations. The Tyne and Wear element of the levy will continue to be allocated between the districts on the basis of population as before.
- 6.4 In addition, assets and liabilities transferring from the Tyne and Wear ITA to the proposed CA will be ringfenced to Tyne and Wear only; this includes those capital reserves currently held by the ITA on behalf of Nexus.

## 7 Risks and Next steps

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- 7.1 Both the Nexus budget strategy and the ITA approach to repaying its pension deficit have involved the use of general reserves. The ITA Treasurer has assessed the risk of reducing reserves in this way and considers that the level of specific earmarked reserves held by the ITA and Nexus and the minimum level of general reserves retained means the risk is manageable.

## 8 Potential impact on objectives

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- 8.1 The budget proposals set out within this report will provide sufficient resources to enable the ITA and Nexus to continue to implement the ITA's objectives.

ITA/Nexus	Summary		
	2013/14 Budget £m	2013/14 Forecast £m	2014/15 Budget £m
<b>Expenditure</b>			
ITA Budget <sup>5</sup>	3.408	7.788	3.287
Nexus Budget	113.059	109.894	115.318
Levy 'Rebate' to Districts	2.000	2.000	-
<b>Total</b>	<b>118.467</b>	<b>119.682</b>	<b>118.605</b>
<b>Income</b>			
Levy on Tyne & Wear District Councils	(70.207)	(70.207)	(68.207)
Nexus Direct Grants	(42.639)	(42.974)	(44.970)
Use of ITA Revenue Reserves	(0.122)	(4.501)	-
Use of Nexus Revenue Reserves	(5.500)	(2.000)	(5.428)
<b>Total</b>	<b>(118.467)</b>	<b>(119.682)</b>	<b>(118.605)</b>

Tyne Tunnels	2013/14 Budget £m	2013/14 Forecast £m	2014/15 Budget £m
Net Deficit on Tyne Tunnels Account	0.962	0.926	0.666
One-off use of reserves for pension deficit payment <sup>6</sup>	-	4.590	-
Temporary Loan of Reserves to ITA	-	2.610	-
Repayment of Reserves from ITA	-	-	(0.240)
<b>Total effect on Tunnels Reserves</b>	<b>0.962</b>	<b>8.126</b>	<b>0.426</b>

<sup>5</sup> The ITA forecast for 2013/14 includes the one-off payment made to the Tyne and Wear Pension Fund to reduce the ITA pension deficit, as discussed in section 4.2.

<sup>6</sup> The Tyne Tunnels forecast for 2013/14 includes the one-off payment made to the Tyne and Wear Pension Fund to reduce the Tyne Tunnels pension deficit, as discussed in section 4.2.

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	ITA Revenue Budget		
	2013/14 Budget £	2013/14 Forecast £	2014/15 Budget £
ITA Support – Service Level Agreement	285,080	286,000	280,000
External Audit Fee	19,560	19,560	19,560
Members Allowances and Expenses	86,300	84,000	86,300
Conferences, Travel and Subsistence	4,000	4,000	4,000
Accommodation Charges	6,120	6,400	6,400
Subscriptions	28,980	28,980	30,000
IT Development/Website Support	20,000	20,000	20,000
Supplies and Services	17,200	15,000	15,000
Scrutiny Advisory Group	4,700	2,000	4,700
Pension Deficit Payments	479,210	479,210	-
One-off Payment to reduce ITA Pension Deficit	-	4,410,000	-
Repayment to Tyne Tunnels account for temporary use of reserves for Pension Payment	-	-	240,000
Financing Charges	2,474,830	2,448,100	2,352,200
Interest Income	(20,000)	(15,000)	(3,000)
Contingency <sup>7</sup>	-	-	232,470
<b>Net Expenditure on ITA Budget</b>	<b>3,407,970</b>	<b>7,788,250</b>	<b>3,285,630</b>
<b>Contribution from ITA Levy</b>	<b>(3,285,630)</b>	<b>(3,287,000)</b>	<b>(3,285,630)</b>
<b>Use of ITA Reserves</b>	<b>(122,340)</b>	<b>(1,891,250)</b>	-
<b>Temporary use of Tyne Tunnels Reserves – One-off Pension Payment</b>	-	<b>(2,610,000)</b>	-

<sup>7</sup> Due to the uncertainty around arrangements for the proposed Combined Authority, a contingency line has been added to the overall budget. If not required, this will be held as a general reserve for Tyne and Wear within the Combined Authority.

## Tyne Tunnels Revenue Budget

	2013/14 Budget £	2013/14 Forecast £	2014/15 Budget £
Tolls Income	(23,600,000)	(23,200,000)	(24,720,000)
Contract Payments to TT2	17,200,000	16,900,000	18,400,000
Employees	35,000	35,000	35,000
Pension Deficit Payments <sup>8</sup>	553,000	553,000	50,000
One-off Payment to reduce Tunnels Pension Deficit	-	4,590,000	-
Support Services – Service Level Agreement	140,000	130,000	130,000
Supplies and Services	50,000	50,000	50,000
NTC Community Fund	10,000	10,000	10,000
Financing Charges	6,874,000	6,723,000	6,861,000
Interest Income	(300,000)	(275,000)	(150,000)
Contribution from ITA for use of reserves for pension deficit payment	-	-	(240,000)
(Surplus)/Deficit on Tyne Tunnels Account	962,000	5,516,000	426,000
Use of Tyne Tunnels Reserves	(962,000)	(5,516,000)	(426,000)
Net Trading Account Position	-	-	-

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<sup>8</sup> By 2014/15 there will be a small annual payment remaining to meet discretionary pension awards (e.g. early retirements) which are paid separately from the regular deficit contributions.

## Nexus Budget

## 2013/14 – Forecast

	Costs	Income	Net Costs	Grants	Net	Capital Adjust	Net
	£m	£m	£m	£m	£m	£m	£m
Concessionary Travel	49.460	(2.781)	46.909	0.000	46.909	0.000	46.909
Metro*	81.583	(45.533)	36.050	(24.897)	11.153	(13.567)	(2.414)
Ferry*	1.538	(0.513)	1.025	0.000	1.025	(0.174)	0.851
Rail	3.784	0.000	3.784	(3.876)	(0.092)	0.000	(0.092)
Bus Services*	17.700	(5.456)	12.244	0.000	12.244	(0.067)	12.177
Bus Infrastructure	3.590	(0.638)	2.952	0.000	2.952	(0.263)	2.689
Information and Promotion	3.848	(1.263)	2.585	0.000	2.585	(0.083)	2.502
Business Development	1.718	(0.255)	1.463	0.000	1.463	(0.047)	1.416
<b>TOTAL OPERATIONS</b>	<b>163.451</b>	<b>(56.439)</b>	<b>107.012</b>	<b>(28.773)</b>	<b>78.239</b>	<b>(14.201)</b>	<b>64.038</b>
Revenue Contributions to Capital	2.349	0.000	2.349	0.000	2.349		2.349
Net Movement in Capital Reserve	0.000	0.000	0.000	(14.201)	(14.201)	14.201	0.000
<b>TOTAL NEXUS REQUIREMENT</b>	<b>165.800</b>	<b>(56.439)</b>	<b>109.361</b>	<b>(42.974)</b>	<b>66.387</b>	<b>0.000</b>	<b>66.387</b>
<b>LEVY</b>							<b>(64.920)</b>
<b>DEFICIT before Bus Strategy Delivery Project</b>							<b>1.467</b>
<b>Bus Strategy Delivery Project</b>							<b>0.533</b>
<b>DEFICIT</b>							<b>2.000</b>

\* includes income for the carriage of concessionary pass holders

## 2014/15 Base Budget

	Costs	Income	Net Costs	Grants	Net	Capital Adjust	Net
	£m	£m	£m	£m	£m	£m	£m
Concessionary Travel	49.446	(1.802)	47.644	0.000	47.644	0.000	47.644
Metro*	86.236	(46.414)	39.822	(24.620)	15.202	(15.583)	(0.381)
Ferry*	1.510	(0.536)	0.974	0.000	0.974	(0.178)	0.796
Rail	3.958	0.000	3.958	(3.958)	0.000	0.000	0.000
Bus Services*	18.850	(6.300)	12.550	0.000	12.550	(0.056)	12.494
Bus Infrastructure	3.648	(0.706)	2.942	0.000	2.942	(0.355)	2.587
Information and Promotion	3.707	(0.788)	2.919	0.000	2.919	(0.167)	2.752
Business Development	2.218	(0.715)	1.503	0.000	1.503	(0.053)	1.450
<b>TOTAL OPERATIONS</b>	<b>169.573</b>	<b>(57.261)</b>	<b>112.312</b>	<b>(28.578)</b>	<b>83.734</b>	<b>(16.392)</b>	<b>67.342</b>
Revenue Contributions to Capital	2.349	0.000	2.349	0.000	2.349		2.349
Net Movement in Capital Reserve	0.000	0.000	0.000	(16.392)	(16.392)	16.392	0.000
<b>TOTAL NEXUS REQUIREMENT</b>	<b>171.922</b>	<b>(57.261)</b>	<b>114.661</b>	<b>(44.970)</b>	<b>69.691</b>	<b>(0.000)</b>	<b>69.691</b>
<b>LEVY</b>							<b>(64.920)</b>
<b>DEFICIT before Bus Strategy Delivery Project</b>							<b>4.771</b>
<b>Bus Strategy Delivery Project</b>							<b>0.657</b>
<b>DEFICIT</b>							<b>5.428</b>

\* includes income for the carriage of concessionary pass holders

## 2015/16 Base Budget

	Costs	Income	Net Costs	Grants	Net	Capital Adjust	Net
	£m	£m	£m	£m	£m	£m	£m
Concessionary Travel	50.044	(1.802)	48.242	0.000	48.242	0.000	48.242
Metro*	87.439	(47.614)	39.825	(24.473)	15.352	(16.583)	(1.231)
Ferry*	1.496	(0.536)	0.960	0.000	0.960	(0.178)	0.782
Rail	3.961	0.000	3.961	(3.958)	0.003	0.000	0.003
Bus Services*	19.032	(6.300)	12.732	0.000	12.732	(0.056)	12.676
Bus Infrastructure	3.621	(0.706)	2.915	0.000	2.915	(0.355)	2.560
Information and Promotion	3.714	(0.788)	2.926	0.000	2.926	(0.167)	2.759
Business Development	7.596	(6.095)	1.501	0.000	1.501	(0.053)	1.448
<b>TOTAL OPERATIONS</b>	<b>176.903</b>	<b>(63.841)</b>	<b>113.062</b>	<b>(28.431)</b>	<b>84.631</b>	<b>(17.392)</b>	<b>67.239</b>
Revenue Contributions to Capital	2.349	0.000	2.349	0.000	2.349		2.349
Net Movement in Capital Reserve	0.000	0.000	0.000	(17.392)	(17.392)	17.392	0.000
<b>TOTAL NEXUS REQUIREMENT</b>	<b>179.252</b>	<b>(63.841)</b>	<b>115.411</b>	<b>(45.823)</b>	<b>69.588</b>	<b>0.000</b>	<b>69.588</b>
<b>LEVY</b>							<b>(64.920)</b>
<b>DEFICIT</b>							<b>4.668</b>

\* includes income for the carriage of concessionary pass holders

## **Tyne and Wear Integrated Transport Authority Annual Minimum Revenue Provision (MRP) statement for 2014/15 under the Capital Financing and Accounting Amendment Regulations 2008**

### **1. Summary**

The Authority is required to produce a MRP statement which sets out how it will provide for the repayment of any debt. This is the seventh such statement produced by the ITA to recommend which option will be used to calculate the MRP. The regulations provide four options (detailed in Section 5 below).

### **2. Recommendation**

The MRP guidance offers four options on how to calculate MRP, which is the minimum revenue provision set aside for the repayment of debt. Having considered the options it is recommended to agree the adoption for MRP arrangements in 2014/15 of:

- Option 1 for supported capital borrowing, which is a continuation of the previous practice of a 4% minimum revenue provision;
- Option 3 on unsupported capital borrowing (known as Prudential Borrowing), repaying the debt in equal annual instalments over the estimated life of the asset;
- Option 3 on unsupported capital borrowing for the New Tyne Crossing, repaying the debt over the life of the asset on an annuity basis. This basis is beneficial for use in the New Tyne Crossing project as the back-loading of the MRP using the annuity method is consistent with the principal repayment of debt included in the New Tyne Crossing model which will be repaid at the end of a 30 year period. The New Tyne Crossing model reflects an increase in traffic and tolls over the 30 year life which is consistent with back loading the principal repayments.

The ITA has no supported capital expenditure which requires borrowing in 2014/15, since from 1 April 2008 the Integrated Transport Allocation has been provided in the form of capital grant.

More details on the regulations are provided below:

### **3. Background**

Under regulation 27 of the 2003 Regulations, Local Authorities are required to charge to their revenue account for each financial year an amount of MRP to account for the cost of their debt in that year. Prior to its amendments by the 2008 regulations, regulation 28 set out the method authorities were required to follow in calculating MRP. For the financial year 2007/08 and subsequent financial years, the detailed calculation has been replaced with a requirement that local authorities calculate an amount of MRP *which they consider to be prudent*. This guidance is issued under section 21 (1A) of the 2003 Act.

### **4. Previous Practice**



Prior to 2007/08 the calculation of MRP was done via the Regulatory Method under regulation 28, i.e. MRP is equal to 4% of the Capital Financing Requirement (CFR) at the end of the preceding financial year.

## 5. Options for calculation of Minimum Revenue Provision

The Revised MRP Guidance offers four options for prudent provision. These four options are:

### Option 1 – Regulatory Method

For debt which is supported by Revenue Support Grant (RSG), authorities will be able to continue to use the formulae in the current regulations 28 and 29 of the 2003 Regulations, since the RSG is calculated on that basis. This option will be available for all capital expenditure prior to 1 April 2008.

### Option 2 – CFR Method

This can be used on supported debt and is similar to Option 1. While still based on the concept of the CFR, which is easily derived from the balance sheet, it avoids the complexities of the formulae in Regulation 28. This option will be available for all capital expenditure prior to 1 April 2008.

### Option 3 – Asset Life Method

For new borrowing under the Prudential system for which no government support is given and is therefore self-financed, there will be two options. Option 3 is to make MRP provision using either:

- Equal annual instalments over the estimated life of the asset for which the borrowing is undertaken. The original estimate of the life is determined at the outset and should not be changed in later years, even if in reality the asset has changed significantly; or
- Annuity method – this method has the advantage of linking the MRP to the flow of benefits from an asset where the benefits are expected to increase in later years.

The formula allows an Authority to make voluntary extra provision in any year. Freehold land cannot have a life attributed to it and should be treated as a maximum of 50 years.

### Option 4 – Depreciation Method

MRP is to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements.

For this purpose standard depreciation accounting procedures should be followed, except in the following respects:

- a. MRP should continue to be made annually until the cumulative amount of the provision is equal to the expenditure originally financed by borrowing or credit arrangements. After that, the Authority may cease to make MRP;

- b. On disposal of the asset, the amount of the capital receipt cannot be taken to the revenue account and the Authority must comply with the normal requirements of the 2003 Act on the use of capital receipts, i.e. receipts go to the balance sheet;
- c. Where the percentage of the expenditure on the asset financed by borrowing or credit arrangements is less than 100%, MRP should be equal to the same percentage of the provision required under depreciation accounting.

**Conditions**

Options 1 and 2 can only be used in relation to:

- a. Capital expenditure before 1 April 2008, and
- b. Capital expenditure incurred on or after that date which the Authority is satisfied forms part of its Supported Capital Expenditure.

Options 3 and 4 should be used on all capital expenditure incurred on or after 1 April 2008 which is financed by borrowing or credit arrangements and which does not form part of the Authority's Supported Capital Expenditure, i.e. Prudential Borrowing.

Option 3 can be used for all capital expenditure.

**CFR adjustment**

Where an Authority has used Option 3 or 4, the CFR for the purpose of Options 1 and 2 should be treated as not being increased by the amount of the expenditure on the asset to prevent double counting. In addition, the CFR should not be treated as being decreased by the amount of MRP made under Options 3 and 4.

## North East Combined Authority

### North East Leadership Board (NELB)

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**DATE:** 29 April 2014

**SUBJECT:** Combined Authority – Name and Branding

**REPORT OF:** Jane Robinson, Head of Paid Service

#### **EXECUTIVE SUMMARY**

This report seeks views of the Leadership Board on options for the name to be used for branding of the Combined Authority and an associated logo following completion of the statutory process to establish the new body.

#### **RECOMMENDATION**

The Leadership Board is asked to consider the way forward on branding of the Combined Authority.

# North East Combined Authority

## North East Leadership Board (NELB)

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### 1 Executive Summary

- 1.1 This report seeks views of the Leadership Board on options for the name to be used for branding of the Combined Authority and an associated logo following completion of the statutory process to establish the new body.

### 2 Background Information

- 2.1 The legal Order establishing the Combined Authority specifies the formal, legal name for the new body as the **Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority**. The future branding of the authority however, including the use of any brand name, is a matter for the Combined Authority itself.
- 2.2 Names currently being used in the other combined authority areas are:
- Liverpool City Region Combined Authority
  - Sheffield City Region Combined Authority
  - West Yorkshire Combined Authority
  - Greater Manchester Combined Authority (GMCA) branding linked to AGMA
- 2.3 Three options have previously been discussed as potential options for the branding of the authority:

#### **Option 1 'North East Combined Authority' (NECA)**

Issues to consider:

- Using this would signify the transition point from the informal joint working arrangements and the establishment process of the last year into reality, sending out a clear message that the new body now exists.
- Including 'Combined Authority' within the name highlights the legal standing of the new body and ensures it is easily related to, particularly by media, stakeholders etc
- Including 'Combined Authority' is consistent with the other four areas nationally that have established a combined authority.
- The use of 'North East Leadership Board' could be retained within this option to describe the decision-making body within the wider combined authority structure.
- The communications lead officers across the 7 local authorities have recommended this option as the preferred name.

# North East Combined Authority

## North East Leadership Board (NELB)

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### **Option 2 'North East Leadership Board' (NELB)**

Issues to consider:

- North East Leadership Board has been the name used throughout the process of establishment of the combined authority and was the name proposed in the initial scheme submission to Government.
- Continuing using the name would bring ongoing consistency from the informal joint working arrangements and the proposals as first set out.
- The name perhaps portrays a smaller identity for the organisation, helping to reduce the links to a 'super council' or the dissolving of local authorities.
- Use of 'Leadership Board' would set this area apart from the other regions which are including 'combined authority' in their name.
- There is some current lack of understanding that the North East Leadership Board is about the creation of a combined authority with a risk that residents and businesses might think that they are two separate organisations.

### **Option 3 'North East Leadership Board – the North East's Combined Authority'**

Issues to consider:

- It combines the use of the decision making board with the more widely used combined authority terminology.
- Very lengthy title and could lead to either the first or second part not being used especially by the media. Duplication of north east.
- Implies two organisations and could encourage the use of two acronyms being used NELB and NECA which would be confusing.
- It portrays perhaps a smaller organisation but is not so clearly defined as being local authority led.
- It is not in keeping with other combined authorities and this could cause confusion of the organisation's status particularly nationally and internationally.

## **3 Proposals**

3.1 The Leadership Board is asked to consider the following options as the 'branded' name of the Combined Authority:

- Option 1 - North East Combined Authority (NECA) or
- Option 2 - North East Leadership Board (NELB) or
- Option 3 - North East Leadership Board – the North East's Combined Authority

# North East Combined Authority

## North East Leadership Board (NELB)

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- 3.2 The Leadership Board is asked to consider the logo designs for each name annexed at **Appendix 1**.

### **4 Next Steps**

- 4.1 The confirmation of 'branded' name and logo for the Combined Authority will enable work on the website and other communication materials to be finalised.

### **5 Potential Impact on Objectives**

- 5.1 Agreement of a 'branded' name and logo for the Combined Authority will provide the foundation for development of a strong identity for the new body as the single voice for the area and a collective force to drive economic growth.

### **6 Finance and Other Resources**

- 6.1 The agreement of a 'branded' name and logo will not have any direct financial impact on the Combined Authority.

### **7 Legal**

- 7.1 The legal Order establishing the Combined Authority specifies the formal, legal name for the new body as the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority. The future branding of the authority however, including the use of any brand name, is a matter for the Combined Authority itself.

### **8 Other Considerations**

#### **8.1 Consultation/Community Engagement**

Consultation with the Leaders and Elected Mayors on the name and identity of the Combined Authority has taken place at different stages throughout the process of establishing the new body with views evolving over the course of the process. Advice on the three options has been provided by a working group comprising the lead communications officers or their representatives across each of the Constituent Authorities. The group recommended Option 1 as their preferred option.

Views on the name of the Combined Authority were sought as part of the public consultation by the Secretary of State. The responses to the consultation can be viewed at the DCLG website. The issue of a separate legal and branded name for the authority was also discussed in the debates

# North East Combined Authority

## North East Leadership Board (NELB)

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in both Houses of Parliament on the legal Order establishing the new body.

### 8.2 Human Rights

There are no specific human rights implications arising from this report.

### 8.3 Equalities and Diversity

There are no specific equality and diversity implications arising from this report.

### 8.4 Risk Management

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

### 8.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

### 8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

## 9 Background Documents

- 9.1
- The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014
  - The LA7 Scheme submitted to the Secretary of State
  - Summary of responses to consultation on proposal to establish the Combined Authority

## 10 Links to Plans in the Policy Framework

- 10.1 This report has no direct links to plans in the Policy Framework

## 11 Appendices

Appendix 1 – Logo Designs

# North East Combined Authority

## North East Leadership Board (NELB)

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### 12 Contact Officers

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Vivienne Geary, Monitoring Officer, North Tyneside Council.

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Sonia Tognarelli, Chief Finance Officer, Sunderland City Council.

Tel. 0191 561 1851

### 13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Section 151 Officer ✓



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north east combined authority

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north east leadership board

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The North East's Combined Authority

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