

North East Combined Authority Annual Governance Statement

DRAFT
July 2025

Contents

Section	Title	Page
Section 1	Introduction	1
Section 2	Scope or Responsibility	1
Section 3	Purpose of the Governance Framework	2
Section 4	The Governance Framework	2
Section 5	Assessment of activity against governance principles	3
Section 6	Annual Review of Effectiveness of Governance Framework	23
Section 7	Integrated Settlement and Local Growth Plan	23
Section 8	Significant Weaknesses in Governance and Internal Control and / or Areas for Improvement	23
Section 9	Conclusion	24

Section 1: Introduction

This Annual Governance Statement provides an overview of how the North East Combined Authority's (North East CA) governance and internal control arrangements operated during 2024/25, including how they will be reviewed annually to ensure they remain effective.

Section 2: Scope Of Responsibility

Throughout the financial period from 7 May 2024 to 31 March 2025, the North East CA was a Mayoral Combined Authority and an accountable public body established under section 103 of the Local Democracy, Economic Development and Construction Act 2009. It was created in 2024 through the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 and is its own accountable body for funding received from government through the 2022 Devolution Deal.

The North East CA has established a Single Assurance Framework which sets out the robust decision making and delivery arrangements in place within North East CA. This has been developed in line with the English Devolution Accountability Framework (Published 16 March 2023) issued by the Department for Levelling up, Homes and Communities (DLUHC).

The Cabinet is the principal decision-maker and provides leadership of the organisation. It is chaired by the elected Mayor and consists of an elected member from each of the constituent councils with 2 non-voting members who are the Chair of the Business and Economy Board and a representative of the Community and Voluntary Sector.

Decisions are made by the Mayor (in relation to mayoral functions) or the Mayor and Cabinet (in relation to non-mayoral functions) in accordance with the 2024 Order and the North East CA constitution.

Cabinet provides the overall strategic direction for economic growth across North East England and approves the North East CA Investment Framework, North East CA Corporate Plan and the associated financial plans, that set out investment priorities.

For the 2024/25 year, each member of Cabinet (other than the Mayor) was appointed as a Lead Portfolio holder against the portfolio areas set out within the North East CA Corporate Plan. These portfolio lead roles are reviewed annually and confirmed at the North East CA's Annual Meeting.

The North East CA has set a number of missions that focus on delivery, ensuring it has real impact for the region and its people. This means setting clear, long-term goals that contribute to a bold vision of change.

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

In discharging this overall responsibility, the Cabinet and Statutory Officers are responsible for putting in place proper arrangements, known as a governance framework, for:

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

In relation to (ii), the North East CA has developed a system of internal control designed to manage risk to a reasonable level. No system of internal control can eliminate all risk of failure to achieve aims,

missions and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

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

- a) identify and prioritise the risks to the achievement of our aims and objectives; and
- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

Cabinet has agreed a Risk Management Framework which sets out the approach to managing risks at different levels of the organisation. Whilst risk management is dynamic and continuous, the Strategic Risk Register is formally reviewed by Senior Leadership Team each quarter, and by Cabinet and the Audit and Standards Committee every 6 months. In addition to strategic level, risks are also identified for ongoing management and reporting at directorate, programme and project level.

Section 3: Purpose of the Annual Governance Statement

All Combined Authorities are accountable to the public and other stakeholders for ensuring they have a sound system of governance and the North East CA is required to prepare and publish an annual governance statement (AGS). This includes information on the governance arrangements it has in place and how those arrangements are working in practice. It is intended to be an honest and evidenced assessment of what is working well and is likely to improve the accountability and prosperity of the organisation. It also identifies where improvements could be made.

The AGS must set out the result of a review of the effectiveness of the system of internal control and provide assurance on whether the governance arrangements are fit for purpose. It must also demonstrate how it is seeking to adhere to the seven principles of good governance set out in the 2016 framework on 'Delivering Good Governance in Local Government', prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE).

Section 4: Governance Principles

The core principles and outcomes of the AGS assessment are set out in Section 5 below. This includes examples of how the North East CA has adhered to its governance commitments as set out in the Single Assurance Framework, Constitution and relevant supporting documents. It also includes hyperlinks to sources of further information that include more detail about how North East CA has implemented its commitments.

Section 5: Assessment of activity against governance principles

The Governance Principles		
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
<i>The Authority's Commitment of Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Behaving with Integrity	<p>The former NTCA Cabinet and NECA Leadership Board approved the draft budget for the new North East CA for the 2024-25 financial year at their January 2024 meetings.</p> <p>Our Interim North East Local Growth Plan sets out how we will work in partnership with business to achieve our vision. This 10-year plan sets out how we will grow our economy, support regional businesses and so improve living standards for people across our great region. This has been developed with Cabinet and the support and input of partners from across the region. It is subject to wider consultation and will identify our key investment and delivery priorities, with a final version to be published in the summer, following the Government's Spending Review.</p> <p>The Constitution includes a Code of Conduct for members and officers which sets out expected standards to which they need to adhere. It also includes the Member/Officer Relations Protocol, Anti-Fraud and Corruption Policy and Whistleblowing Policy.</p> <p>Under the codes of conduct members and officers are required to declare interests, gifts and hospitality. A register of Members' interests (which includes gifts and hospitality) is maintained and reviewed at least on an annual basis.</p> <p>The Monitoring Officer advises on compliance with the Constitution, ensuring that decision making is lawful, fair and ethical. The Audit and Standards Committee has been established and is responsible for promoting and maintain high standards of conduct by members and its committees.</p> <p>The Director of Finance and Investment is the designated S73 Officer / Chief Finance Officer and responsible for ensuring effective financial management and governance arrangements are in place. These arrangements are designed to meet requirements within the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Statement on the Role of the Chief Finance Officer'.</p> <p>The Finance and Investment Advisory Board provides strategic oversight on funding and investment to drive economic growth and long-term prosperity across the region.</p>	<p>2024-25 Budget approval (Agenda item 7)</p> <p>Constitution - Part 5 - Codes of Conduct and Protocols</p> <p>Finance and Investment Advisory Board Responsibilities</p>

Section 5: Assessment of activity against governance principles

<p>Demonstrating Strong Commitment to Ethical Values</p>	<p>The Code of Conduct for Members and Code of Conduct for Officers establish the expected standards of conduct and behaviour for Members and officers working for and on behalf of the North East CA.</p> <p>Audit and Standards Committee is established and would consider any potential issues relating to the conduct of Members and also promotes high standards of conduct and behaviour. Information on how to submit a complaint against members is published on the website. During 2024/25 there have been no matters relating to conduct referred to the Audit and Standards Committee.</p> <p>We have a Whistleblowing Policy which provides for confidential reporting of concerns and protects 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 that the activities of the organisation for which they work are ethically or legally questionable.</p> <p>The Anti-fraud and Corruption Policy sets out our approach to the prevention and detection of fraud and corruption and confirms we will take all action necessary to identify any occurrences if suspected.</p> <p>Statutory Officers (Head of Paid Service, Chief Finance Officer and Monitoring Officer) have the necessary experience, skills, resources and support to ensure statutory and regulatory requirements are complied with.</p> <p>The North East CA has a corporate complaints procedure that allows the public to raise concerns, available on the North East CA website.</p> <p>The Constitution establishes our standing orders, financial regulations and scheme of delegations. These define how decisions are taken and the processes and controls in place to manage risks. Compliance with these allows us to demonstrate we are complying with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.</p> <p>The Single Assurance Framework sets out how we ensure our decision making is supported by evidence; is proportionate, transparent and defensible, and works effectively to support the delivery of our ambitions.</p>	<p>Constitution - Part 5 - Codes of Conduct and Protocols</p> <p>Making a complaint against members of NECA</p> <p>Whistleblowing Policy</p> <p>Anti Fraud and Corruption Policy</p> <p>Corporate Complaints Procedures published on Internet</p>
--	---	---

Section 5: Assessment of activity against governance principles

	<p>As a public body carrying out a public function, we are committed to openness and transparency in everything that we do. We proactively publish information on our website unless we believe this may cause harm or greater public interest requires us to keep this information confidential. This is set out in our Publication Scheme.</p> <p>If members of the public are unable to find what they are seeking, we will respond to any information requests in accordance with our Freedom of Information Scheme, which is published on our website.</p> <p>We have a Privacy Policy which is aligned to our Data Protection Policies and sets out our commitment to keeping data safe and we want to make it clear how we collect, store and process information.</p> <p>We are committed to enhancing social value through initiatives aimed at addressing inequality and improving the quality of life for residents in our region. We recognise our role in tackling longstanding inequalities and have set ambitious equality objectives for our operations. We also produce an Annual Equality Report summarising work in these areas.</p> <p>We work with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work, which are outlined in our Corporate Plan.</p>	<p>North East CA Single Assurance Framework May 2024.pdf</p> <p>Publication Scheme Freedom of Information Scheme</p> <p>Equalities objectives and Annual Equality Report 2024-25</p> <p>North East Combined Authority Corporate Plan 2024-28</p>
Respecting the Rule of Law	<p>We are established through The North East Mayoral Combined Authority (Establishment and Functions) Order 2024 and are our own accountable body for funding received from government through the 2022 Devolution Deal and 2024 Deeper Devolution Deal.</p> <p>The Single Assurance Framework sets out how we ensure our decision making is supported by evidence, proportionate, transparent and defensible, and works effectively to support the delivery of our ambitions and is in compliance with relevant laws and regulations.</p> <p>We review and update our Constitution which includes Standing Orders, Financial Regulations and Scheme of Delegation. These clearly define how decisions are taken and the processes and controls required to manage risks in compliance with relevant laws, regulations and professional codes of practice.</p> <p>The Scheme of Delegations specifies those powers of the Cabinet that are exercisable from time to time by officers and stating the title of the officer in question by whom the powers are exercisable. These designated officers are the Chief Executive (Head of Paid Service), the</p>	<p>Establishment and Functions Order 2024 North East devolution deal Deeper Devolution deal</p> <p>North East CA Single Assurance Framework May 2024.pdf</p> <p>Constitution</p> <p>Scheme of Delegations</p>

Section 5: Assessment of activity against governance principles

	<p>Directors (one of whom is the designated Section 73 Officer / Chief Finance Officer) and the Monitoring Officer.</p> <p>Financial management and governance arrangements are designed to meet all statutory requirements and those detailed within the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Statement on the Role of the Chief Finance Officer'.</p> <p>The Monitoring Officer has statutory reporting duties in respect of lawful decision and maladministration and advises on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical. It is through these arrangements that we would address any breaches of legal and regulatory powers.</p>	
--	---	--

Section 5: Assessment of activity against governance principles

B. Ensuring openness and comprehensive stakeholder engagement		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
<p>Ensuring Openness Engaging comprehensively with institutional stakeholders</p>	<p>We have clear objectives and outcomes aligned to our vision. The Corporate Plan outlines the things we are doing and will do in future using the powers and resources from the Devolution Deal and deeper Devolution Deal.</p> <p>A suite of communications guidance for funding streams has been developed which aim to:</p> <ul style="list-style-type: none"> • keep the public and stakeholders informed about the progress and milestones of devolution; • encourage the public and stakeholders to get involved in engagement or consultation activities. Build support for the North East devolution by sharing the vision, ambitions and the benefits it will have for local people; and • ensure the North East CA's position is presented fairly and accurately in any related media coverage. <p>The North East Mayor chairs the North East CA Cabinet and has a number of specific powers on which Cabinet can make representations. All mayoral decisions are taken at Cabinet. All decision reports assessed by Cabinet include specific considerations of engagement and consultation undertaken. Decisions can be subject to scrutiny by the Overview and Scrutiny Committee (OSC) and the Authority also has an Audit and Standards Committee. Papers for Cabinet and all committees are published on our website.</p> <p>Officer Delegated Decisions are also published on the website and circulated to Cabinet and the Chair of the Overview and Scrutiny Committee.</p> <p>Advisory Boards have been established for each portfolio area, chaired by a Cabinet Member, to:</p> <ul style="list-style-type: none"> • support members of the Authority in overseeing the delivery of the vision, ambitions and programmes of activity set out in the Authority's Corporate Plan and associated plans and strategies; 	<p>North East Combined Authority Corporate Plan 2024-28</p> <p>North East devolution deal</p> <p>Deeper Devolution deal</p> <p>Cabinet agendas, reports and minutes</p> <p>Overview and Scrutiny Committee agendas, reports and minutes</p> <p>Advisory Boards</p> <p>Delegated Decisions</p>

Section 5: Assessment of activity against governance principles

	<ul style="list-style-type: none"> bring together key stakeholders to support the development and delivery of these ambitions and programmes; and provide advice and information to the Authority to ensure there is a robust evidence base for decision-making. <p>The Business and Economy Board has been established, bringing together industry leaders and stakeholders to drive economic growth, investment, and prosperity across the region.</p>	
Engaging stakeholders effectively, including individual citizens and service users	<p>Meetings, agendas and minutes for Cabinet and all Committees are accessible via the website and are published in accordance with statutory requirements. All meetings are held in public (other than where consideration of confidential or exempt information) and all Cabinet meetings are live streamed.</p> <p>We publish a 'Forward Plan' of key decisions to notify the public of the most significant decisions we are due to take. Details of each decision are included on the Forward Plan 28 days before the report is considered, and any decision is taken. This allows an opportunity for people to find out about major decisions that North East CA is planning to take. Other decisions being taken at Cabinet meetings are also included on the Forward Plan in advance of the agenda being published.</p> <p>Our Publication Scheme and Freedom of Information Scheme are published on our website and enables stakeholders to access relevant data and information to support engagement. This includes transparency data where you will find the information we are required to publish under the Local Government Transparency Code 2015.</p> <p>We communicate with stakeholders and our communities using a range of tools including:</p> <ul style="list-style-type: none"> our website which contains information about us, our governance arrangements, how we work, how to get involved, news and events; and social media channels to share news, updates and events. <p>Transport is an area where we have undertaken extensive engagement during 2024/25. We have set out a vision to deliver a green integrated transport network through the production of a Local Transport Plan (LTP) for the region. This is a statutory plan, it sets our transport priorities up to 2040 and is supported by a delivery plan that sets out what is proposed will be built, introduced, or changed, to deliver the LTP.</p>	<p>Governance section of website</p> <p>You Tube Channel - streamed meetings</p> <p>Forward Plan</p> <p>Publication Scheme Freedom of Information guidance Transparency Data</p>

Section 5: Assessment of activity against governance principles

	<p>The LTP and delivery plan were developed in collaboration with the seven North East CA constituent local authorities and Nexus and are supported by an Integrated Sustainability Appraisal (ISA) which evaluates the impact of the LTP on factors such as environment, health, inclusion and accessibility.</p> <p>We engaged with statutory consultees as defined in the Local Transport Act who bring expert knowledge and a deep understanding of the region's transport and environmental challenges. As well as constituent local authorities and Nexus (the Passenger Transport Executive) these include National Highways, Subnational Transport Bodies such as Transport for the North, public transport user groups, rail operators / train operating companies and Active Travel England.</p> <p>By working closely with statutory consultees, the Combined Authority has been able to align our plans with legal requirements and national standards while embedding sustainability at every stage</p> <p>We also undertook extensive public consultation which included face to face engagement and meetings at locations across the region, online discussions and surveys promoted by social media. A total of 16,294 responses were received from a range of stakeholders and responses indicated support for the LTP.</p> <p>The responses also helped us to reshape the LTP and delivery plan following consultation to reflect feedback including:</p> <ul style="list-style-type: none">• a need for greater reference to how transport can support economic and housing growth sites;• requests to include taxis as part of the integrated transport network;• a need to better align the LTP with the North East CA missions and the North East Local Growth Plan;• calls for stronger references to freight; and• the need to prioritise maintenance and resilience of existing transport assets. <p>The consultation approach and summary, Integrated Sustainability Appraisal documents and approved LTP are published on our website.</p> <p>Partners such as local authorities, Nexus and transport operators will deliver many of the schemes outlined in the delivery plan and this will need us to continue engagement and close working with our partners.</p>	<p>Transport Plan</p>
--	---	---------------------------------------

Section 5: Assessment of activity against governance principles

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Defining Outcomes Sustainable, Economic, Social and Environmental Benefits	<p>The Corporate Plan sets out the ambitions and roadmap for action over the period of the plan (2024/2028). It captures the breadth of work to be undertaken and ensures activities are aligned allowing for clear collaborative working.</p> <p>Outcomes and benefits are also detailed across a range of other plans that we have in place including the Local Growth Plan and Local Transport Plan</p> <p>The devolved Adult Skills Fund (ASF) and Skills Bootcamp funds are a key part of our ambition to make the North East the 'home of real opportunity'. This funding supports residents to capitalise on good quality new jobs and opportunities in our growing sectors including the foundational economy, at the same time as tackling the challenges facing our labour market. The programmes play a crucial role in achieving our ambitions to deliver a more prosperous, greener, inclusive economy, providing good work for all our residents and the right conditions for our regional businesses to thrive.</p> <p>During 2024/25 an employment and skills plan, 'New Deal for North East Workers', has been developed to support the delivery of an integrated, innovative regional employment and skills system and is to be considered by Cabinet in July 2025. This five year plan will be a key enabler for the delivery of our vision and missions.</p> <p>In August 2024, we set up the country's first Child Poverty Reduction Unit (CPRU) and in November 2024, we convened the Child Poverty Summit to galvanise action and begin work on the CPRU's priorities and we are developing grassroots plans tailored to local needs, and the strengths and opportunities of each part of the region. We have defined the key commitments, outputs and outcomes which will support successful delivery of our ambitions in this area.</p> <p>We aim be the home of the green energy revolution, which aims to put the North East at the forefront of the low-carbon economy, with the region a national leader on the path to energy security and net zero. We have a wide range of commitments, outputs and outcomes to help us become the natural choice for new industries, encourage</p>	<p>North East Combined Authority Corporate Plan 2024-28</p> <p>Local Growth Plan Transport Plan</p> <p>Agenda Item 7 - Devolved Adult Education Budget Agenda Item 8 - Devolved Adult Skills Fund and Skills Bootcamps Agenda Item 12 - Adult Skills</p> <p>Cabinet Agenda 18 March 2025 (Public) v2 (10).pdf</p> <p>Child Poverty Reduction Unit</p> <p>Home of the green energy revolution</p>

Section 5: Assessment of activity against governance principles

	<p>innovation, support green businesses to grow and ensure residents have the skills to take advantage of the immense job potential that the transition brings.</p> <p>All our investment decisions on funding programmes, across all of our initiatives, are made in accordance with our Single Assurance Framework. A key part of this is to assess investment proposals against strategic fit with North East CA's Investment Framework ensuring golden thread. The Finance and Investment Advisory Board play a key role in ensuring this occurs.</p>	
--	---	--

DRAFT

Section 5: Assessment of activity against governance principles

D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Determining Interventions	<p>Our financial position and available funding dictate the resources we can apply to interventions. The annual budget sets out how we will utilise these resources over the financial year and the medium-term financial plan. The budget position is monitored throughout the year and reported to Cabinet.</p> <p>Interventions are set out across the range of policies and plans we have in place and through Cabinet decisions. Our scrutiny arrangements enhance accountability and transparency of decision making with Overview and Scrutiny Committee (OSC) able to call-in decisions where there is evidence which suggests that the decision was not taken in accordance with agreed principles.</p> <p>The work programme of the OSC is reviewed each meeting so the Committee is able to respond to issues as they arise. Each year the OSC prepare an annual report setting out the work it has undertaken and this is published on our website.</p> <p>Government introduced the Scrutiny Protocol 2023, which is considered to be a key factor in implementing single-style funding settlements and assisting organisations to ensure transparent and accountable decision-making and delivery of value for money. The North East CA has taken measures to implement, or is addressing, all of the guidance within the protocol. A self-assessment against the Protocol was undertaken in spring 2025 as part of the Scrutiny Annual Report and the assessment sets out details of progress made against each principle and identifies areas for further development in 2025/26.</p> <p>Risk management is an important tool in helping the North East CA to consider risks at varying levels across the organisation and our approach is set out in the Risk Management Framework. Effective strategic risk management supports us to consider key risks which would impact on our ability to deliver our overarching vision and ability to deliver interventions, assess the likelihood of these occurring and identify appropriate mitigations to manage risks to an acceptable level. Risk management is also a key consideration in decision-making.</p>	<p>2024-25 Budget approval (Agenda item 7)</p> <p>2025-26 Budget Approval - Agenda item 9</p> <p>2024-25 Budget monitoring - Agenda item 10</p> <p>Overview and Scrutiny Annual Report - agenda item 6</p> <p>Agenda Item 10 - Risk Management Framework and Strategic Risk Management</p>

Section 5: Assessment of activity against governance principles

	Strategic risks are owned by Cabinet and managed by Senior Leadership Team on their behalf. There is formal review quarterly by the Senior Leadership Team, and by Cabinet every 6 months. Audit and Standards Committee also receive updates every 6 months to allow it to provide independent assurance over the adequacy of arrangements.	
Optimising Achievement of Intended Outcomes	The strategic, cross cutting nature of much of our work means that delivery can only be achieved through collaboration with partners including constituent local authorities. Much of this work is delivered through programmes and projects which allocate funding in line with our Single Assurance Framework. We have established monitoring arrangements in place for our investment programmes and the Finance and Investment Advisory Board plays a key role in scrutinising performance.	

Section 5: Assessment of activity against governance principles

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Developing the organisation's capacity	<p>Roles and responsibilities of Cabinet, scrutiny and 'proper' officer functions (Head of Paid Service, Monitoring Officer, Chief Finance Officer) are established within the Constitution and our Scheme of Delegations defines delegation arrangements.</p> <p>Cabinet work collaboratively to take forward our agenda and consider the financial and other resource implications of decisions as well as a range of other factors. Through considering reports and making decisions we are actively assessing capacity and capability to deliver.</p>	Constitution Scheme of Delegations
Developing the capability of the organisation's leadership and other individuals	<p>To ensure we understand what we need to achieve it is vital we have and foster a high-performing, values-driven leadership culture that supports the delivery of our strategic priorities driven from our missions and enhances public value across the region. Central to this commitment is our Talent Framework, which underpins our approach to leadership development, succession planning, and equipping managers with skills around organisational resilience, absence management and hiring.</p> <p>The Talent Framework provides a structured and inclusive pathway for leadership growth, ensuring that all leaders, regardless of level are equipped with the skills, behaviours, and mindset required to lead effectively in their directorates and teams. It aligns closely with our core values and behaviours, promoting integrity, collaboration, innovation, and accountability. Key components of our leadership development strategy include:</p> <ul style="list-style-type: none"> • a comprehensive leadership and management programme with all leaders across North East CA participating in a structured development programme tailored to their role and career stage; • bespoke leadership development, recognising the diverse needs of our leadership cohort, providing opportunities that support individual growth, address specific organisational challenges and prepare leaders for future roles; • succession planning and future talent - we proactively identify and nurture future leaders, ensuring a robust pipeline of talent ready to step into critical 	

Section 5: Assessment of activity against governance principles

	<p>roles. This approach supports continuity, innovation, and long-term sustainability of leadership; and</p> <ul style="list-style-type: none">• we regularly assess the impact of our leadership development initiatives through feedback, performance metrics, and organisational outcomes. This ensures our approach remains responsive, evidence-based, and aligned with the evolving needs of our communities. <p>All staff have attended values and behaviours workshops and had an appraisal undertaken with agreed targets and objectives linked to our work programme. Staff also receive and / or have access to training around information governance, information security, health and safety.</p> <p>By investing in the capability of our leadership and future leaders, the North East CA is building a resilient, forward-thinking organisation that is well-positioned to deliver inclusive growth, tackle regional inequalities, and drive transformational change across the North East.</p> <p>Recognising we are still a relatively new organisation, we do have a strategic risk around operational capacity and resources. This demonstrates we are actively considering requirements and understand there is a risk that if we do not have the right capabilities and capacity we may be unable to deliver ambitions with pace in line with stakeholder expectations</p>	
--	---	--

Section 5: Assessment of activity against governance principles

F. Managing risks and performance through robust internal control and strong public financial management		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Managing Risk	<p>Our Risk Management Framework sets out our robust approach to managing risks at all levels across the organisation with risk reviewed and reported at strategic, directorate, programme and project level.</p> <p>Strategic risks are owned by Cabinet and managed by the Senior Leadership Team on their behalf. There is a formal review quarterly by the Senior Leadership Team and by Cabinet every 6 months. Audit and Standards Committee also receive updates every 6 months to allow it to provide independent assurance over the adequacy of arrangements.</p> <p>Other levels of risk are reported in line with relevant governance arrangements as set out within the Single Assurance Framework and Risk Management Framework.</p> <p>To inform decision-making, all committee reports include a section that highlights the key risks to the decisions or proposed recommendations and how they are being addressed.</p>	Agenda Item 10 - Risk Management Framework and Strategic Risk Management
Managing Performance	<p>Overarching financial performance is reported to Cabinet and Overview and Scrutiny Committee who receive quarterly finance reports monitoring the financial position and treasury management activity.</p> <p>We have a range of mechanisms and reporting arrangements in place to monitor and report on performance across all of our activity. For example, performance against programmes and projects delivered through the investment programme are reported regularly through the Finance and Investment Board.</p> <p>We have identified the need to establish a formal performance management framework which supports enhanced co-ordination and streamlined performance reporting. There is a dedicated project ongoing to develop this in 2025.</p>	
Effective Overview and Scrutiny	Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution (Part 1.2) and will call-in decisions where	

Section 5: Assessment of activity against governance principles

	<p>there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>At the beginning of the municipal year a briefing by all portfolio holders to the Overview and Scrutiny Committee members was provided to introduce the work of the authority to the new members. Workshops have also been held with members to develop their understanding of the role of a combined authority and how scrutiny for a combined authority differs from that at a local authority.</p> <p>The Mayor and Cabinet members have attended Overview and Scrutiny Committee and faced questions on their portfolio areas. Additionally, officers and Members attend the regional scrutiny network meetings.</p> <p>Each year the OSC prepare an annual report setting out the work it has undertaken. This report for 2024/25 was presented to Cabinet at its annual meeting in June 2025.</p> <p>There are regular meetings between the Mayor and the Chair and Vice Chair of Overview and Scrutiny Committee.</p> <p>Government introduced the Scrutiny Protocol 2023 and is considered to be a key factor in implementing single-style funding settlements and assisting organisations to ensure transparent and accountable decision-making and delivery of value for money. The North East CA has taken measures to implement, or is addressing, all of the guidance within the protocol. A self-assessment against the Protocol was undertaken in spring 2025 as part of the Scrutiny Annual Report and the assessment sets out details of progress made against each principle and identifies areas for further development in 2025/26.</p>	<p>OSC Annual Report to Cabinet</p>
Robust Internal Control	<p>The Constitution establishes our Standing Orders and Financial Regulations which set out expected internal controls across the areas covered within these. These are reviewed and updated annually to ensure they remain appropriate and are aligned with the Single Assurance Framework.</p> <p>Risk management arrangements help us to identify key risk to achieving objectives and to put in place appropriate internal controls to mitigate these to an acceptable level.</p>	<p>Audit and Standards Committee</p>

Section 5: Assessment of activity against governance principles

	<p>We have an internal audit function which provides independent and objective assurance on the adequacy of our system of governance, risk management and internal control. Internal Audit agree a programme of work annually with Audit and Standards Committee and report on progress against the plan to each meeting of the Audit and standards Committee.</p> <p>The Chief Internal Auditor provides an annual report and opinion summarising the work of internal audit. For 2024/25, the Chief Internal Auditor provided reasonable assurance that the governance, risk management and control frameworks are adequately designed and operating effectively to support achievement of objectives. This is a positive opinion, reflecting a generally sound system of governance, risk management and internal control. This outcome is reported to the July 2025 meeting of Audit and Standards Committee.</p> <p>Audit and Standards Committee has been established to support and monitor the governance, risk management, external audit, internal audit and financial reporting of the North East CA, ensuring they are managed to a high standard of openness, integrity and accountability. This provides independent oversight of these arrangements and receives regular reports on all matters it needs to perform its duties.</p>	
Managing Data	<p>We have a designated Senior Information Responsible Officer and Data Protection Officer responsible for ensuring data protection and confidentiality is maintained in line with relevant legislation, i.e. General Data Protection Regulations (GDPR).</p> <p>All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continued during 2024/25.</p> <p>Our Privacy Policy sets out how we will manage and use data in compliance with relevant legislation and regulations.</p> <p>We proactively publish information on our website unless we believe this may cause harm or greater public interest requires us to keep this information confidential. This is set out in our Publication Scheme. Where members of the public are unable to find what they are seeking, we will helpfully respond to any information requests. Our Freedom of Information Scheme is published on our website.</p>	

Section 5: Assessment of activity against governance principles

<p>Strong Public Financial Management</p>	<p>We publish financial statements annually which are subject to external audit. The external auditors provide an audit opinion and commentary on value for money.</p> <p>During 2024/25 the North East CA has worked with external auditors to conclude the annual audits for the predecessor organisations, i.e. North of Tyne Combined Authority and previous North East Combined Authority. For both organisations the external auditors issued an unqualified opinion, without modification, on the financial statements. They also concluded there were no significant weaknesses in arrangements or recommendations to report in relation to the arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p> <p>Work is currently ongoing to prepare draft financial statements for 2024/25 and these will be prepared in line with statutory requirements.</p>	<p>Agenda Item 7 - External audit reports</p>
---	---	---

Section 5: Assessment of activity against governance principles

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
<i>The Authority's Commitment to Good Governance</i>	<i>How the Authority meets these principles</i>	<i>Where you can see Governance in action</i>
Implementing good practice in transparency	<p>We comply with the requirements of, and publish information required under, the Local Government Transparency Code 2015.</p> <p>All agendas, reports and minutes (unless classified as exempt under relevant legislation) considered by Cabinet and Committees are published on our website. This includes the Forward Plan of all decisions to be taken.</p> <p>Cabinet and committee meetings are held in public with Cabinet meetings live streamed.</p> <p>We also publish details of delegated decisions on our website.</p>	
Implementing good practices in reporting	<p>Our Single Assurance Framework and supporting business processes have been developed in accordance with the Local Government Financial Framework, as set out in the DLUHC Local Government System Statement, HM Treasury Guide to developing the project business case, HM Treasury Guide to Assuring and Appraising Project: Green Book, Orange Book (Strategic Risk) and Magenta Book (Evaluation).</p> <p>Financial statements are prepared in line with legislative and regulatory guidelines and are published accordingly.</p> <p>Internal Audit conform with relevant internal audit standards and include an assessment against these in their annual report. For 2024/25 this was assessed as a high degree of conformance with standards.</p> <p>Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018. The Committee assesses its effectiveness against these on an annual basis. A self-assessment as completed for 2024/25 and this confirmed arrangements are working well with a good level of performance against the good practice recommendations with some minor improvement actions.</p>	<p>Single Assurance Framework</p> <p>Agenda Item 5 - Annual Review of Effectiveness of Audit and Standards Committee</p>

Section 5: Assessment of activity against governance principles

Assurance and effective accountability	<p>Our Single Assurance Framework sets out the robust decision making and delivery arrangements in place and cover assurance and accountability arrangements. The framework, agreed with government, provides assurance to the Departmental Accounting Officer around how funding granted / devolved is allocated and that there are robust systems in place to ensure resources are spent with regularity, propriety and value for money.</p> <p>The public nature of Cabinet and its decision making and the work of Overview and Scrutiny Committee around this decision making provide accountability.</p> <p>Audit and Standards Committee, internal audit and external audit provide independent assurance around the adequacy and effectiveness of our governance, risk and control framework and financial management arrangements.</p>	Single Assurance Framework
--	---	--

Section 6: Annual Review of Effectiveness of Governance Framework

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

We have conducted our review for 2024/25 and Section 5 demonstrates how we conform with each of the governance principles within 'Delivering Good Governance in Local Government', prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). This review has consisted of:

- (a) an assessment of the Constitution, including the role and work of Cabinet and committees
- (b) the views of the Chief Internal Auditor and consideration of their annual opinion for 2024/25, i.e. reasonable assurance that the governance, risk management and control frameworks are adequately designed and operating effectively to support achievement of objectives. This is a positive assessment of the control environment of the organisation.
- (c) the views of statutory officers
- (d) the reports provided by external audit
- (e) the activity of the Audit and Standards Committee in providing independent oversight
- (f) the risk management process, and
- (g) financial and non-financial performance information reported to Cabinet and other meetings throughout the year.

Section 7: English Devolution White Paper, Integrated Settlement and Local Growth Plan

On 16 December 2024 the Government published the [English Devolution White Paper](#) setting out proposals to widen and deepen devolution across England. Under the White Paper, the North East CA will be an 'Established Mayoral Strategic Authority' with an enhanced set of powers and functions. The North East CA was confirmed in 2024 as being one of the combined authorities to be moving to an integrated single settlement for the 2026/27 financial year. This provides a more flexible, outcomes-based approach to delivering against a set of outcomes to be agreed with HM Treasury and removes some of the 'ringfencing' of funding. As a MSA, the North East CA was identified in the Spending Review as one of the authorities receiving a specific allocation of funding from UK Research and Innovation [UKRI].

Working closely with government departments, and cross-departmentally supported by MHCLG and with input from those combined authorities that have already moved to single settlement, we have the opportunity to build on and deepen the benefits that come with integrated settlement. This is a chance to align our funding more closely to the outcomes in our Corporate Plan and Local Growth Plan, supported by our investment and single assurance frameworks. Integrated settlement also provides additional flexibilities to move funding between themes and between financial years.

Our Interim North East Local Growth Plan sets out how we will work in partnership with business to achieve the vision. This 10-year plan sets out how we will grow our economy, support our businesses and so improve living standards for people across our great region. This interim plan has been developed with Cabinet and with the support and input of partners from across the region. It is intended for wider consultation and input, and to identify our key investment and delivery priorities, with a final version published in the summer after the Government's Spending Review.

Together the Integrated Settlement and Local Growth Plan will represent significant development moving into 2025/26.

Section 8: Significant Weaknesses in governance and internal control / Areas for improvement

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

The review for 2024/25 has highlighted no significant weaknesses in governance or internal control during 2024/25. We do acknowledge that work is needed to further embed our arrangements as the organisation matures and adapts to any changes in its operating environment.

Whilst no significant weaknesses have been identified the review has highlighted areas where governance arrangements can be enhanced or improved. These include the following:

- Whilst there are a range of governance documents we do not have a formal Local Code of Corporate Governance. CIPFA / SOLACE guidance indicates that a local code is in place and forms the basis of the annual assessment. Developing such a code and ensuring this is integrated with all other relevant frameworks, policies and protocols which are already in place would enhance current arrangements.
- There is a recognised need to formalise our performance management arrangements, and we have a project underway to develop a Performance Management Framework. Completing this review will provide a co-ordinated and streamlined approach to performance management.

Section 9: Conclusion

We consider the governance arrangements and internal control environment operating during 2024/25 provide reasonable and objective assurance that significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

Mayor

Name: Kim McGuinness

Signature:

Date:

Chief Executive Officer

Name: Henry Kippin

Signature:

Date:

Chair of Audit and Standards Committee

Name: Dave Willis

Signature:

Date:

Chief Finance Officer

Name: Mags Scott

Signature:

Date: