

North East Combined Authority, Governance Committee

6 December 2016

(2.00pm - 3.20pm)

Meeting held Jarrow Town Hall, Grange Road, Jarrow NE32 3LE

Present:

Independent Member: M Scrimshaw (Chair), and G Clark

Councillors: A Dale (Northumberland), P Early (Reserve, North Tyneside), G Hobson (South Tyneside), H Hughes (Gateshead), M Talbot (Newcastle) and H Trueman (Sunderland)

The Chair thanked South Tyneside Council for hosting the meeting.

28 APOLOGIES FOR ABSENCE

Apologies for absence were received from E Bell (Durham), C Johnson (North Tyneside) and S Gardner (Independent Person).

29 DECLARATIONS OF INTEREST

None

30 MINUTES OF PREVIOUS MEETING HELD ON 13 SEPTEMBER 2016

RESOLVED – That the Minutes of the previous meeting held on 13 September 2016 were agreed as a correct record and signed by the Chair.

Matters Arising:

Councillor Dale referred to Minute 19 - Annual Report and Accounts (NECA), indicating that she had reviewed the papers as instructed and had one query, which she decided to raise at this meeting and not submit through to P Woods for submission to the Leadership Board meeting on 20 September 2016. She asked for assurance to be given that monitoring controls were in place for the LEP funds. P Woods provided the assurance, confirming that all necessary arrangements around the NECA LEP funds were in place and were working well.

31 REQUESTS FOR EXTENSIONS TO DISPENSATION (NECA)

Submitted – Report by the Monitoring Officer (previously circulated and a copy attached to official minutes), which requested the committee to determine a dispensation along with extensions to dispensations from Members and substitute Members of the Leadership Board in relation to their registerable and non-registerable personal interests.

V Geary introduced the report, pointing out that Councillor Catherine Donovan had requested a dispensation following her appointment to the NECA Leadership Board, and that the remaining requests attached to the report were for extensions to dispensations. On a point of clarification, she explained that extensions for dispensations could be granted continuously at the end of each two year period.

RESOLVED – That:

- i. The request for dispensation and extensions to dispensations submitted by Members and substitute Members of the Leadership Board be approved.
- ii. The Monitoring Officer be authorised to grant the dispensation and extensions to dispensations to the Members and substitute Members of the Leadership Board where such requests were not received in time for consideration by the Governance Committee.
- iii. When extensions to dispensations were granted, that the Monitoring Officer be authorised to issue a certificate of dispensation to the Members concerned.

32 **DRAFT BUDGET 2017/2018 CONSULTATION (NECA)**

Submitted – Report by the Chief Finance Officer (previously circulated and a copy attached to official minutes), which sought the views of the committee on proposals for the setting of the 2017/18 NECA budget, as part of its consultation process. A summary report on the Draft 2017/18 Budget was presented to the Leadership Board on 15 November and this was attached as an appendix.

P Woods introduced the report highlighting the key budget issues, principles and proposals. During discussion the following points were raised:

- Clarification was provided around what value for money return was achieved with the LEP grants. Resulting from further queries, P Woods agreed to get an information report submitted to the next meeting of the committee which detailed background information and more specifics about LEP grant applications which had been supported.
- The committee noted the small errors in paragraphs 4.5 and 4.8 which should read '2017-18' and not '2016-17'.
- In response to a query raised, a brief explanation was provided about what had been included in the Autumn Statement. P Woods agreed to circulate to the committee a briefing note summarising the Autumn Statement which had been prepared by the LEP.
- Reference was made to the future dependence on business rates by authorities, with an explanation provided around the activities and major refresh of enterprise zones and the opportunities arising through the securing of JEREMIE 2 grant funding.
- A query as raised about how the running costs of NECA were conveyed to the public through the budget consultation exercise. P Woods provided a brief explanation but as further concerns were expressed agreed to discuss communications around the NECA Budget with the seven local authority communication teams to determine the best way forward on this.

- Confirmation was given that the draft totals around the Tyne Tunnel budget elements were realistic at this point.
- An explanation around the administration and monitoring and the future of the JEREMIE grant funding was provided to the committee.

RESOLVED – That the committee received the report.

33 **ANNUAL EXTERNAL AUDIT LETTER 2015/16 (EXTERNAL AUDITOR)**

Submitted – Report by the External Auditor (previously circulated and a copy attached to official minutes), which presented the Annual Audit Letter for 2015/16.

C Waddell, External Auditor introduced the report, highlighting key issues and reporting on three recommendations resulting from identification of weaknesses with internal control issues. On a point of clarification, C Waddell provided assurances that the concerns raised in last year's audit around controls and governance had been resolved. The committee noted the management letter from P Woods, NECA Chief Finance Officer.

The Chair on behalf of the committee thanked the staff from Mazars for all their work with the annual audit and asked for an update on progress on this year's audit to be presented to next meeting of this Committee scheduled in April 2017.

RESOLVED – That the Annual Audit Letter submitted by Mazars be received.

VARIATION TO AGENDA

The Chair explained that he intended to vary to the agenda explaining that the next item of business was to be 'Invitation to opt into the national scheme for auditor appointments' but that this was to be moved to the last item of business as the External Auditors would need to leave during the committee's consideration of this item.

34 **INTERNAL AUDIT PROGRESS REPORT (NECA)**

Submitted – Report by Audit, Risk and Insurance Officer (previously circulated and a copy attached to official minutes), which provided Members with progress against the delivery of the 2016/17 internal audit plan and information on the implementation of audit recommendations.

P Slater introduced the report. On a point of clarification he agreed to circulate any missing implementation dates against audit activities.

RESOLVED – That the internal audit activity to date be noted.

35 **STRATEGIC RISK AND OPPORTUNITY REGISTER (NECA)**

Submitted – Report by Audit, Risk and Insurance Officer (previously circulated and a copy attached to official minutes), which provided members with an update on the Strategic Risks and Opportunities for the NECA.

P Slater introduced the report, highlighting the closure of the risks around devolution and partnerships and the introduction of a new risk around governance arrangements. During discussions the following points were raised:

- On a point of clarification, P Woods provided a brief explanation around the European funding, pointing out that Brexit would not have an impact as was thought as key projects would be honoured if they had been signed before the Autumn Statement. North Tyneside Legal Team had worked extremely hard to ensure this was done. The Chair thanked North Tyneside Officers for all their efforts.
- Reference was made to the new risk 'Governance Arrangements' with the committee being advised that the Statutory Officers would be working alongside policy officers on any impact in relation to alternative devolution deals.
- Confirmation was provided that timescales could not yet be included around the 'operational capacity and resourcing' risk but would be provided when information was available. It was explained that the Economic Development Officers met on a weekly basis with LEP officers and regular updates were provided to the Head of Paid Service about this risk.
- Concerns were raised around the potential impact on the cultural economy through Brexit. P Woods agreed to raise these concerns with the Economic Development Officers.
- In response to queries raised around the controls already in place for the European funding, P Woods clarified that the partners working group reviewed the impact of losing European Funding but agreed to ask the Head of Paid Service where the decision on the outcome of European funding would be published and get this circulated to the committee.

RESOLVED – That

- i. The register be received and noted.
- ii. The new risk describing the Authority's governance arrangements be acknowledged.
- iii. The new operational capacity risk description and increase in risk priority from Amber to Red be acknowledged.
- iv. The following opportunity and risks which had been closed be acknowledged:
 - Governance Review
 - Devolution
 - Partnerships Opportunity

(Councillor A Dale and C Waddell and J Dafter, Mazar's left the meeting at 3.05pm)

36 INVITATION TO OPT INTO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS (NECA)

Submitted – Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which set out the options available for auditor appointments from 2018/19 onwards and the invitation received from Public Sector

Audit Appointments to opt-in to a national scheme. The views of the committee on preferred options was required for submission to the Leadership Board.

P Woods introduced the report briefing explaining the three options. During discussions the following points were made:

- Concerns were raised about agreeing to the individual appointment option.
- Clarification was provided around the lack of costs against each of the options, which would be unavailable until the procurement exercise was completed.
- Confirmation was provided that external overview and scrutiny would still continue with any option chosen and there would be no impact on internal audit.
- Expressing an interest in the national appointment scheme should not be excluded at this point.
- Further information should be sought on what other authorities were planning to do.
- Clarification on how the national appointment scheme would potentially operate across the country should be sought and provided to the committee.

RESOLVED – That the report be received and the following be submitted to the Leadership Board as the views of the Governance Committee's:

- The national appointment scheme option should not be excluded at this point but further information should be sought on what other authorities were planning to do in order to determine if the local appointment scheme would be the best way forward.

37 **DATE AND TIME OF NEXT MEETING**

Tuesday 4 April 2017 at 2.00pm Sunderland Civic Centre