

North East Combined Authority, Governance Committee

11 December 2015

(2.00 pm - 3.59 pm)

Meeting held Gateshead Council, Civic Centre, Regent Terrace, Gateshead, Tyne and Wear NE8 1HH

Present:

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

Councillors E Bell, B Coates, G Hobson and J O'Shea

19 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting and brief introductions were provided. He advised the committee that the meeting was inquorate with members along with their reserves having submitted apologies. He explained that holding meetings in December may need to be re-considered.

20 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A Dale, M Talbot and H Trueman and S Gardner, Independent Person

21 DECLARATIONS OF INTEREST

Councillor G Hobson declared a personal interest in any matters raised around NECA Transport North East Committee and NECA Transport North East (Tyne and Wear) Sub Committee being a member of both committees.

The Chair, M Scrimshaw and Vice Chair G Clark declared personal interests in any matters raising around NEXUS being members of the NEXUS Audit Committee.

22 MINUTES OF PREVIOUS MEETING HELD ON 11 SEPTEMBER 2015

L Watson referred to Minute 16 – Annual Governance Statement and updated the committee on the survey results, which was undertaken to ascertain whether members had any particularly training and development needs to support their roles in relation to the combined authority. She stated that as members already received training within their constituent authority and on the basis of the survey responses, it seemed likely that if a training programme was rolled out it may not be well attended. Following a brief discussion, it was agreed to offer training or discussions on a bespoke basis for the small number of members who expressed an interest. In addition, induction training would be offered for new members in June 2016.

IT WAS AGREED: - That:

- (i) The Minutes be ratified at the next scheduled meeting 1 April 2016.
- (ii) The progress on training as outlined above be noted.

23 **REGIONAL MEETING OF CHAIRS AND DEPUTY CHAIRS OF STANDARDS AND GOVERNANCE COMMITTEES - 9 OCTOBER 2015**

Submitted: Report by Interim Monitoring Officer (amended report circulated on a supplemental agenda in accordance with Local Government (Access to Information) Act 1985), which updated the committee on the most recent regional meeting of the Chair and Vice Chairs of Standards Committee and Independent Persons held on 9 October 2015.

The Vice Chair expressed his disappointment at how the meetings, in his opinion, had become too formal and lost their original intent as an informal opportunity to share learning and experience. Following a brief discussion, the Chair in agreeing with the comment, suggested that a pre-meeting of the Independent Members and Independent Persons be arranged, if possible, prior to the next Regional meeting to enable a discussion to be held on the format of future Regional Meetings. He requested a list of email addresses/contact details of all Independent Members and Independent Persons be provided to him.

Councillor E Bell arrived at the meeting at 2.10pm

Reference was made to the discussions that took place around dealing with persistent offenders. The Chair informed the committee that Newcastle City Council's Monitoring Officer was collating some evidence and preparing a joint representation to DCLG, which he would ensure was circulated to this committee, when it became available.

IT WAS AGREED: That the report be received and the comments outlined above be actioned accordingly.

24 **CODE OF CONDUCT FOR MEMBERS - DECLARATION OF INTERESTS AND GIFTS AND HOSPITALITY**

Submitted: Report by Interim Monitoring Officer (previously circulated and a copy attached to official minutes), which advised the committee of the requirements of Members' Code of Conduct in relation to the declaration of interests and the receipt of gifts and hospitality and advised on the use of the Members Code of Conduct when compared with other Combined Authorities.

L Watson introduced the report, confirming that each member was recently reminded about their responsibilities in relation to declarations and that those who had not responded would be contacted once again. Members asked that the follow up be to contact and advise members that the issue had been discussed at this meeting.

The Chair requested that the gifts and hospitality form be sent out to each member with their agenda to ensure a form was returned for each period, even if it was a NIL return.

IT WAS AGREED: That the report be received and comments as outlined above be actioned accordingly.

25 **ANNUAL AUDIT LETTER 2014-15**

Submitted: Report by Finance Officer (previously circulated and a copy attached to official minutes), which presented the Annual Audit Letter for 2014-15 and an update on the final closure of accounts sign off, including some additional information, which was requested by the committee at the last meeting.

During discussions the following points were raised:

- Further information on how many loans were issued; who the loans were issued too and the criteria to be met to receive a loan was requested.
- A request was made for a brief discussion to be held on the above ½ hour prior to the next scheduled meeting.

IT WAS AGREED: That the report be received and comments as outlined above be actioned accordingly.

26 **NEXUS ANNUAL AUDIT LETTER 2014/15**

Submitted: Annual Audit Letter 2015 (previously circulated and a copy attached to official minutes), which summarised the outcome of the audit of the 2014-15 annual accounts and the work on the value for money conclusion.

During discussions, it was suggested that for completeness, copies of Durham and Northumberland's transport audit extracts be included in future reports.

IT WAS AGREED: That the report be received and the comments as outlined above be actioned accordingly.

27 **EXTERNAL AUDIT PROGRESS UPDATE**

Submitted: Report by External Auditor (previously circulated, corrected on supplemental agenda in accordance with Local Government (Access to Information) Act 1985), which provided a full update on their work so far in 2015-16 and the planned work for the remainder of the year.

IT WAS AGREED: That the report be received and noted.

Councillor Foreman, South Tyneside reserve member was in attendance at 2.30pm

28 **DRAFT BUDGET 2016/17 AND TRANSPORT LEVIES**

Submitted: Report by Chief Finance Officer (previously circulated and a copy attached to official minutes), which sought views of the Governance Committee on proposals for 2016-17 NECA Budget, as part of its consultation process.

The following provided a summary of discussions that ensued:

- Comments were raised around the cash reduction in the provisional transport revenue budget and levies for 2016-17. It was explained that an incremental approach to budget setting had been established. Key elements of the devolution agreement would impact significantly on funding for 2016-17 and future years. A strategic review of all discretionary expenditure during the first half of 2016, would form the basis of a consultation on proposals for services needed from 2017-18 onwards.
- Reference was made to the reports continuing to display the working in silos across the combined authority, particularly in transport. It was explained that developing a more common approach was required, especially if the devolution deal was achieved. The Leaders, Deputy Leaders and Chief Executive's needed to discuss the harmonising of policy prescripts and develop a fair working relationship for all authorities.
- Comments were expressed about the impact of the Council's austerity cuts, particularly around transport in Durham and the implications of further cuts.
- The uncertainty around the funding settlement for the North East Councils was raised. It was explained that the full details were expected next week when a briefing note would be produced. The Chair requested that any non-confidential briefing notes circulated should also be sent to this committee.
- Comments were raised around the budget for the elected Mayor's office and its responsibilities. It was explained that the costs would need to be funded from £30m allocation in the event of a devolution deal being agreed; this included any election costs. It was hoped that interest could be generated from the allocation. Financial and governance implications associated with the devolution agreement would impact positively on the Budgets in future years, particularly in relation to the responsibilities of NECA and NELEP and any elected Mayor. Future arrangements would likely be funded via a small precept on the Council Tax. Confirmation was provided that a benchmarking exercise was currently being undertaken around the potential expenditure of the Mayoral office.
- Information was provided on the residents' poll on the devolution agenda to be held in Durham. A comment was made around the importance of the public understanding what opportunities would be derived from a devolution deal.
- Reference was made to the potential pooling of resources in relation to treasury management arrangements, particularly extending so Teesside was included. It was pointed out focus had to be on the areas covered by combined authority. Details of the potential benefits and opportunities to be derived from pooled treasury management arrangements were explained.
- Clarification was provided about the reduction in the Levy which would be a saving to each of the five Tyne and Wear authorities.
- In response to a query around the Tyne Tunnel reserves, it was explained that the reserves were ring-fenced for the financing of the Tyne Tunnel. The tolls were due to rise to keep in line with inflation to help cover the increase in payments to the concessionaire and keep the annual deficit in the tunnels account to a minimum level.
- Clarification was provided on the capital financing requirements as depicted at Table 4 of Appendix 4 – Treasury Management Mid-Year Update. Further information would be included in the report to be submitted to the Leadership Board in January 2016.

- Reference was made to the lack of figures around borrowing in Durham and Northumberland. It was confirmed that there was no borrowing figures to be included and there were no proposals for this to happen in the future.
- Comments were raised around the capital programme and the general fund schemes. It was explained that more detailed information, particularly on the capital programme for the whole area, including information still to be announced or confirmed about grant funding and its proposed uses would be reflected in the report to be submitted to the Leadership Board in January 2016.

IT WAS AGREED: That:

- (i) That the report be received and noted.
- (ii) The views and comments as outlined above be submitted as part of the consultation process.
- (iii) Any non-confidential briefings prepared on the Government Settlement to be circulated to this committee.

29 **QUALITY CONTRACTS SCHEME (QCS) UPDATE**

Submitted: Report by Managing Director (Transport Operations), NEXUS (previously circulated, corrected on supplemental agenda in accordance with Local Government (Access to Information) Act 1985), which provided the committee with links to documents relating to the proposed quality contracts scheme (QCS) for Tyne and Wear, previously presented to the North East Leadership Board.

During discussions the following points were made:

- A suggestion was made for a copy of the QCS briefing paper discussed at the NEXUS Audit Committee to be circulated to this committee.
- Clarification was provided on potential loss and the legal advice sought around whether compensation payments should be given as a result of the proposed QCS.
- Reference was made to the devolution agreement with confirmation being provided that there would be no flexibility around concessions. A national discussion and extensive modelling would be required before action was taken.
- Concerns were expressed at the limited information in the 'other considerations' sections of the report. P Slater agreed to consider and issue report writing guidance.

IT WAS AGREED: That the report be received and comments as outlined above be actioned accordingly.

30 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report by Audit, Risk and Insurance Service Manager (previously circulated and a copy attached to official minutes), which provided members with an update of the strategic risks and opportunities for the Combined Authority.

The committee welcomed the report with clarification being provided on the purpose of the next steps section.

IT WAS AGREED: That a summary of the Combined Authority risks and opportunities be circulated to the Chief Executives and Leadership Board.

31 **EXCLUSION OF PRESS AND PUBLIC**

IT WAS AGREED: That by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the remainder of the meeting for the duration of the consideration of agenda item 13 – Internal Audit Progress Report, because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

32 **INTERNAL AUDIT PROGRESS REPORT**

Submitted: Report by Audit, Risk and Insurance Service Manager (previously circulated and a copy attached to official minutes), which provided members with progress against the delivery of the 2015-16 internal audit plan and information on the implementation of audit recommendations.

During discussions an update was provided around the Tyne Tunnel Reserves.

IT WAS AGREED: That the report be received and noted.

33 **ANY OTHER BUSINESS - QUORUM FOR MEETINGS**

A brief discussion took place around the need to possibly reduce the quorum of this committee from 5 to 4 members, not including the co-opted Independent Members or the Independent Person. The committee considered that this should be considered as part of the next review of the Constitution.

IT WAS AGREED: That the comments be noted and actions be taken accordingly.

34 **DATE AND TIME OF NEXT MEETING**

Friday 1 April 2016 at 2pm at Newcastle City Council