



North East Combined Authority, Governance Committee

Friday 27th June, 2014

Members' Pre-meeting 1.30pm
Formal Meeting 2pm

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

www.northeastca.gov.uk

AGENDA

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. **2013/14 Outturn and Draft Financial Statements** 1 - 16
4. **Annual Governance Statement 2013/14** 17 - 54
5. **External Audit Arrangements for 2014/15 and 2015/16** 55 - 58
6. **Internal Audit Annual Plan** 59 - 64
7. **Code of Conduct and Protocols (for information)** 65 - 118

This is an extract from the Constitution of the Combined Authority, as approved by the North East Leadership Board on 29 April 2014 and subsequently circulated to all Members.
8. **Date and Time of Next Meeting**

Members are invited to agree the dates of future meetings:

Thursday 11 September or Friday 12 September at 2pm
Thursday 12 February or Friday 13 February at 2pm

Venues to be confirmed.

Contact Officer: Christine Patterson
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To All Members

North East Combined Authority

Governance Committee

DATE: 27 June 2014

SUBJECT: 2013/14 Outturn and Draft Financial Statements

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

The purpose of this report is to provide the Governance Committee with a summary of the Tyne and Wear Integrated Transport Authority's financial results for 2013/14, present the draft accounting statements and provide an overview of significant financial matters which occurred during the year.

RECOMMENDATIONS

It is recommended that the Committee receive the report for consideration and comment.

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1 Background Information

- 1.1 This outturn report provides Governance Committee with a summary of the Authority's financial results for 2013/14, explaining the key accounting statements and presenting an overview of significant financial matters which occurred during the year.

Expenditure has been maintained within budget for the year on both the ITA levy funded budget and the Tyne Tunnels account. As a result, the use of reserves has been lower than that planned as part of the Medium Term Financial Strategy, particularly in relation to the Tunnels.

Under the Accounts and Audit Regulations 2011, the Statement of Accounts must be formally approved by the Authority by 30 September. It must be signed by the Chief Financial Officer and published by 30 June, but there is no longer a requirement for the draft accounts to be approved by Committee.

2 Proposals

2.1 Principal Financial Results for the Year

2.1.1 Integrated Transport Authority (ITA) levy-funded budget

The table below compares actual spend against the budget for 2013/14 and shows actual figures for 2012/13 to provide a comparison across years.

Budget Heading	2012/13 Actual £000	2013/14 Budget £000	2013/14 Actual £000	Variance £000
Officer support/SLA	218	292	285	(7)
Audit Fees	18	20	17	(3)
Members Allowances & Expenses	82	84	80	(4)
LGA Subscription	30	29	29	-
Conferences and Travel	3	4	4	-
Website Costs	12	20	12	(8)
Supplies & Services	8	17	8	(9)
Payments to Pension Fund	455	479	479	-
Financing Charges	2,568	2,448	2,399	(49)
Interest income	(35)	(15)	(20)	(5)
Total ITA Operating Expenses	3,422	3,378	3,293	(85)
One-off Payment to Pension Fund	-	1,800	1,800	-
Grant to Nexus	66,922	64,922	64,922	-
Levy 'rebate' to TW Districts	-	2,000	2,000	-
Total ITA Expenditure	70,344	72,100	72,015	(85)

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Levy Income	(70,207)	(70,207)	(70,207)	
Transfer from ITA Reserves	137	1,893	1,808	(85)

2.1.2 Overall spending for 2013/14 was well within budget, with small variations on some individual budget lines. Savings were made on all controllable budgets, and there was a reduction in financing charges as historic debts are reducing over time. The saving of £0.085m has reduced the planned use of reserves.

The final position is a use of ITA General reserve of £1.808m, compared with the revised budget of £1.893m. This includes £1.8m of ITA reserves used to make a lump-sum payment to the Tyne and Wear Pension Fund (TWPF) to reduce the pension deficit. A total of £4.41m of the Pension Deficit as estimated by the Fund was attributable to the ITA, and the balance of £2.61m has been temporarily borrowed from the Tyne Tunnels reserves, to be repaid over 14 years (equal to the deficit recovery period set by TWPF). This strategy has allowed for an annual saving in excess of £0.2m per annum on the levy funded budget, after allowing for the repayment to the Tunnels and the loss of income on the reserves.

2.1.3 Tyne Tunnels Revenue budget

The North East Combined Authority, and formerly the ITA, owns the Tyne Tunnels, which link the A19 under the River Tyne between Howdon and Jarrow. There are two tolled vehicle tunnels, and tunnels for both pedestrians and cyclists. The Tunnels are entirely self-financing from the tolls paid by users, i.e. there is no call on the levy or other local authority budgets to support them. The Tunnels are operated under a contract to a concessionaire company, TT2 Ltd., and appear within the accounts as a trading function.

In 2013/14 the traffic level was 15.424m vehicles, corresponding to a total toll income of £23.744m after adjusting for prepayments (compared with £19.869m in 2012/13). In line with the financing strategy for the New Tyne Crossing, tolls were maintained on 1 January 2014 at £1.60 for cars and small vans but increased to £3.20 for lorries and large vans (with a ten percent discount for permit holders). The toll increase did not have an adverse effect on traffic levels which showed a 7.1% increase compared to 2012/13.

The table below details expenditure within the ringfenced Tyne Tunnels trading accounts:

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Budget Heading	2012/13 Actual £000	2013/14 Budget £000	2013/14 Actual £000	Variance £000
Employees	31	35	34	(1)
Pensions	526	553	552	(1)
Supplies & Services	34	50	28	(22)
Support Services	108	130	116	(14)
Cost of Official Opening Ceremony	49	-	-	-
Community Fund	8	10	14	4
Financing Charges	6,622	6,723	6,666	(57)
Toll Income	(19,869)	(23,200)	(23,744)	(544)
Usage Payments	13,986	16,900	16,929	29
Other Income	(110)	-	(132)	(132)
Interest Income	(517)	(275)	(236)	39
Total Tunnels Operating Costs	868	926	227	(699)
One-off Payment to TWPF	-	7,200	7,200	-
NESTI expenditure financed from Tunnels Reserves	413	1,935	658	(1,277)
Transfer from Tyne Tunnels General Fund Reserve	1,281	10,061	8,085	(1,976)

The outturn on the Tyne Tunnels operational budget was a deficit of £0.227m against a budgeted £0.926m deficit. The main reasons for this were improved traffic figures leading to higher toll income, some additional one-off income relating to savings made on insurance contracts and lower financing costs than budgeted. £7.2m of Tunnels reserves were used to make a payment to the TWPF to reduce the pension deficit to a small balance. Of this total, £4.59m relates to liabilities which are attributable to the Tunnels, and the remaining £2.61m has been used to temporarily fund the ITA's share of this deficit, with the funds to be repaid to the Tunnels with interest.

£0.658m of expenditure on the North East Smart Ticketing Initiative (NESTI) has been financed in year from Tunnels Reserves. This reflects the fact that in 2009/10, grant was received by the twelve North East local authorities, Nexus and the ITA and this grant was applied to finance capital expenditure on the New Tyne Crossing in that year. An equivalent total amount (£7.178m) of capital and revenue expenditure was therefore to be funded from Tunnel Reserves as it is incurred.

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2.2 Reserves

In 2013/14, the overall level of ITA usable reserves reduced by £10.793m, with £9m used to reduce the deficit in the Pension Fund, £0.235m used to fund ITA and Tyne Tunnels expenditure, £0.658m used to fund NESTI expenditure and £0.9m to fund capital expenditure on Metro.

	31/03/13	31/03/14
ITA General Fund	(2,382)	(574)
Tyne Tunnels Reserves	(40,477)	(32,392)
Earmarked Metro Reserve	(12,325)	(11,425)
Total ITA Usable Reserves	(55,184)	(44,391)

The unearmarked general reserve of the ITA was reduced to a minimum level by the end of 2013/14, taking into account the fact that earmarked reserves are held to mitigate against specific risks, and the level of corporate risk to the authority had reduced through the reduction in the pension deficit. On the dissolution of the ITA and the establishment of the Combined Authority in April 2014, the majority of this unearmarked reserve (£0.440m) was refunded to the Tyne and Wear Districts.

2.3 Capital Expenditure

A summary of expenditure against the ITA's (non-Nexus) capital programme is set out in the table below:

	2012/13 Actual £000	2013/14 Budget £000	2013/14 Actual £000	Variance £000
Tunnels Capital Programme				
New Tyne Crossing	682	585	1,076	491
Tyne Pedestrian and Cycle Tunnels	402	4,000	2,065	(1,935)
Local Transport Plan				
Integrated Transport Block	8,509	8,509	8,509	-
ARP/Public Transport Allocation	6,292	4,184	3,800	(384)
Other Capital Grants				
Local Sustainable Transport Fund	302	858	683	(175)
Better Bus Area Fund	2,262	1,627	1,627	-
NESTI				
Capital Payments to Nexus	3,235	975	177	(798)
	21,684	20,738	17,937	(2,801)

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In addition to the £17.9m capital expenditure shown within the ITA's own accounts, Nexus have also invested £37.9m in the Metro Asset Renewal Plan (ARP) and Metro Ticketing and Gating programmes, resulting in total transport capital investment of £55.8m.

Local Transport Plan (LTP)

LTP is capital grant awarded to the ITA by DfT. The ITA allocates this funding between the five Tyne and Wear Districts, with a proportion being ringfenced to provide support to the Metro Asset Renewal Programme (ARP) and other public transport related schemes. Some grant has been carried forward at the year-end where Districts' schemes were not yet complete, and will be used in 2014/15.

Local Sustainable Transport Fund (LSTF)

2013/14 was the second full year of the Schools Go Smarter programme, which commenced in autumn 2011. 2013/14 capital expenditure related primarily to the purchase of vehicles for parking enforcement, and the school links and school grants workstreams. School grants provides funding for bike sheds, to provide safe places for pupils to store their bicycles, and other works including new paths, pool bikes and tools. School links funds infrastructure work in the Districts making it easier to cycle or walk to school, such as upgrading cycle paths or installing new pedestrian crossings.

The 'Go Smarter to Work' programme began in December 2012, making 2013/14 the first full year of the scheme. Capital works are focused around infrastructure investments, implementing the physical infrastructure work necessary to make cycle, walking and public transport trips a more attractive alternative to car use; and improved information including use of open data sources and Real Time Passenger Information (RTPI) to enable the transport user to access more reliable and up-to-date details of transport services.

Where schemes were not fully signed off at the year end, the grant has been carried forward to 2014/15 which is permitted under the grant conditions.

Better Bus Area Fund

In April 2012, the ITA received notice that it had been successful in its application for DfT Better Bus Area funding, including £3.889m capital grant. The project is aimed at improving journey time reliability on key bus routes, to improve the attractiveness of buses to the travelling public. The capital grant was used primarily for the procurement and installation of equipment including CCTV, Automatic Number Plate recognition and co-ordination of key traffic signal installations. In addition, infrastructure works have taken place on a number of key bus routes to aid journey time reliability. All capital works were completed by 31 March 2014 and capital grant fully used.

North East Smart Ticketing Initiative (NESTI)

The ITA acts as accountable body for NESTI which is a programme of investment in smart ticketing infrastructure across the north east. The

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programme is governed via a collaboration agreement which was entered into by all 12 local authorities in the region plus the ITA and Nexus. The ITA holds the remaining £4.221m funding on behalf of the authorities. The outturn for 2013/14 was £0.658m (£0.177m capital) with main highlights during the year being the implementation of the Retail Distribution Network project and Card Management System integration and procurement and installation of bus stop validation equipment. There was some slippage against the 2013/14 programme which accounts for the lower than budgeted claim, with the funds carried forward to finance delivery of works in 2014/15.

2.5 Looking ahead to 2014/15 and beyond

This is the last outturn to be reported for the Tyne and Wear Integrated Transport Authority, which was dissolved on 15 April 2014 and its functions, rights, assets and liabilities taken over by the North East Combined Authority. The period from 1 April 2014 to 15 April 2014 will be presented within the first set of North East Combined Authority Accounts at the end of the 2014/15 year. Separate spending figures will continue to be shown at a Tyne and Wear level to enable the calculation of the Tyne and Wear element of the transport levy.

2.6 Key Financial Statements

2.6.1 Movement in Reserves Statement (MiRS) (Appendix 1)

This statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure) and Unusable Reserves. The surplus or deficit on the provision of services line shows the economic cost in accounting terms of providing the ITA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purposes of setting the levy. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Movement in Reserves Statement shows a total movement in usable of £10.793m as detailed in section 2.2 above.

2.6.2 Comprehensive Income and Expenditure Statement (CIES) (Appendix 2)

The CIES shows the accounting costs in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the levy and tolls which is set out in the MiRS, as described above.

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The CIES shows a Surplus on the Provision of Services of £2.613m, compared with a surplus of £1.154m in 2012/13. Restatement of 2012/13 figures has been required due to a change in accounting standard IAS19 relating to the presentation of pension costs. Overall the Net Cost of Services has decreased slightly from £62.562m to £60.870m, largely as a result of a reduction in the total level of grants paid to Nexus in year. There has been a slight increase in net Financing and Investment costs, due to a reduction in interest income as a result of historically low interest rates.

Total Comprehensive Income and Expenditure (equal to the movement between years on the Balance Sheet) is a surplus of £0.113m.

2.6.3 Balance Sheet (Appendix 3)

The Balance Sheet summarises the Authority's financial position at 31 March each year. The net assets of the Authority (total assets less total liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: Usable Reserves i.e. those that the Authority may use to provide services, subject to the need to retain a prudent balance and any statutory limitations on their use; and Unusable Reserves, i.e. those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line "adjustments between accounting basis and funding basis under regulations".

The total net assets of the Authority at £117.563m is consistent with the prior year net assets of £117.450m. There has been a slight decrease in Property, Plant and Equipment, largely made up of the Tyne Tunnels due to depreciation. Long Term Debtors relate to loans made to Nexus, and this figure has reduced as principal has been repaid. Short Term Investments represents investments placed on behalf of Nexus, and a corresponding figure is included within the Short Term Creditors balance to represent the fact that this total must be repaid to Nexus on their request. Total Cash has decreased quite significantly, as discussed in paragraph 2.6.4 below.

Short Term borrowing is considerably higher than the prior year, due to the fact that one of the ITA's Public Works Loans Board (PWLb) loans is due to be repaid in April 2014. Long Term borrowing has also reduced, from £202m to £197m, as principal has been repaid without additional borrowing taken out.

Grants and Contributions Receipts in Advance is shown split between Long Term and Short Term liabilities, representing grants which are still to be used to finance expenditure. The total has decreased by £4m in year as conditions have been met and grants used to deliver various programmes.

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'Other Long Term Liabilities' on the Balance Sheet represents the outstanding pension liability. This has reduced significantly, from £8.250m at the end of 2012/13, to £0.960m at the end of 2013/14 as a result of the lump sum payment made during the year.

2.6.4 Cash Flow Statement (Appendix 4)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows from operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

The ITA had a large decrease in its cash balances during 2013/14 when compared to the prior year, from £74m to £52m. This is mainly due to lower overall borrowing as loans are repaid without additional external borrowing being carried out – i.e. cash balances have been used to meet capital expenditure; the one-off lump sum payment made to Tyne & Wear Pension fund the use of grants held on balance sheet in previous year to meet expenditure in 2014/15 and a lower overall balance of creditors than in previous year, meaning more cash has been paid during the year.

The ITA's cash balances are invested with the lead authority, Newcastle City Council, providing an extremely low-risk return to the Authority. Work will take place during 2014/15 on a new Treasury Management and Investment strategy for the new Combined Authority, which will include consideration of how best to use balances to support the Authority's objectives while achieving interest returns at a low risk.

3 Next Steps

- 3.1 The accounts are subject to audit by the Authority's external auditors, Deloitte, and the final accounts will be presented to the Governance Committee at its meeting on 12 September, prior to approval by the North East Leadership Board on 16 September.

4 Potential Impact on Objectives

- 4.1 Sound financial stewardship underpins all

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5 Finance and Other Resources

5.1 The views of the Chief Finance Officer are reflected in the body of the report.

6 Legal

6.1 There are no specific legal implications in addition to those already referred to in the report.

7 Other Considerations

7.1 Consultation/Community Engagement

7.2 Human Rights

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

7.3 Equalities and Diversity

There are no equalities and diversity implications directly arising from this report.

7.4 Risk Management

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

8.1 Tyne & Wear Integrated Transport Authority Draft Annual Report and Accounts 2013/14

Code of Practice on Local Authority Accounting 2013/14

9 Links to Plans in the Policy Framework

9.1 There are no links to plans in the policy framework

10 Appendices

10.1 Appendices 1-4 contain the draft ITA financial statements for 2013/14

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11 Contact Officers

11.1 Eleanor Goodman, eleanor.goodman@newcastle.gov.uk, Tel: 0191 277 7518

12 Sign off

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

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Appendix 1 – Movement in Reserves Statement 2013/14

	General Fund	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2013	(42,859)	(12,325)	(55,184)	(62,266)	(117,450)
<u>Movement in Reserves During 2013/14</u>					
(Surplus) on Provision of Services	(2,613)	-	(2,613)	-	(2,613)
Other Comprehensive Income and Expenditure	-	-	-	2,500	2,500
Total Comprehensive Income and Expenditure	(2,613)	-	(2,613)	2,500	(113)
Adjustments between Accounting Basis and Funding Basis Under Regulations	13,406	-	13,406	(13,406)	-
Net (Increase) / Decrease before transfers to Earmarked Reserves	10,793	-	10,793	(10,906)	(113)
Transfers (to) / from Earmarked Reserves	(900)	900	-	-	-
(Increase) / Decrease in 2013/14	9,893	900	10,793	(10,906)	(113)
Balance at 31 March 2014 carried forward	(32,966)	(11,425)	(44,391)	(73,172)	(117,563)

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Appendix 2 – Comprehensive Income and Expenditure Statement

← 2012/13 → Restated				← 2013/14 →		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
435	-	435	Corporate and Democratic Highways and Transport	435	-	435
18,079	(25,088)	(7,009)	- Tyne Tunnels	21,934	(29,405)	(7,471)
91,209	(22,083)	69,126	- Other Highways and Transport Services	85,646	(17,750)	67,896
10	-	10	Non-Distributed Costs	10	-	10
109,733	(47,171)	62,562	Cost of Services	108,024	(47,155)	60,870
9,391	(2,900)	6,491	Financing and Investment Income and Expenditure	9,087	(2,363)	6,724
-	(70,207)	(70,207)	Taxation and Non-Specific Grant Income (ITA Levy)	-	(70,207)	(70,207)
		(1,154)	(Surplus) / Deficit on Provision of Services			(2,613)
		2,200	Re-measurements of the defined benefit liability			2,500
		2,200	Other Comprehensive Income and Expenditure			2,500
		1,046	Total Comprehensive Income and Expenditure			(113)

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Appendix 3 – Balance Sheet

31 March 2013 £000		31 March 2014 £000
365,566	Property, Plant and Equipment	363,916
47,141	Long Term Debtors	45,236
412,707	Long Term Assets	409,152
18,000	Short Term Investments	20,500
16,858	Short Term Debtors	14,475
74,084	Cash and Cash Equivalents	52,004
108,942	Current Assets	86,979
(4,694)	Short Term Borrowing	(7,941)
(44,684)	Short Term Creditors	(38,735)
(5,501)	New Tyne Crossing - Deferred Income	(5,092)
(10,125)	Grants and Contributions Receipts in Advance	(8,404)
(65,004)	Current Liabilities	(60,172)
(122,222)	New Tyne Crossing - Deferred Income	(117,122)
(5,830)	Grants and Contributions Receipts in Advance	(3,347)
(202,893)	Long Term Borrowing	(196,967)
(8,250)	Other Long Term Liabilities	(960)
(339,195)	Long Term Liabilities	(318,396)
117,450	Net Assets	117,563
(55,184)	Usable Reserves	(44,391)
(62,266)	Unusable Reserves	(73,172)
(117,450)		(117,563)

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Appendix 4 – Cash Flow Statement

2012/13 Restated £000	2013/14 £000
(1,154) Net surplus on the provision of services	(2,613)
(2,764) Adjustments to net surplus or deficit on the provision of services for non cash movements	14,308
20,671 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15,277
16,753 Net cash flows from Operating Activities	26,972
(27,082) Investing activities	(7,572)
2,699 Financing activities	2,680
(7,630) Net increase in cash and cash equivalents	22,080
(66,454) Cash and cash equivalents at the beginning of the reporting period	(74,084)
(74,084) Cash and cash equivalents at the end of the reporting period	(52,004)

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DATE: 27 June 2014

SUBJECT: Annual Governance Statement 2013/14

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report explains and presents the outcome of the annual review of governance and internal control arrangements conducted by officers working on behalf of the Combined Authority, known as the Annual Governance Statement.

RECOMMENDATIONS

It is recommended that the Committee agree to:

1. consider the draft Annual Governance Statement provided in Appendix A and recommend it to the Leadership Board for the North East Combined Authority (NECA) for approval in September 2014, as part of the Annual Report and Accounts for 2013/14;
2. note that the AGS must be up to date at the time of final publication which does not take place until the Accounts have been audited and finalised. The AGS will therefore be updated (if necessary) and submitted to this Committee for final consideration in September 2014;
3. consider the updated Local Code of Corporate Governance [provided in Appendix B] and recommend it to the Leadership Board the NECA for approval in September 2014.

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1 Background Information

- 1.1 The ITA was required to conduct an annual review of its governance and internal control arrangements and to produce an Annual Governance Statement, to be published alongside the Statement of Accounts. Recommended best practice is for the outcome of the annual governance review to be considered by this Committee when it is complete.
- 1.2 ITA Officers, now working on behalf of the Combined Authority, which has responsibility for ITA functions, carried out this review in May and June 2014 – this report explains and presents the outcome. The AGS is primarily a backward-looking document considering the financial year ended 2013/14. Therefore it refers to the ITA and its governance and internal control arrangements as they were during the previous year. A review of all governance and internal control arrangements for the North East Combined Authority (NECA) will be undertaken during 2014/15, and the NECA will be required to produce an AGS reflecting on these for the 2014/15 year.
- 1.3 There are two key documents which the Governance Committee is asked to consider:
 - a. Appendix A – draft Annual Governance Statement 2013/14 (AGS)
 - b. Appendix B – draft Local Code of Corporate Governance (Local Code)

2 Proposals

- 2.1 The ITA (and now the NECA) was responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 2.2 The ITA (and now the NECA) also had a duty¹ to make arrangements to secure continuous improvement in the way in which it exercised its functions, having regard to a combination of economy, efficiency and effectiveness.
- 2.3 To discharge this responsibility, the ITA was responsible for putting in place proper arrangements (a Governance Framework) to:
 - a. Govern its affairs: in relation to this, the ITA adopted a Local Code. This public document set out the main elements of the governance framework, evidenced the commitment to achieving good governance and demonstrated how compliance with the governance standards recommended by CIPFA² was achieved; and

¹ Local Government Act 1999

² CIPFA/SOLACE Framework Delivering Good Governance in Local Government

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- b. Facilitated the effective exercise of the former ITA's functions, including arrangements for managing risk. In relation to this, the ITA had a system of internal control designed to manage risk to a reasonable level.
- 2.4 The ITA and now the NECA has a statutory duty to do the following on an annual basis:
 - a. Review and update the Local Code and demonstrate how this has been complied with in practice;
 - b. Conduct a review of the effectiveness of the governance framework, including the system of internal control;
 - c. Identify significant weaknesses and the actions that have taken place (or will take place) to address them;
 - d. Report these to the public in the AGS which is part of the Accounts.
- 2.5 Officers working on behalf of the NECA met during May and June 2014 to consider their knowledge of the ITA's activities during the 2013/14 financial year. Where available, officers drew upon the information sources highlighted in Section 4 of the AGS. The Local Code was also updated as part of this review, to reflect changes and improvements in the governance framework and to ensure there were no significant gaps in our arrangements that may need to be referenced in the AGS.

The main parts of the review were:

Assurances provided by Internal Audit during the year:

- Annual Internal Audit Plan agreed by Audit Committee which included audits of key risk areas for the former ITA.
- A final audit report was issued to the ITA's responsible officer for the area reviewed which provided an overall opinion, findings, recommendations for improvement and an action plan agreed with management to address findings raised. A copy of the final report was also issued to the Treasurer, other relevant senior officers and the Chair of Audit Committee to provide an overview of the audit assignment and outcomes.
- The Officer Group and Audit Committee were informed of the outcomes of all internal audits completed during the year and any medium or high priority recommendations arising which impacted upon the ITA's operations and control environment. For the audit work completed within 2013/14 there are no significant control issues.
- Internal Audit Annual Report and Opinion of the Head of Audit and Strategic Risk, provides an overview of all audits completed in the year. As part of this report the effectiveness of Internal Audit and its compliance with CIPFA Code for Internal Audit was considered.

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Assurances provided by External Audit (Deloitte) during the year: officers met regularly with the external auditors which enabled continuing feedback. The Annual Audit Opinion is an important source of formal information arising from the external auditors and this will not be available until later in the year, following the audit of the Statement of Accounts. This will be taken into account before the AGS is finalised in September.

Local Transport Plan Partnership: a review of the main governance and internal control arrangements through an assurance statement. Internal Audit has undertaken a review of Strategic Business Planning which is based around the ITA's strategic plan, i.e. the Local Transport plan. This review found the overarching planning and monitoring arrangements were satisfactory.

TT2 Ltd: there is a governance structure in place which provides management, contract monitoring and assurance in relation to the operation of the project agreement. The New Tyne Crossing Project Director has considered TT2 Ltd's annual report and is satisfied that this provides the necessary assurances

Newcastle City Council's Draft Annual Governance Statement: the former ITA and now the NECA uses and relies upon the governance and internal control arrangements of the lead authority and therefore, if there are material issues within this framework, it is relevant for the NECA to take these into account.

ITA Strategic Risk Register: officers considered risks set out in the Strategic Risk register.

Views of the Officer Group: the group is represented by policy, management, finance, legal, internal audit, risk management, project management and democratic services, all formerly working on behalf of the ITA and now on behalf of the NECA.

2.7 Conclusions of the Review

The annual review must consider whether any of the following concerns have been identified and should be included in the AGS:

- a. Significant weaknesses (Section 5 of the AGS): where there are or have been significant gaps, where we have experienced a serious incident from a failure in our arrangements or where there was a systemic weakness in our arrangements during the majority of the year under review.
- b. Significant improvements needed (Section 6 of the AGS): where there are essential part of our arrangements which, whilst not 'weaknesses', need significant improvement and/or have not been working as they should during the year under review.

There are criteria provided by CIPFA which guide us on what to include as a significant weakness. These are provided in Appendix C for information. The significant improvement section is not mandatory – we do this to ensure

North East Combined Authority

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transparency, focus and continuous improvement in our arrangements, even though they fall below the materiality thresholds recommended by CIPFA.

Significant weaknesses

There are **no** areas of significant weakness that have been identified in the review in 2013/14.

Significant improvements needed:

There are **no** areas needing significant improvement that have been identified in the review in 2013/14.

3 Next Steps

- 3.1 The AGS must be up to date when the Final Accounts are published – this does not take place until September 2014, following external auditing of the Draft Accounts. In addition, the AGS is subject to relevant assurance sources not available at the time of drafting, such as the Annual Value for Money Conclusion. The AGS will therefore be reviewed at that time to ensure that any relevant issues highlighted during that period are taken into account. The final AGS will then need to be considered and approved by this Committee before it receives final approval from the Leadership Board of the NECA in September 2014.

4 Potential Impact on Objectives

- 4.1 Sound systems of internal control and governance enable effective stewardship of the Combined Authority's resources, which is essential to enable it to achieve its objectives.

5 Finance and Other Resources

- 5.1 The former ITA budget monitoring and accounting arrangements were satisfactory, with expenditure contained within the budget for the year. Action was taken during the year to reduce pension liabilities, which helped deliver ongoing budget savings and reduce the financial risk to the NECA in future years.

6 Legal

- 6.1 The legal requirements are set out above. There are no other legal implications arising from the report.

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7 Other Considerations

7.1 Consultation/Community Engagement

There is no need for consultation on this Governance issues. The report is a public document available for view by the public as part of the Audit of the Accounts.

7.2 Human Rights

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

7.3 Equalities and Diversity

There are no equalities and diversity implications directly arising from this report.

7.4 Risk Management

There are no significant risk management issues.

7.5 Crime and Disorder

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

7.6 Environment and Sustainability

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

8 Background Documents

8.1 Annual Governance Statement, Local Code of Corporate Governance and CIPFA Criteria for Significant Internal Control Issues, all provided as appendices to this report.

9 Links to Plans in the Policy Framework

9.1 There are no links to plans in the policy framework

10 Appendices

Appendix A – draft Annual Governance Statement 2013/14 (AGS)

Appendix B – draft Local Code of Corporate Governance (Local Code)

Appendix C – CIPFA Criteria for Significant Internal Control Issues

North East Combined Authority

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11 Contact Officers

11.1 Philip Slater, philip.slater@newcastle.gov.uk, 0191 211 6511

12 Sign off

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

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ANNUAL GOVERNANCE STATEMENT 2013/14

FOREWORD JUNE 2014

On the establishment of the Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland Combined Authority (known as the 'North East Combined Authority') the Tyne and Wear ITA ceased to exist and its assets, liabilities and functions were all taken over by the new Combined Authority.

This Annual Governance Statement sets out those arrangements which were in place in Tyne & Wear ITA during 2013/14. A review of all aspects of corporate governance for the new Combined Authority will take place during the first six months of 2014/15.

SECTION 1: SCOPE OF RESPONSIBILITY

The Tyne and Wear Integrated Transport Authority (ITA) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The ITA 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, having regard to a combination of economy, efficiency and effectiveness. The ITA also has a general power of promoting well-being within its area that was introduced by the Local Transport Act 2008.

In discharging this overall responsibility, the ITA is responsible for putting in place proper arrangements (known as a Governance Framework) for:

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

In relation to (i) we have adopted a Local Code of Corporate Governance ("Local Code") which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy is available on our website at www.twita.gov.uk.

The Local Code evidences our commitment to achieving good governance and demonstrates how we comply with the governance standards recommended by CIPFA. It has been updated and approved as part of this review.

In addition to the Local Code, the authority's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer on Local Government (2010)* as set out in the Application Note to Delivering Good Governance in Local Government: A Framework.

In relation to (ii) the ITA has put in place a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims 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 policies, aims and objectives; and
- (b) to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

SECTION 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

In addition to the above, the ITA's Governance Framework comprises the systems and process, culture and values, through which the ITA is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the ITA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The governance framework has been in place at the ITA for the year ended 31 March 2014 and up to the date of the approval of the Annual Report and Accounts.

This Annual Governance Statement explains how we have complied with the Code and also meets the requirements of Regulation 4(3) of the Accounts and Audit Regulations 2011 which requires all relevant public bodies to prepare an annual governance statement.

SECTION 3: THE GOVERNANCE FRAMEWORK

The main features of our Governance Framework are described in our Local Code and are summarised below:

CORE PRINCIPLE 1: FOCUSING ON OUR PURPOSE AND OUTCOMES FOR RESIDENTS

Identifying and communicating the ITA's vision of purpose and intended outcomes for residents and service users

The ITA's priorities were set out in the Passenger Transport Policy Statement, published every three years. With the ITA having overall responsibility for the Tyne and Wear Local Transport Plan 2011-2021, we have sought to include our vision and policies within our LTP. The LTP sets out the ITA's policies, priorities and implementation plan for action in the coming years, and included significant consultation with residents during the development stage. We consulted with Members, residents and businesses during 2010 on the vision and objectives. This helped inform our adopted vision and objectives and a chapter of the finalised LTP documents is dedicated to outlining changes to the document post-consultation.

There is a policy work programme enabling us to secure effective and forward looking decisions while also being flexible enough to be able to react to emerging changes. This is strengthened by bi-monthly policy seminars for Members.

Reviewing the ITA's vision and the implications for its governance arrangements

We are assisted by the work of our internal and external auditors, in helping to identify strengths and weaknesses in our performances, governance and internal control.

We have been working with colleagues in Nexus and across Tyne and Wear to implement the opportunities presented by the Local Transport Act 2008 and the transition to the Integrated Transport Authority. We continued to support the ITA informal working groups to help the ITA to discharge its broader remit. These are the LTP Working Group, the Equality and Diversity Working Group, the Bus Strategy Working Group and the Tyne Tunnels Working Group. We also continued to support the Metro Sub Committee, Standards Committee, Audit Committee and Scrutiny Advisory Group.

The ITA has been closely involved in the review of transport governance across the Tyne and Wear City Region. This strengthened the role of the ITA in developing transport strategy and policy at the City Region level. More recently, the ITA has been working closely with the North East Local Enterprise Partnership on transport-related issues – including the establishment of Local Transport Bodies to establish the devolution of future local major transport schemes from 2015 onwards.

The Scrutiny Advisory Group has an agreed annual work programme which has been implemented. The Scrutiny Advisory Group moved from themed meetings around national policy goals to more timely scrutiny of issues in the ITA's own forward plan. Regular review enabled the committee to take account of the balance of the work programme, new and emerging issues, changing scrutiny priorities and discussion at meetings.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the ITA's objectives and for ensuring that they represent the best use of resources

We measure value for money through the annual financial planning process which reviews services and identifies specific actions required to improve value for money which are then built into our budget.

In previous years, the ITA completed an annual value for money (VFM) self-assessment that was submitted to our external auditors. This assessed how well we manage and use our financial resources in broad theme areas, considering Key Lines of Enquiry (KLOE) as specified by the Audit Commission.

The Audit Commission has revised the approach to the auditor's local VFM work at certain types of body including integrated transport authorities. Auditors now apply a lighter-touch approach to their local VGM work and will meet their VFM duty by:

- Reviewing the annual governance statement
- Reviewing the results of the work of other relevant regulatory bodies or inspectorates
- Undertaking other local risk-based work as appropriate

Performance against the capital programme is also monitored on a regular basis, with quarterly reports taken to the ITA. There is also regular monitoring of the Financial Strategy, with revenue budget monitoring reports to the ITA.

Service level agreements with the Lead Authority (Newcastle City Council) are in place, and regularly monitored to ensure value for money is being achieved. These are reviewed and updated annually.

Nexus provide a Business Intelligence report to ITA Members which highlights issues such as number of people using public transport, type of ticket purchased etc.

The main non-financial performance reporting undertaken by the ITA relates to LTP3, which is the main strategy document of the ITA, covering all forms of transport in Tyne and Wear, and is underpinned by the first in a series of three year delivery plans (2011-14) setting out how the strategy will be put into effect at a local level.

The LTP3 Delivery Plan Chapter 5 (Monitoring) sets out the Performance Management Framework, based on monitoring the 12 main policies identified in the LTP3 strategy. Updated baseline measurements and targets were reported to the ITA and are reviewed and monitored on a regular basis, with performance reported to the ITA and the ITA LTP Working Group.

CORE PRINCIPLE 2: MEMBERS AND OFFICERS HAVE CLEARLY DEFINED ROLES AND RESPONSIBILITIES

Defining and documenting the roles and responsibilities of the ITA, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

The roles and responsibilities of committees and working groups of the ITA are set out in their Terms of Reference.

The responsibilities of members and officers of the ITA in relation to the use of assets and resources are set out in the financial regulations of the ITA, which are part of the ITA constitution.

There is a clear scheme of delegation to officers.

There is a code of conduct for members, to which all members sign up, upon taking the Office.

CORE PRINCIPLE 3: WE PROMOTE HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

There is a Code of Conduct for Members and a Code of Conduct for Employees.

The Standards Committee deals with issues of conduct and promotes high standards among officers and members.

There is a Register of Interests and Registers of Gifts and Hospitality for both members and officers.

CORE PRINCIPLE 4: TRANSPARENT DECISION MAKING SUBJECT TO SCRUTINY AND RISK MANAGEMENT

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

The ITA's constitution and scheme of delegation are reviewed annually in May. Officers undertook the annual review of the ITA's corporate governance, to ensure that the relevant documents remain up to date, and reported to the ITA in May 2013.

Policy and decision making is undertaken by the ITA and its committees. Officers from the ITA, the constituent Councils and Nexus have developed transport policies for the Local Transport Plan (2011-2021).

The ITA has developed and maintains an effective scrutiny function which encourages constructive challenge and enhances overall performance. The Scrutiny Advisory Group consists of members who are not ITA Members, so are able to provide independent scrutiny.

The ITA has a Risk Management Framework in place and maintains a register of its strategic risks as well as project risks related to the New Tyne Crossing Project. The ITA uses the risk management resources available within the Lead Authority as required.

The ITA purchases appropriate levels of insurance to minimise financial risks, and self-insures wherever possible.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

We have an established Audit Committee, which is independent of the ITA and scrutiny functions. It includes an independent chair and independent members to whom training is provided.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Clerk, Treasurer (S73 of the 1985 Act), Monitoring Officer, Head of Democratic Services and other senior managers are responsible for advising the ITA and associated committees on legal, financial and other procedures and policy considerations.

The ITA is subject to internal and external audit and inspection regimes. The ITA has an internal audit service provided by the Lead Authority.

The ITA also has a Standards Committee and an Audit Committee, whose terms of reference ensure probity and further scrutiny of ITA activities.

Whistle-blowing and procedure for receiving and investigation complaints from the public

The ITA has an agreed whistle-blowing policy which is kept up to date and reviewed by Standards Committee. The policy is available via the ITA website.

There is a corporate complaints procedure in place via the Lead Authority, with Nexus having separate procedures in place for managing complaints.

CORE PRINCIPLE 5: DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS TO BE EFFECTIVE

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The ITA provides members with regular training and there is induction training for new members. The ITA also holds a number of policy seminars with Nexus throughout the year to enhance member training and understanding.

ITA members also undertake site visits where they are able to see progress in action at first hand. For example, site visits have taken place to see the New Tyne Crossing, Haymarket Metro development, Sunderland Station development, Tyne Pedestrian and Cycle Tunnels refurbishment, the fitting of the new Metrocars as part of the reinvigoration programme, and London Docklands Light Railway, to examine future generation light trains.

ITA members undertake an annual visit to examine relevant transport developments. The most recent visit was to view transport developments promoted by Transport for London and Docklands Light Railway. Schemes and policies considered included tendering for bus route networks, rolling out smartcard technology and future smartcard and technology developments in light rail operations. These issues are all very relevant to the ITA in respect of future transport policy, including the planning of next generation Metro, the implementation and roll out of Ticketing & Gating and the NESTI regional smartcard project and the delivery of better buses.

CORE PRINCIPLE 6: ENGAGING WITH LOCAL PEOPLE AND STAKEHOLDERS

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

Meetings are held in public, and committee papers are available on the ITA's website which is reviewed regularly. The ITA reviewed and refreshed its website during 2011/12 to ensure it was easier to use and held more up-to-date information, and it has continued these improvements in subsequent years. A feedback mechanism has been incorporated into the website to encourage users to get in touch on any subject.

In line with the guidance on Local Transparency issued by the Department for Communities and Local Government, details of all external payments over £250 are published on the ITA's website on a regular basis. Details of the members' allowances scheme and amounts paid to members are also published.

The consultation and involvement strategy sets out how Nexus on behalf of the ITA is engaging with its partners and stakeholders. The Nexus website encourages people to submit questions and offer feedback.

LTP3 was subject to a period of public consultation with feedback received through a myriad of channels including the website, social media, face-to-face interviews and letters. Comments received were used to finalise the document.

Specific consultations also take place as required, for example there has been significant public consultation

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships (Governing Partnerships: Bridging the Accountability Gap, Audit Commission, 2005) and reflecting on these in the Authority's overall governance arrangements

The ITA takes the lead on the development of the Local Transport Plan, in partnership with the other districts and Nexus.

The ITA is now working closely with the North East Local Enterprise Partnership on transport issues. A Local Transport Body has been established, made up of the seven Leaders and Elected Mayor of the local authorities in the North East. The ITA is a full voting member of the Local Transport Body and is represented by the ITA Chairman. The officer group that provides support to the Local Transport Body is chaired by the Clerk of the ITA, in her role as the Chief Executive for transport in the North East.

Partnership arrangements are in place for the Local Sustainable Transport Fund Schools Go Smarter and Go Smarter to Work programmes, which includes a Programme Board made up of representatives from each of the Tyne and Wear Districts, Nexus, the ITA and other delivery partners. A task-and-finish group has been set up for the delivery of the Better Bus Areas programme, made up of officers from the ITA, Districts, Nexus and the major bus operators.

Nexus establishes and monitors its objectives and performance through the Passenger Transport Policy Statement and its Annual Performance Plan and 3 year business plan.

The ITA has a partnership with TT2 Ltd to operate the Tyne Tunnels under a 30 year concession contract.

The NESTI partnership is made up from all local authorities across the North East and Tees Valley in order to provide a smart ticketing transport infrastructure across the region. A collaboration agreement between the ITA and other authorities was entered into in October 2010 and runs for a five year period; the ITA leads of the development of this initiative with Nexus delivering it on behalf of partners. The ITA Policy lead chairs the NESTI Board meetings.

SECTION 4: ANNUAL REVIEW OF EFFECTIVENESS OF GOVERNANCE FRAMEWORK

The ITA has responsibility for conducting, at least annually, a review of the effectiveness of the Governance Framework including the system of internal control. The review is led by the ITA Officer Working Group and the outcomes are reviewed by the Audit Committee before being considered and approved by the ITA. The review is informed by:

- (a) The executive managers within the ITA who have responsibility for the development and maintenance of the governance environment
- (b) The views of our internal auditors which are reported to Audit Committee through regular progress reports and through the Annual Internal Audit Opinion.
- (c) An annual review of the effectiveness of our Internal Audit arrangements (as required by Regulation 6 of the Accounts and Audit (Amendment) (England) Regulations 2011).
- (d) The views of our external auditors, regularly reported to Standards and Audit Committees through regular progress reports and through the Annual Audit and Inspection Letter, Annual Governance Report and through regular meetings with officers.
- (e) The independent views of inspection agencies.
- (f) The governance and internal control arrangements of our significant partnerships, contractors and group arrangements:
 - The Local Transport Plan Partnership (responsible for delivering the Local Transport Plan)
 - Nexus (the passenger transport executive responsible for the planning, provision and promotion of public transport). The ITA has appropriate representation within Nexus which provides an ongoing source of assurance
 - TT2 Ltd (responsible for the construction and effective operation of the Tyne Tunnels and New Tyne Crossing) and internal arrangements in place to support and monitor the contract.
- (g) The ITA's Strategic Risk Register, which captures the most significant risks associated with delivery of the ITA's objectives
- (h) The Lead Authority's own annual review of its Governance Framework
- (i) The views of members through the ongoing work of Audit Committee and the ITA
- (j) The work of the ITA Officer Working Group – this group consists of Lead Authority officers who meet monthly for agenda setting purposes, to share information and to monitor performance issues and governance arrangements.

SECTION 5: SIGNIFICANT GOVERNANCE ISSUES

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

The review did not highlight any issues as significant weaknesses in governance or internal control during 2013/14.

SECTION 6: SIGNIFICANT IMPROVEMENTS NEEDED TO GOVERNANCE AND INTERNAL CONTROL

The purpose of the review is also to identify issues that may need significant improvement but which do not constitute "significant weaknesses" in our governance and internal control arrangements.

The review did not highlight any governance or internal control issues as requiring significant improvement during 2013/14.

SECTION 7: CONCLUSION

We consider the governance and internal control environment operating during 2013/14 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment.

The annual review has shown that the arrangements are in place and operating as planned.

We have been advised on the implications of the review by the ITA Officer Working Group.

Chair of the NECA

Chief Executive

Date:

Date:



INTRODUCTION

1. The Tyne and Wear Integrated Transport Authority (ITA) recognises that in order to fulfil its purpose and deliver the intended outcomes for its citizens and service users it needs to have in place comprehensive arrangements for corporate governance and accountability designed to ensure that it operates in an effective, efficient and ethical manner.
2. The Cadbury Report (1992) defined corporate governance as *“the systems by which organisations are directed and controlled”*. It identified three fundamental principles of corporate governance:-
 - *Openness*: This ensures that all interested parties are confident in the organisation itself. It leads to effective and timely action and lends itself to necessary scrutiny.
 - *Integrity*: This means both straightforward dealing and completeness, reflected in the honesty of the annual report in portraying a balanced view. It depends on the integrity of those who prepare the report, which is a reflection of the professional standards within the organisation.
 - *Accountability*: This is the process whereby individuals are responsible for their actions. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.
3. The Chartered Institute of Public Finance and Accountancy (CIPFA) adapted the Cadbury definition for the local government sector. It defines corporate governance as *“the systems and process, the cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities”*.
4. The Nolan Committee (1995) identified seven general principles of conduct which should underpin public life and which all holders of public office should practise:-
 - Selflessness
 - Honesty
 - Objectivity
 - Leadership
 - Openness
 - Integrity
 - Accountability
5. The Relevant Authorities (General Principles) Order 2001 added four additional principles to those identified by the Nolan Committee:-
 - Respect for others
 - Duty to uphold the law
 - Stewardship (using resources prudently)



- Personal judgement
6. Building on these principles the Good Governance Standard for Public Services (2004) set out six core principles that should underpin the governance arrangements of all public bodies.
 7. In 2007 CIPFA published a Framework for Delivering Corporate Governance in Local Government to assist Authorities to review their governance arrangements and to highlight any gaps. It adapts the six core principles of good governance for the local government sector and recommends that all Authorities should comply with them.
 8. The ITA believes that effective corporate governance is achieved by:-
 - putting in place sound control systems and processes
 - regular checking to make sure those systems and processes are working in practice
 - reviewing those control systems and processes at least annually
 9. This Code demonstrates how the ITA does this in practice and how it complies with each of the six principles. These are:-
 - i) Focusing on the ITA's purpose and on outcomes for its Tyne and Wear residents and service users
 - ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles
 - iii) Promoting high standards of conduct and behaviour across the ITA
 - iv) Making transparent decisions which are subject to scrutiny and risk management
 - v) Developing the capacity of members and officers to be effective
 - vi) Engaging with local people and stakeholders
 10. The Code brings together in one document all the governance and accountability arrangements which the ITA currently has in place.
 11. The Code will be reviewed and updated annually.
 12. As part of the annual accounts process, the ITA is required to conduct an annual review of its governance arrangements, including its system of internal controls, and to publish a statement of that review known as the Annual Governance Statement (AGS), within the Annual Report and Accounts. The purpose of the AGS is to represent how the governance arrangements operated in each financial year, and to highlight significant improvements needed. The Code will facilitate the ITA's review of its corporate governance arrangements for the purposes of the AGS.

This Local Code of Corporate Governance was last approved by the ITA on 27 September 2012.



CORE PRINCIPLE 1 – FOCUSING ON THE PURPOSE OF THE TYNE AND WEAR INTEGRATED TRANSPORT AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND IMPLEMENTING A VISION FOR THE AREA

Summary: Good governance helps to ensure that we fulfil our purpose and achieve the intended outcomes for our citizens and service users and that we operate in an effective, efficient, economic and ethical manner. We have therefore developed a clear vision of our purpose and intended outcomes which are communicated both within the ITA and to external stakeholders. Our Passenger Transport Policy Statement sets out our vision and values and the intended outcomes for local people. It is used as a basis for corporate and service planning.

Exercising strategic leadership by developing and clearly communicating the ITA's purpose and vision and its intended outcome for citizens and service users.

Evidence of compliance

- Tyne and Wear Local Transport Plan 2011-21
- New ITA Vision and Objectives
- ITA Reports in 2013/14 (Financial Strategy, Policy updates)
- Annual Review and Update of ITA constitutional documents
- ITA Officer Statement
- ITA signing of Nottingham Declaration September 2009
- ITA Terms of Reference for Working Groups
- NESTI Collaboration Agreement
- Nexus Consultation Panel
- Nexus Community Engagement Strategy
- Nexus Corporate Communications Plan
- ITA website
- Policy seminars
- Nexus Market research reports
- Consultation and Involvement Policy/Strategy
- Annual Performance Plan
- Annual Report and Accounts
- Annual Governance Statement

Areas for Further Improvement

- Further refresh and consolidation of ITA website as a channel for clear communication of vision and aims to service users.

Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning

Evidence of compliance



- Consultation on LTP 2011-2021
- Annual Investment Strategy
- Annual Governance Statement
- Annual Performance Plan
- Policy Seminars
- Market research reports
- Bus Strategy consultations
- Consultation and Involvement Policy/Strategy
- Community Engagement Strategy
- Bus Strategy
- Bus Network Development
- Annual audits – internal and external
- Nexus Metro Passenger Charter
- Local Sustainable Transport Fund programme
- Stakeholder workshops
- Nexus, Tyne Tunnels and ITA complaints procedures
- Access for All
- Policy work programme
- Policy briefings
- Response to consultations
- Benchmarking against other Integrated Transport Authorities and Passenger Transport Executives
- Performance reports to ITA on Metro performance
- Equality and Diversity Policy

Areas for Further Improvement

- Embed newly-established working arrangements between the ITA and the North East Local Enterprise Partnership
- Embed and continue to improve partnership and project management arrangements
- Monitoring outcomes of ITA programmes such as the LSTF Schools Go Smarter initiatives, and the Better Bus Areas programme

Ensuring that the ITA makes best use of resources and that tax payers and services users receive excellent value for money

Evidence of compliance

- Annual Performance Plan
- Positive external audit report and Value For Money conclusion
- Internal audit of arrangements for budgetary control, strategic business planning and Treasury Management
- Work with Passenger Transport Executives Group (PTEG)



- Major project and cross-cutting business cases
- Annual Treasury and Investment Strategy Statement
- Member briefings and workshops on budget proposals
- Newcastle City Council procurement documents
- Nexus business reviews
- Capital financing records, indicating sources of external funding
- Risk Management framework
- ITA Scrutiny Advisory Group
- Annual Financial Strategy for the next three years
- Medium Term Plan
- Regular monitoring against budgets
- Sound record of maintaining expenditure within budget
- Annual budget process
- Key output measures

Areas for further improvement

- Further engagement on budget proposals in future



CORE PRINCIPLE 2 – MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

Summary: Elected members are collectively responsible for the governance of the ITA. The ITA is a joint authority and comprises sixteen representatives of the five local authorities in the (former) metropolitan county of Tyne and Wear. Those representatives must be members of those five authorities and Schedule 10 of the Local Government Act 1985 (as amended from 1 April 2006) specifies the numbers to be as follows:

- Gateshead 3
- Newcastle 4
- North Tyneside 3
- South Tyneside 2
- Sunderland 4

The Local Government Act 2000 introduced a number of changes to the way in which local authorities carry out their work. While major innovations, such as the change to cabinet-style government, do not apply to the ITA, a number of improvements, such as dispensing with the committees such as those that formerly dealt with the Tyne Tunnel and Passenger Services, and replacing them with leading members acting as spokespersons for various portfolios, have been made. These changes have brought the operating procedures of the ITA more closely in line with those of its five constituent councils.

The ITA has a Scrutiny Advisory Group; the purpose of this body is to help ensure the ITA delivers its objectives. Scrutiny can do this by providing a mechanism for the ITA decisions and policies to be reviewed and examined in order to contribute to service improvement and ensuring value for money.

The ITA also has both a Standards and an Audit Committee, whose terms of reference ensure probity and further scrutiny of ITA activities. The Committee consists of 5 members from the ITA, and a further 4 independent members ensuring greater objectivity.

The ITA has a number of working groups to help advise it in its discharge of its broader remit. These working groups are the LTP Working Group, the Tyne Tunnels Working Group, the Equality and Diversity Working Group and the Bus Strategy Working Group. In addition, the ITA has set up a Metro Sub-Committee. Each has a developed Terms of Reference.

The Clerk, Treasurer (S73 of the 1985 Act), Monitoring Officer and other senior managers of the Lead Authority (Newcastle City Council) are responsible for advising the ITA and associated committees on legal, financial and other policy considerations.

Ensuring effective leadership throughout the ITA and being clear about the roles and responsibilities of its members and officers and of the scrutiny function

Evidence of compliance



- Annual Review and Update of the ITA constitutional documents (particularly terms of reference of each committee and delegations to officers) reported to the Annual General Meeting.
- Delegations to Officers
- ITA Management Group
- Job Descriptions and Person Specifications (Director General of Nexus, Clerk and Deputy, etc.)
- Standing Orders
- Development and refresh of Equality and Diversity Policy
- Scrutiny Advisory Group Terms of Reference, Annual Report to the ITA and Work Programme
- Member Code of Conduct
- Employee Code of Conduct (including Lead Authority Code)
- Service Level Agreement between the ITA and the Lead Authority
- Independent Review of Corporate Governance

Areas for further improvement

- Update Employee Code of Conduct
- Embed the role of the ITA Management Group

Ensuring that a constructive working relationship exists between ITA Members and Officers and that the responsibilities of members and officers are carried out to a high standard

Evidence of compliance

- Member Code of Conduct
- Employee Code of Conduct (including Lead Authority Code)
- ITA meetings
- ITA Working Groups
- ITA Management Group
- ITA Scrutiny Advisory Group meetings
- ITA Standards Committee and Audit Committee meetings
- Metro Sub Committee
- ITA Policy Seminars
- Consultation and Involvement Strategy
- Member induction process
- ITA Officer Statement
- Member training and briefing sessions
- Policy Work Programme
- ITA Portfolio Holders

Areas for further improvement



- Update Employee Code of Conduct
- Consider role of ITA, sub committees or lead spokesperson roles
- Embed the role of the ITA Management Group

Ensuring relationships between the ITA, its partners and the public are clear so that each knows what to expect of the other

Evidence of compliance

- ITA Policy Statement
- Complaints System
- Nexus Metro Passenger Charter
- Community Engagement Strategy
- ITA Meetings
- ITA Working Groups
- New Tyne Crossing Communication Strategy
- Stakeholder consultations
- Refreshed ITA website
- Programme Boards and Task and Finish Groups for Local Sustainable Transport Fund and Better Bus Areas activity
- ITA Policy Seminars
- Member and Employee Codes of Conduct
- Independent Remuneration Panel / Members Allowance Scheme
- Service Level Agreements with Lead Authority
- ITA Officer Statement
- Relationship with North East Local Enterprise Partnership
- Local Transport Body of seven North East Local Authorities
- New Tyne Crossing Project Agreement
- Tyne and Wear Leaders / Treasurers Groups
- ITA Officer and Nexus Liaison groups
- Scrutiny Advisory Group Annual Report

Areas for further improvement

- Further embed and develop working arrangements between the ITA and the North East LEP



CORE PRINCIPLE 3 – PROMOTING VALUES FOR THE ITA AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Summary: We recognise that good governance is underpinned by shared values and demonstrated in the behaviour of our members and staff. Our values (the way in which we will work for the community in pursuing our aims) are set out in our Policy Statement. The standards of conduct and behaviour we expect of members and officers are clearly set out in the Member and Employee Codes of Conduct.

Ensuring ITA members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance

Evidence of compliance

- Performance Plan
- Members Handbook
- Employee Contracts of Employment
- Member and Employee Codes of Conduct (inc. Lead Authority Codes)
- Protocol for Dealing with Complaints against Councillors
- Policy for the Confidential Reporting of Concerns (“Whistleblowing Policy”)
- Standing Orders and Officer Delegations
- Freedom of Information Procedures
- Standards and Audit Committees’ Annual Report to the ITA and inclusion within Annual Report and Accounts
- Financial Regulations
- Fraud and Corruption Policy

Ensuring that organisational values are put into practice and are effective

Evidence of compliance

- Standing Orders and Officer Delegations
- Financial Regulations
- Fraud and Corruption Policy
- Standards and Audit Committees’ Terms of Reference and work programme include responsibility for promoting high standards of conduct across the ITA
- Standards and Audit Committees’ Annual Reports to the ITA and inclusion within Annual Report and Accounts
- Procedures in place for dealing with complaints against members – ITA Protocol
- Register of interests and register of gifts and hospitality for both members and employees (inc. lead authority)
- Nexus Metro Passenger Charter
- Internal Audit work programme
- Monitoring Officer role



- Member Code of Conduct
- Employee Code of Conduct (inc. Lead Authority Code)
- Nexus strategies
- Strengthening the Audit Function of Audit Committee by increased relevant membership



CORE PRINCIPLE 4 – TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Summary: We recognise that all ITA decisions are potentially subject to legal challenge and that we need to be able to successfully defend such challenges. In order to do so we must be able to demonstrate that decision makers followed a proper process, the decision was properly documented and was taken having regard to all relevant considerations whilst ignoring any irrelevant considerations. Members and officers must therefore have all relevant information before them, including the outcome of any constructive scrutiny and a detailed assessment of the risks to ensure that ITA resources are used legally and efficiently.

Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny

Evidence of compliance

- ITA meetings
- ITA working groups advising full ITA
- ITA Policy Seminars
- Policy Work Programme
- Agendas and minutes of Scrutiny Advisory Group
- Scrutiny Advisory Group Annual Work Programme
- Scrutiny Advisory Group Annual Report to ITA
- Standards and Audit Committees' Terms of Reference include responsibility for promoting high standards of conduct across the ITA
- Standards and Audit Committees' Annual Reports to the ITA

Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs

Evidence of compliance

- Reports to ITA / Scrutiny Advisory Group / Standards and Audit Committees and LTP, Tyne Tunnels, Bus Strategy and Equality and Diversity Working Groups
- Delegation to Officers / Officer Co-ordination Group meetings
- Lead Authority policies and procedures
- ITA Policy Seminars
- Complaints procedures
- Communication strategies (Nexus and New Tyne Crossing)
- Stakeholder consultations
- Legal and Financial Input to ITA reports

Ensuring that an effective risk management system is in place

Evidence of compliance

- Risk Management Framework



- Strategic Risk Register
- Performance and Risk Monitoring report to ITA
- Audit Committee Terms of Reference
- Audit Committee's Annual Report to the ITA
- Member training sessions

Using their legal powers to the full benefit of the citizens and communities in their area

Evidence of compliance

- S73 Responsibilities
- Role of Monitoring Officer and Chief Legal Officer
- Stakeholder consultations
- Nexus Metro Passenger Charter
- Complaints against Members Protocol
- Members induction
- Member training
- ITA Work Programme
- Delegation to Officers
- Ongoing monitoring of policy
- Use of 'well-being powers' for the NESTI project
- Revised ITA Report Template



CORE PRINCIPLE 5 – DEVELOPING THE CAPACITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

Summary: Authorities need people with the right skills to direct and control them. The ITA is serviced by officers from the Lead Authority. In addition, Nexus officers work closely with the Lead Authority.

Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles

Evidence of compliance

- Members Induction and Training
- Lead Authority and Nexus training programmes
- Policy briefings
- Officer job descriptions and person specifications
- Regular finance training for members
- Member and officer attendance at conferences, etc.

Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group

Evidence of compliance

- Member training for ITA members and members of Committees
- Lead Authority/Nexus personal development plans
- Internal and external audit processes
- Benchmarking and knowledge sharing with other ITAs and PTEs

Encouraging new talent for membership of the ITA so that best use can be made of individuals' skills and resources in balancing continuity and renewal

Evidence of compliance

- Member and officer training
- ITA, ITA Standards and Audit Committees and ITA Scrutiny Advisory Group – increases in membership
- Complaints and comments procedures
- ITA Policy Seminars
- Lead Authority officer pool



CORE PRINCIPLE 6 – ENGAGING WITH LOCAL PEOPLE AND STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Summary: Nexus has arrangements in place for consulting with service users, key stakeholders and partners. This is set out in the Consultation and Involvement Policy Strategy to help ensure that key messages about services are taken into account. There is a separate communications plan to ensure that key messages are communicated to stakeholders and other target audiences.

Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships

Evidence of compliance

- ITA agendas and minutes
- Scrutiny Advisor Group
- Standards and Audit Committees
- LTP, Bus Strategy, Tyne Tunnels and Equality and Diversity Working Groups
- Annual Performance Plan
- Annual Governance Statement
- Relationship with internal and external auditors
- ITA Policy Seminars
- Consultation and Involvement Strategy
- LTP3 Development and Consultation
- Local Sustainable Transport Fund development
- Consultation on ITA Vision
- Nexus Passenger Panel
- Complaints and comments systems
- Scrutiny Advisory Group Annual reports to ITA on Scrutiny functions – included in Annual Report and Accounts
- Reports on Scrutiny Work Programme
- Reports to the ITA on outcome of call-in of decisions under the scrutiny process
- Lead Authority delegated decisions system
- Household Survey
- Focus Groups as necessary
- Citizen Panel
- Links with local strategic partnerships or equivalent partnership forums

Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning

Evidence of compliance



- Positive relationship with External Audit
- Positive relationship with the Tyne and Wear Districts through the Local Transport Plan groups and Programme Boards for Local Sustainable Transport Fund, Better Bus Areas Fund and North East Smart Ticketing Initiative activities
- Positive relationship with central government departments e.g. Department for Communities and Local Government and the Treasury and Department for Transport
- Refreshed ITA Website including compliance with Local Transparency requirements such as publication of all expenditure over £250
- Publication of agendas and minutes of meetings
- Annual Performance Plan
- Consultation and Involvement Strategy
- Communications Plan
- Work with Access for All
- Equality and Diversity Review Sub Group
- Annual Report and Accounts
- Compliance with Freedom of Information Act 2000 – information requests are monitored to ensure that requests are responded to within the statutory timescales

Making best use of human resources by taking an active and planned approach to meet responsibility to staff

Evidence of compliance

- Lead Authority / Nexus HR policies and procedures

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Appendix C – CIPFA Criteria for Significant Internal Control Issues

A single definition of a significant internal control issue is not possible. Authorities will need to exercise judgement in deciding whether or not a particular issue should be regarded as falling into this category.

Factors which may be helpful in exercising that judgement include:

1. The issue has seriously prejudiced or prevented achievement of a principal objective;
2. The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the business;
3. The issue has led to a material impact on the accounts;
4. The audit committee, or equivalent, has advised that it should be significant for this purpose;
5. The Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
6. The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
7. The issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

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North East Combined Authority

Governance Committee

DATE: 27 June 2014

SUBJECT: External Audit Arrangements for 2014/15 and 2015/16

REPORT OF: Chief Finance Officer

EXECUTIVE SUMMARY

This report explains the External Audit Arrangements for 2014/15 and 2015/16. It is expected that the Audit Commission will agree to Deloitte to be the Combined Authority's external auditors for 2014/15, and that Mazars will take over as the external auditors in 2015/16. Formal confirmation of the arrangements is expected later in June and it is intended to give a verbal update on the position at the Committee meeting.

RECOMMENDATIONS

It is recommended that the Committee note the position and receive a verbal update at the Committee meeting.

North East Combined Authority

Governance Committee

1 Background Information

- 1.1 In April the Combined Authority agreed a preference for Deloitte to be the external auditor for 2014/15, which would give continuity of knowledge and experience and relationships in this transitional year, building on their experience as external auditors of the TWITA.
- 1.2 In May the Audit Commission consulted on the appointment of Mazars as auditors for 2014/15. This reflected new contractual arrangements nationally for 2015/16 and their desire to have similar external audit arrangements across all Combined Authorities.
- 1.3 Following discussions with the Audit Commission they have taken into account the Authority's views and the merits of retaining Deloitte for 2014/15. It is understood that they will be taking a revised proposal to retain Deloitte for 2014/15 and to defer the change to Mazars until 2015/16 to an Audit Commission Board meeting later in June. We will receive formal confirmation of the external audit arrangements after that meeting.

2 Potential Impact on Objectives

- 2.1 No impact.

3 Finance and Other Resources

- 3.1 The external audit scale fees will be agreed following further discussions with the auditors and the Audit Commission and will be the subject of a future update.

4 Legal

- 4.1 No additional comments.

5 Other Considerations

5.1 Consultation/Community Engagement

There is no need for consultation on this Governance issues, the consultation by the Audit Commission has already taken place.

5.2 Human Rights

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

North East Combined Authority

Governance Committee

5.3 Equalities and Diversity

There are no equalities and diversity implications directly arising from this report.

5.4 Risk Management

There are no significant risk management issues.

5.5 Crime and Disorder

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

5.6 Environment and Sustainability

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

6 Background Documents

6.1 Correspondence with the Audit Commission.

7 Links to Plans in the Policy Framework

7.1 There are no links to plans in the policy framework

8 Appendices

None

9 Contact Officers

9.1 Paul Woods Paul.Woods@northtyneside.gov.uk Tel: 07446936840

10 Sign off

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

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North East Combined Authority

Governance Committee

DATE: 27 June 2014

SUBJECT: Internal Audit Annual Plan

REPORT OF: Audit, Risk and Insurance Service Manager (Newcastle City Council)

EXECUTIVE SUMMARY

Public Sector Internal Audit Standards, which sets out standards for Internal Audit, require the Chief Audit Executive (Audit, Risk and Insurance Service Manager) to:

- Establish risk-based plans to determine the priorities of the internal audit activity, which are consistent with the organisation's goals
- Take into account the requirement to produce an annual internal audit opinion and assurance framework.
- Base the activity plan of engagement on a documented risk assessment undertaken at least annually. The input of senior management and the Audit Committee must be considered.
- Ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

The purpose of this report is to provide members with a draft Internal Audit Annual Plan for the Combined Authority for 2014/15. A proposed plan is attached at Appendix I.

RECOMMENDATIONS

It is recommended that the Committee approve the Internal Annual Audit Plan for 2014/15 and agree to receive regular reports on activity undertaken against the audit plan during the year.

North East Combined Authority

Governance Committee

1 Background Information

- 1.1 The North East Combined Authority brings together the seven councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. As part of this process the Combined Authority also takes on the responsibilities of the former Tyne and Wear Integrated Transport Authority (TWITA) and the North East Local Enterprise Partnership (NELEP).
- 1.2 Each of the councils, the TWITA and the NELEP had their own internal audit arrangements prior to 2014/15. As 2014/15 is a transitional year while the North East Combined Authority is established the existing arrangements will continue at a local level. The proposed Internal Annual Audit Plan for 2014/15 aims to support the Combined Authority in developing during 2014/15 as well as giving the Governance Committee assurance on the effectiveness of controls in place. A draft plan is attached at Appendix I showing potential audit coverage for the year, these audits will be delivered by the individual Council Audit Service who was responsible for the function prior to 2014/15.
- 1.3 Newcastle City Council's Internal Audit service will co-ordinate the planning and reporting of Internal Audit activity to the Governance Committee.
- 1.4 The Internal Annual Audit Plan for 2014/15 reflects the current position of the Combined Authority and covers the following:
 - Advice and consultancy on the design, development and implementation of key business activities, e.g. financial management.
 - Review of newly established arrangements to ensure they operate as expected and efficiently.
 - Audit of key business areas supporting the previous organisations, e.g. NELEP audit, Tyne Tunnel for TWITA etc.

2 Proposals

- 2.1 It is standard practice to develop a Strategic 3 Year Internal Audit Plan including Internal Audit Annual Plan which sets out proposed audit work over the period. However, given the North East Combined Authority has only recently been established, and 2014/15 is a transitional year where systems and processes are being developed, it is proposed that we only produce a one year Internal Audit Annual Plan for 2014/15. A Strategic 3 Year Internal Audit Plan will be developed for 2015/16-2017/18 next year.

3 Next Steps

- 3.1 Governance Committee have the following options:

North East Combined Authority

Governance Committee

a) Propose changes to the proposed Internal Audit Annual Plan 2014/15 attached at Appendix I

b) Approve the Internal Audit Annual Plan 2014/15 attached at Appendix I.

4 Potential Impact on Objectives

4.1 No direct impact on objectives.

5 Finance and Other Resources

5.1 Internal Audit is provided within existing budgets and utilises each Council's own internal audit service, and IT and other resources. There is no overall financial impact from provision of the service and costs will be approximately £30k.

6 Legal

6.1 No legal implications.

7 Other Considerations

7.1 Consultation/Community Engagement

No external consultation or community engagement required.

7.2 Human Rights

No implications under the Human Rights Act 1998 (or as amended).

7.3 Equalities and Diversity

There are no equalities and diversity implications directly arising from this report.

7.4 Risk Management

A risk assessment has taken place to identify key areas for inclusion within the Internal Audit Annual Plan. Members assess the plan to determine if key risks are covered by the planning process.

7.5 Crime and Disorder

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

North East Combined Authority

Governance Committee

7.6 Environment and Sustainability

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

8 Background Documents

8.1 N/A

9 Links to Plans in the Policy Framework

9.1 No direct link to the Policy Framework.

10 Appendices

10.1 Appendix I – Internal Audit Annual Plan 2014/15

11 Contact Officers

11.1 Philip Slater, Audit, Risk and Insurance Service Manager
E-mail: philip.slater@newcastle.gov.uk
Tel: 0191 2776511

12 Sign off

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

Governance Committee

Audit	Delivered by	Audit scope and coverage
Governance and Performance	Newcastle City Council	Review of the operation of governance and performance arrangements in place and being developed for the Combined Authority and provide appropriate advice to officers establishing processes for reporting and monitoring.
Financial Management	Newcastle City Council	Audit coverage will include: <ul style="list-style-type: none"> • The adequacy of financial arrangements for the overall Combined Authority. • Processes in place within Newcastle City Council in relation to Tyne and Wear transport financial systems. • The development and design of new arrangements
Tyne Tunnels Contract Monitoring	Newcastle City Council	Assess the adequacy and effectiveness of arrangements for receipt of Tyne Tunnels toll income.
Risk Management	Newcastle City Council	To review and assist in the develop risk management arrangements for the Combined Authority.
Concessionary Travel	Nexus	Assurance obtained from Nexus' Internal Audit service to confirm the adequacy and effectiveness of controls in relation to this area.
Metro Re-Invigoration	Nexus	Assurance obtained from Nexus' Internal Audit service to confirm the adequacy and effectiveness of controls in relation to this area.
North East Local Enterprise Partnership	Sunderland City Council	Accounting arrangements, the process for allocating grants/loans to third parties, the monitoring arrangements and the quarterly claims process
Transport Network Management – Durham	Durham County Council	Review of the governance and performance arrangements in place for reporting to the Combined Authority.
Strategic Transport - Northumberland	Northumberland County Council	Review spend and governance particularly relating to the Local Transport Capital Block Funding (Integrated Transport and Highways Maintenance).
Contingency	Newcastle City Council	Provision to cover emerging risks, grant certification work and general advice.
Governance Committee Support	Newcastle City Council	<ul style="list-style-type: none"> • Development and monitoring delivery of the Internal Audit Annual Plan. • Preparation of reports to and attendance at Governance Committee.

Governance Committee

		<ul style="list-style-type: none">• Follow up on the implementation of recommendations made within Internal Audit reports.
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Time allocation:

Newcastle City Council – 35 days

Sunderland City Council – 15 days

Durham County Council – 10 days

Northumberland County Council – 10 days

Nexus – this work is undertaken as part of Nexus’s internal audit plan delivered by their own internal audit service but the outcomes of the work are provided to Newcastle City Council’s Internal Audit Service to provide assurance on key projects within the Tyne and Wear area.

DRAFT

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.

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).

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.

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.

Annex 2**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.

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 position 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 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 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.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.pcaw.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.

6. 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.

7. 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.

8. 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). 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.

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