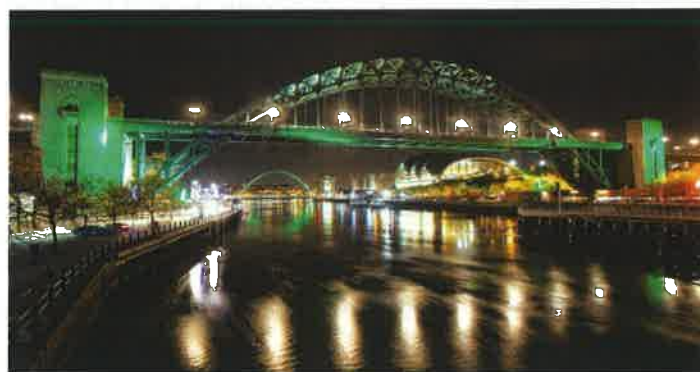


ANNUAL GOVERNANCE STATEMENT 2018/19

(2 November 2018 – 31 March 2019)



Annual Governance Statement 2018/19

Section 1	Introduction
Section 2	Scope of Responsibility
Section 3	The Purpose of the Governance Framework
Section 4	The Governance Framework
Section 5	Annual Review of Effectiveness of Governance Framework
Section 6	North East Joint Transport Committee and North East Combined Authority
Section 7	Significant Weaknesses in Governance and Internal Control
Section 8	Conclusion

Section 1: Introduction

This Annual Governance Statement provides an overview of how the North of Tyne Mayoral Combined Authority's governance arrangements have been operating since its establishment on 2 November 2018 and up to 31 March 2019.

Section 2: Scope Of Responsibility

The North of Tyne Mayoral Combined Authority (NTCA) was established on 2 November 2018, and brought together the three councils which serve Newcastle, North Tyneside and Northumberland.

NTCA was established to give effect to a "minded to" devolution deal which was agreed between the three councils, the North East Local Enterprise Partnership and central government. The devolution deal represents a significant shift of powers, funding and responsibility from central government to the local level. The deal enables the three councils to pursue through NTCA a shared ambition for an inclusive economy. NTCA does not replace the three constituent councils, nor does it take away any of their statutory powers.

NTCA's functions primarily relate to economic development, skills, housing and regeneration. Our vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensure that all residents have a stake in our region's future.

We will work with the North East Combined Authority (NECA) on a number of areas to support the region, including transport.

All seven Local Authorities will remain members of the North East Local Enterprise Partnership to deliver the objectives of the regions Strategic Economic Plan, which is the

North East's plan for growing and developing a more productive, inclusive and sustainable regional economy.

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

In discharging this overall responsibility, the Authority's Cabinet and Statutory Officers are 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 (ii) the Authority has developed a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve 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, aims and objectives; and
- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The Combined Authority has developed a Risk Management Strategy and Strategic Risk Register which will be reported to regular meetings of the Authority's Audit and Standards Committee. This information can be found under the [Audit and Standards Committee on the Authority's web-site](#).

Section 3: Purpose Of The Governance Framework

In addition to the above the Authority's Governance Framework comprises the systems, processes, culture, values and activities through which we are directed and controlled and through which we account to, engage with, creating the conditions of economic growth and regeneration. It enables us to monitor the achievement of the Authority's objectives and to consider whether those objectives have led to the delivery of appropriate services which represent value for money.

The Governance Framework has been in place from 2 November 2018 to the year ended 31 March 2019 and up to the date of approval of the Authority's Annual Report and Accounts.

This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 (6) (1) to conduct a review of the effectiveness of the system of internal controls required by Regulation 3 and prepare an Annual Governance Statement.

Section 4: The Governance Framework

The core principals and outcomes of our Governance Framework are set out below and through these we will aim to provide strong governance to achieve our objectives:

1. Ensuring openness and comprehensive stakeholder engagement

1.1 We are clear on delivering the objectives of the Combined Authority and intended outcomes of our vision. Our six key pillars of ambition represent the most important groups, issues and goals that we will invest in to achieve a more prosperous and inclusive future.

1.2 The Elected Mayor will chair the Cabinet and will have a number of specific powers and financial resources. Decisions by the Elected Mayor will be subject to scrutiny by the Overview and Scrutiny Committee and Cabinet.

1.3 Meetings, agendas and minutes are accessible via the [website](#). All meetings are held in public (other than where consideration of confidential or exempt information).

1.4 We publish a register of key decisions to notify the public of the most significant decisions it is due to take. Details of each decision are included on the [Forward Plan](#) 28 days before the report is considered and any decision is taken. This allows an opportunity for people to find out about major decisions that NTCA is planning to take.

1.5 Our [Freedom of Information Scheme](#) is published on our [website](#).

1.6 Transport is of strategic importance to the North East and together with the North East Combined Authority a [North East Joint Transport Committee](#) has been established bringing together members from both Combined Authorities, allowing effective decision making across the region to ensure that the local needs and transport priorities are delivered.

2. Developing the entity's capacity, including the capability of its leadership and the individuals within it

2.1 We have defined and documented in our [Constitution](#) the roles and responsibilities of Cabinet, Scrutiny and 'proper' officer functions (Head of Paid Service, Monitoring Officer, Chief Finance Officer), with clear delegation arrangements and protocols for effective communication. The collective and individual roles and responsibilities of the Cabinet, Members and Officers have been agreed by the Combined Authority.

2.2 We identify and aim to address the development needs of members and senior officers through the annual appraisal process, in relation to their strategic roles, and support these with appropriate training.

3. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

3.1 Our Constitution defines our standing orders, standing financial instructions, and scheme of delegation. These clearly define how decisions are taken and the processes and controls required to manage risks. We will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical. Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer and are the responsibility of the Chief Finance Officer.

3.2 Codes of conduct are set out in the Constitution, defining standards of behaviour for Members and Officers working on behalf of the Authority. Audit and Standards Committee will deal with issues of conduct and generally promote high standards among officers and members. The [Constitution is available on the NTCA website](#).

3.3 We ensure that there are effective arrangements for “Whistle-blowing” and for receiving and investigating complaints from the public. Administration of the Authority’s policies on anti-fraud and corruption is undertaken by Internal Audit. [Whistleblowing policy and procedure is at Part 5.5 of our Constitution](#)

3.4 A register of Members’ interests (including gifts and hospitality) is also maintained.

3.5 A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area which outlines a framework for collaborative working across the region.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes

4.1 Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution (Part 1.2) and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.

4.2 The Authority’s procurement procedures will be carried out in line with financial regulations set out in Part 4 of the Constitution.

4.3 The [Accounts](#) and [Transparency](#) pages of our website contains the most recent accounts of the Authority, including monthly spending reports.

5. Managing risks and performance through robust internal control and strong public financial management

5.1 Our Risk and Opportunity Management Policy and Strategy outlines our arrangements for managing risk. Risk management is an integral part of our decision-making processes. To inform decision making all committee reports include a section which highlights the key risks to the decisions or proposed recommendations and how they are being addressed.

5.2 A Data Protection Officer has been appointed who will be responsible for overseeing the Authority’s data protection strategy (once developed) and its implementation to ensure compliance with the General Data Protection Regulations.

5.3. The Audit and Standards Committee acts as principle advisory committee to NTCA, providing independent assurance on the adequacy of the risk management framework and internal control environment.

5.4 An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Authority’s internal auditors. The Chief Internal Auditor will provide an opinion for the period 2 November 2018 to 31 March 2019, to support this AGS.

5.5 A 2019/20 Strategic Audit Plan which was approved by Audit and Standards Committee, has been prepared to ensure Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Authority.

6. Defining outcomes in terms of sustainable economic social and environmental benefits

6.1 The North East LEP works with its partners, which includes both NTCA and NECA, to deliver the Strategic Economic Plan (SEP). The SEP was updated in January 2019 at a time of significant change for the global and national economy. New opportunities in technology and areas such as ageing, and the management of climate risks provide potential for economic growth.

6.2 [The Authority's vision and its six key pillars of ambition](#) (priorities) represent the most important groups, issues and goals we will invest in, in order to achieve a more prosperous and inclusive future.

6.3 We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements.

7. Implementing good practices to transparency, reporting and audit to deliver effective accountability

7.1 We publish details of [delegated decisions on our website](#).

7.2 We ensure that our Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities 2013.

7.3 The Assurance Framework explains the arrangements for NTCA to:

- Demonstrate that arrangements are in place to ensure accountable and transparent decision-making
- Appraise projects and allocate funding; and
- Monitor and evaluate projects to ensure that they achieve value for money and projected outcomes

The Assurance Framework has been designed to meet the National Guidance for Single Pot Assurance Frameworks, issued by MHCLG for localities in receipt of a Single Pot as part of their Devolution Deals.

Section 5: Annual Review Of Effectiveness Of Governance Framework

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

The review is informed by:

- (a) An assessment of the Authority's Constitution, including its committee structure.
- (b) The views of the Internal Audit. The Chief Internal Auditor's report to the July Audit and Standards Committee gives the following opinion on the adequacy and effectiveness of the framework of governance, risk management and control in place for the North of Tyne Combined Authority for the 2018/19 part year: "as the new Combined Authority continues to embed its framework of governance, risk management and control (which is normal and to be expected for any entity at this stage in its evolution), careful attention should be paid by management and 'those charged with governance' to the risks inherent in the newly established governance framework. Further work is needed to fully embed all financial governance arrangements within the Combined Authority. This judgement is informed by the outcomes of Internal Audit's assurance coverage,

which has included an assessment of financial governance arrangements in place throughout 2018/19 using a bespoke Financial Regulations Diagnostic Tool. No system of control can give absolute assurance against material misstatement or loss and, accordingly, this opinion does not prove such absolute assurance”.

- (c) Assurance from Statutory Officers, including the Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written signed statements.
- (d) The views of External Auditors. The external auditors Annual Audit Letter and Audit Completion Report provides an unqualified opinion on the financial statements. The report confirms that NTCA has proper arrangements in place to secure economy, efficiency and effectiveness, in its use of resources for the period 2 November 2018 to 31 March 2019.
- (e) Activity of the Audit and Standards Committee, including ethical governance
- (f) Partnerships, including the North East Joint Transport Committee
- (g) The Risk Management process, particularly development of the Strategic Risk Register
- (h) Performance information which is reported to Cabinet and other meetings on a regular basis.
- (i) The North East LEP Annual Performance Review 2018/19, undertaken by MHCLG. No overall rating is given however, ratings have been given in three themes as follows:
 - a. Governance: Good
 - b. Delivery: Good
 - c. Strategy: Exceptional

The North East LEP Board have noted the feedback provided by the department and is committed to continual improvement and believe the outcome to present the North East LEP amongst the strongest performing Local Enterprise Partnerships.

Section 6: North East Joint Transport Committee and North East Combined Authority

Regional transport is operated and governed by a newly formed North East Joint Transport Committee, bringing together the two Combined Authorities, which allows effective decision-making across the region to ensure that the local needs and transport priorities are delivered.

NECA as accountable body for the Joint Transport Committee and the functions delegated to it, are responsible for overseeing the legal and financial management of all regional transport resources, recognising that the assets are, in many cases jointly owned by the two Combined Authorities. NECA also host the Regional Transport Team, including the newly appointed Proper Officer for Transport.

Section 7: Significant Weaknesses In Governance and Internal Control

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, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no significant weaknesses in governance or internal control from 2 November 2018 to 31 March 2019.

Section 8: Conclusion

We consider the governance and internal control environment operating from 2 November 2018 up to 31 March 2019 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.

This review has shown that the arrangements from 2 November 2018 up to 31 March 2019 are in place and operating as planned.

**Mayor of the North of Tyne
Combined Authority**

Interim Head of Paid Service

Full Name: Jamie Driscoll

Full Name: Pat Ritchie

Signature: Jamie Driscoll

Signature: Pat Ritchie

Date: 20 December 2019

Date: 20 December 2019