

ANNUAL GOVERNANCE STATEMENT 2019/20



Annual Governance Statement 2019/20

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	Investment Fund Programme
Section 8	Significant Weaknesses in Governance and Internal Control
Section 9	Response to Coronavirus Pandemic
Section 10	Conclusion

Section 1: Introduction

This Annual Governance Statement provides an overview of how the North of Tyne Mayoral Combined Authority's governance arrangements operate, including how they are reviewed annually to ensure they remain effective.

This Statement has been prepared during the outbreak of the Coronavirus and will be revisited and updated to reflect changes in the assurance model and the adequacy of the governance and internal control arrangements put in place during this period, and to assess any impact upon the internal control environment.

Section 2: Scope Of Responsibility

NTCA was established on 2 November 2018 to give effect to a "minded to" devolution deal which was agreed between Newcastle, North Tyneside and Northumberland 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.

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. To oversee strategic transport functions a North East Joint Transport Committee has been established with members from both Combined Authorities.

All seven Local Authorities are members of the North East Local Enterprise Partnership (North East LEP) to support delivery of 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.

On 1 April 2020 accountable body functions for the North East LEP were transferred to NTCA from NECA. As the accountable body or 'Host Authority' NTCA will support the North East LEP manage its resources with all funding decisions being held to account through the NTCA.

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 is reported regularly at 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

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Chartered Institute of Public Finance and Accountancy (CIPFAs) publication "Delivering Good Governance in Local Government" (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against to consider the extent to which the Authority complies with the principles of good governance as set out in the Framework. This is reported through the Annual Governance Statement. It also enables us to monitor the

achievement of the Authority's priorities and to consider whether those priorities have led to the delivery of appropriate services which represent value for money.

The Governance Framework has been in place for the year ended 31 March 2020 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. This includes examples of how the Authority has adhered to its governance commitments set out in the Constitution and includes hyperlinks to sources of further information 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 chairs the Cabinet and Cabinet decisions will be subject to scrutiny by the Overview and Scrutiny Committee. The Elected Mayor has a number of specific powers and financial resources which Cabinet can make representations on and which can also be subject to scrutiny by the Overview and Scrutiny Committee.

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). However, during the ongoing and escalating situation regarding Coronavirus, Cabinet meetings and all other Committees were held virtually, in accordance with their usual timescales, and live streamed for the public to view.

1.4 We publish a register of key decisions to notify the public of the most significant decisions the Combined Authority 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 across the seven local authorities, allowing effective decision making across the region to ensure that the local needs and transport priorities are delivered.

1.7 The appointment of a Mayoral Ambassador for the Voluntary, Community and Social Enterprise Sector (VCSE) and supporting [Accord](#), (Agenda item 4), which sets out a framework for a new relationship between NTCA and the VCSE to deliver our shared vision of an inclusive economy.

1.8 The NTCA [Adult Education Strategic Skills Plan](#) sets out our long-term priorities for a devolved Adult Education Budget (AEB), highlighting the Authority's strengths, opportunities and challenges across the region to ensure it supports our [Economic Vision](#).

1.9 We have set up a dedicated [Coronavirus webpage](#) which provides support for our businesses and communities, providing the latest government advice and available support.

1.10 We continue to use Facebook and Twitter as primary social media platforms to provide information on news and events for residents, businesses and visitors.

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.

2.3 Values and behavior's workshops have been delivered to all staff, with staff appraisals undertaken with agreed targets and objectives linked to NTCA's work programme.

2.4 During the Coronavirus pandemic national updates and latest Government guidance for staff, including working from home arrangements, were communicated via the Authority's webpage.

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.

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

3.7 On 2 June 2020 the Authority agreed policies relating to: Data Protection and Confidentiality; Environmental; Equalities and Diversity; Modern Slavery; and Social Value

3.8 NTCA has measures to address breaches of its legal and regulatory powers. The Authority's Monitoring Officer has statutory reporting duties in respect of lawful decision and maladministration.

3.9 We review and update our standing orders, standing financial instructions, scheme of delegation and support procedure notes/manuals – these clearly define how decisions are taken and the processes and controls required to manage risks.

A [revised scheme of officer delegations](#) was approved by Cabinet on 29 September 2020. The proposed scheme identifies a number of officers as “designated officers” who can exercise the delegated functions allocated to them in the scheme. These designated officers are the Head of Paid Service, Chief Finance Officer, and Monitoring Officer, Director of Economic Growth and Director of Policy and Performance, as well as the Chief Executive of the North East LEP (whose delegation relates to North East LEP matters only).

3.10 Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer. The Monitoring Officer is advised on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical.

3.11 The Authority appoints Statutory Officers who have the skills, resources and support necessary to ensure statutory and regulatory requirements are complied with.

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 A [Cabinet Scrutiny Protocol](#) (Agenda item 6) has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.

Changes to the membership of Cabinet and Overview and Scrutiny Committee were approved by [Cabinet on 29 September 2020](#).

A [Scrutiny Annual Report](#) (Agenda item 7) was presented to Cabinet at its Annual Meeting in June 2020.

4.3 The Authority's procurement procedures are carried out in line with financial regulations set out in Part 4 of the Constitution.

4.4 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 and is responsible for overseeing the Authority's [Data Protection and Confidentiality Strategy](#) and its implementation to ensure compliance with the General Data Protection Regulations.

5.3 The Authority regularly reviews policies relating to records management, data quality, data protection and information security.

5.4 All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continues during 2020/21.

5.5. 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.

5.6 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 annual opinion for 2019/20 to support this Annual Governance Statement.

5.7 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. [Progress against the 2019/20 Audit Plan was reported to Audit and Standards Committee at its July 2020 meeting \(pages 17-25\).](#)

A copy of the [Strategic Audit Plan for 2020/21](#) can be found on pages 31-37 of the July 2020 Audit and Standards Committee agenda.

5.8 The control and financial management arrangements are reviewed by internal and external audit throughout the year. The outcomes for 2019/20 are noted in Section 5 of this Annual Governance Statement – Annual Review of Effectiveness of Governance Framework.

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

6.1 The North East LEP works with its partners, which includes NTCA and NECA, to deliver the [Strategic Economic Plan](#) (SEP). The SEP was updated and published in February 2019. The Plan reflects on recent changes to the global and national economy as well as the UK's departure from the European Union. It also looks at how the North East can maximise opportunities around the [UK's Industrial Strategy](#).

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 To build on the engagement that is already happening across the North of Tyne region regarding climate change, Cabinet has approved the creation of a Citizens' Assembly to look at a specific set of issues relating to climate change that will produce actionable recommendations for the North of Tyne Combined Authority to consider.

6.4 NTCA has developed a programme to understand what 'Good Work' should look like in the North of Tyne and how NTCA can promote and reward employers that are offering the elements of 'Good Work'. This has included the development of a [Good Work Pledge](#) (Agenda item 6), which will enable employers to understand the key elements of 'Good Work' what they can do to achieve this for their employees and what support is available to help them get there.

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

6.6 Adult Education Budget provision will support key elements of the North East Strategic Economic Plan, and the emerging Local Industrial Strategy and play a key role in NTCA's economic growth and reform agenda.

6.7 To support businesses during the Coronavirus pandemic we have made funding of £5m available with additional grant funding of around £1.5m to support businesses during the Coronavirus crisis.

6.8 We will continue to engage with adult education providers working to respond to the Coronavirus pandemic looking for provision, which is responsive to the challenges the crisis brings, helping residents get on in work and life around the terms of Covid-19 recovery.

6.9 We have established a digital equipment loan scheme to support residents across the region giving them access to digital services and opportunities. Encouraging digital inclusion for everyone will help our residents' access new opportunities and in turn support our inclusive economy.

6.10 NTCA is a member of the North East Covid-19 Economic Response Group - launched to provide maximum support for businesses in the immediate term and to plan for long-term economic recovery.

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 and Police 2018.

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.

7.4 Section 5 of this Annual Governance Statement provides the views of our internal and external auditors. Auditors report regularly to Audit and Standards Committee and provide their annual opinion on the adequacy of the effectiveness of our governance, risk and control framework.

7.5 Information on expenditure, performance and decision making is sited together on the Transparency page of the Authority's website and can be accessed quickly and easily.

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 Internal Audit. The Acting Chief Internal Auditor's [report to the July Audit and Standards Committee \(page 8\)](#) 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 2019/20: *The opinion of the Acting Chief Internal Auditor is that the framework of governance, risk management and control is satisfactory overall, at this stage in the authority's development and given the range of responsibilities it is required to discharge. This is a positive assessment of the control environment of the organisation.*
- (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 year ended 31 March 2020
- (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 the Strategic Risk Register
- (h) Performance information which is reported to Cabinet and other meetings on a regular basis.

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

Regional transport is operated and governed by the 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. The Committee receive regular updates on North East and Regional Transport Plans.

The Committee also receive regular updates from the Managing Director, Transport North East, in respect of transport partnerships, including East Coast Mainline, HS2 and Northern Powerhouse Rail.

The Joint Transport Committee, Audit Committee is also a key component of the corporate governance arrangements and is an important source of assurance about the Joint Transport Committee's arrangements for managing risk, maintaining an effective control environment; and reporting on financial and performance matters.

The Joint Transport Committee also has an Overview and Scrutiny Committee to enable local councillors, on behalf of their communities, to scrutinise and challenge the Joint Transport Committee, its committees and Nexus, and to investigate matters of strategic importance to residents with a view to influencing and adding value to the decisions.

Section 7: Investment Fund Programme

Delivery of the Investment Fund Programme continues to develop, with programmes being approved and individual projects being delivered. Work continues at pace to operationalise the headline key sector strategies agreed by Cabinet. There are an increasing number of NTCA projects moving into the delivery phase, including those with a focus on early jobs creation, supporting people into work, raising aspiration/STEM and tackling the digital divide. Strong sectoral narratives have been developed and the first of these programmes are now approaching delivery, with a key focus on longer-term growth, productivity and improving resilience. The impact of the COVID-19 pandemic has been considered in terms of project delivery, and in addition specific local interventions have been put in place to support the regional economy, through working closely with the constituent authorities.

Regular performance management of the Investment fund is now in place and continues to evolve. During the later part of 2019/20 and into 2020/21 the authority will conclude its investment in a programme management system that will improve the efficiency of managing and monitoring the overall programme and will streamline the interface with delivery organisations through an on-line portal for claims and output reporting.

Section 8: 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 during 2019/20.

Section 9: Response to Coronavirus Pandemic

This Annual Governance Statement has been prepared as the Authority responds to the impact of the Coronavirus outbreak. NTCA and our constituent councils are working with our partner organisations across the region, including NECA and the North East LEP, to ensure a multi-agency approach to the pandemic as it evolves, supporting communities and businesses in the region.

The impact of the Coronavirus outbreak on our governance arrangements may not be fully known at this time and will therefore be closely monitored. The Statement will be revisited and updated to reflect changes in the assurance model and the adequacy of the governance and internal control arrangements put in place during this period to assess any impact upon the internal control environment.

The outcome of the review and any learning from the Authority's response will be reflected in an updated Statement before it is considered as part of the audit of the Council's financial statements which is expected at the end of November 2020.

Section 10: Conclusion

We consider the governance and internal control environment operating during 2019/20, prior to the outbreak of the Coronavirus, 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.

The annual review has shown that the arrangements for 2019/20 are in place and operating as planned.

We propose over the coming year to improve our governance and internal control arrangements and consider any lessons learnt during the period of the Coronavirus pandemic, as part of our next annual review.

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

Interim Head of Paid Service

Full Name: Jamie Driscoll

Full Name: Paul Hanson

Signature:



Signature:



Date: 27 November 2020

Date: 27 November 2020

**Chair of Audit and Standards Committee
Full Name: Douglas Ross**

**Chief Finance Officer, North of Tyne
Combined Authority**

**Full Name: Janice Gillespie
Signature:**

Signature:



Date: 27 November 2020

Date: 27 November 2020