

Audit and Standards Committee

Tuesday 19 January 2021 at 10.00 am

The meeting is to be held remotely and can be viewed at:

<https://youtu.be/MwI9PKOhLpE>

AGENDA

	Page No
1. Welcome and Apologies	
2. Declarations of Interest	
Please remember to declare any personal interest where appropriate Please also remember to leave the meeting where any personal interest requires this.	
3. Agreement of the Minutes of the Meeting held on 17 November 2020	1 - 6
4. Internal Audit	
(a) Quarterly Update	7 - 12
(b) Development of Strategic Audit Plan 2021-22	13 - 16
5. Strategic Risk and Opportunities Register	17 - 40
6. Annual Audit Letter	
Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985	

7. **Standards**

41 - 60

8. **Date and Time of Next Meeting**

24 April 2021 at 10.00am

Contact Officer:

Tel: (0191) 2116146

Email: Lynn.Camsell@northoftyne-ca.gov.uk

www.northoftyne-ca.gov.uk

Draft Minutes for Approval Audit and Standards Committee

17 November 2020

(10.00 - 10.45 am)

The meeting was held virtually and live streamed

Draft Minutes

Present:

Chair: Doug Ross

Councillors: D Cox, A Chisholm, C Ferguson, M Rankin, M Swinburn, JP Stephenson, C Seymour and L Dunn

62 WELCOME AND APOLOGIES

The Chair welcomed everyone to the virtual meeting.

Apologies were received from Councillors C Penny-Evans, S Dickinson, J Watson and R Glendon.

63 DECLARATIONS OF INTEREST

None

64 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 28 JULY 2020

The minutes of the meeting held on 28 July were agreed as a correct record and signed by the Chair via email subject to the following amendment:

Minute 57 4th bullet points: Amend the sentence 'Investments with unrated building societies £1.797m.' to read 'Investments with unrated building societies £1.797m and Investments with UK local Authorities £59.784m'

Minute 57 8th bullet point: Amend the sentence which says "The Elected Mayor and Cabinet will be subject to' to read 'Mayoral decisions and decisions made by Cabinet will be subject to Scrutiny'

65 **RESPONSE TO QUESTIONS RAISED AT PREVIOUS MEETING**

It was agreed that this item would be considered in conjunction with agenda item 6c Narrative Report and Statement of Accounts.

66 **INTERNAL AUDIT - QUARTERLY UPDATE**

Submitted: Report of the Acting Chief Internal Auditor, previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report the purpose of which was to provide Audit & Standards Committee with an update on progress against the 2020/21 Internal Audit Plan, agreed by the Audit and Standards Committee at its last meeting on 28 July 2020.

Members noted the work completed since the July meeting. Points highlighted included:

National Fraud Initiative

In October Internal Audit were informed by the Cabinet Office that the Combined Authority was required to participate in the National Fraud Initiative (a data matching exercise). It was anticipated that the results of the exercise would be available for investigation in January 2021.

Devolved Adult Education Budget – Programme Assurance work.

Internal Audit was continuing to support the Combined Authority in a project assurance role advising on, and challenging, the approach to internal control and methods of service delivery.

RESOLVED – that the Internal Audit Report be noted.

67 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the Official Minutes).

Members noted the report the purpose of which was to provide assurance to Audit and Standards Committee that the most significant risks and opportunities had been identified, were being monitored and measures were being taken to address them.

Members noted the two key points in particular::

- a new opportunity in relation to the North East LEP Partnership;
- the Delivery of Devolution remained red due to uncertainties caused by Covid-19 and the impact on the Investment Fund Programme.

RESOLVED that the Audit and Standards Committee –

- 1) Noted the outcomes of the strategic risk review.

- 2) Acknowledged the new opportunity which has been added to the strategic risk register to monitor the developing arrangements between NTCA and the North East LEP.
- 3) Noted a summary of the strategic risks identified by the North East LEP (Appendix C) and North East Joint Transport Committee (North East JTC) (Appendix D) was included for information.

68 STATEMENT OF ACCOUNTS

(a) Audit Completion Statement

Submitted: Report of Mazars (External Auditors), (previously circulated and a copy attached to the Official Minutes).

C Waddell presented the Audit Completion Report for the Combined Authority and the Group for the year ending 31 March 2020.

During the presentation several key points were highlighted including:

- The pandemic had created difficulties for all bodies in the preparation of accounts and for auditors undertaking the audit function.
- The audit was on track although subject to completion of final work.
- It was anticipated that there would be an unqualified opinion on the accounts.
- The effect the pandemic had had on the pension fund due to the impact on the financial markets.
- In terms of Value for Money, work was complete and Mazars would issue an unqualified Value for Money conclusion.
- In terms of Related Parties there was now only one declaration outstanding.
- Work relating to cash flow was almost complete and audit work had not identified any material issues in respect of management overrides

Comments/Questions from Members

Reference was made to quality assurance and timing issues in finalising accounts where other authorities were involved and the impact this had on completion of the North of Tyne Financial Statements. C Waddell was asked if there was a potential concern in terms of resources within the finance team. C Waddell advised that the pandemic had had a huge impact on officers with multiple responsibilities for the audit of and preparation of the Statement of Accounts. The Interim Chief Finance Officer confirmed that there has been a capacity issue within the team, compounded by Covid and assuming responsibility for the North East Local Enterprise Partnership. Discussions had taken place with the 3 constituent authorities and agreement reached that assistance would be given to enable the final stages of the accounts to be progressed, including quality assurance. It was also acknowledged that additional capacity and resources were required.

RESOLVED that the Audit and Standards Committee –

Recommend approval of the report to Cabinet subject to any subsequent changes identified by the External Auditors.

(b) Annual Governance Statement

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report the purpose of which was to present the Authority's 2019/20 Annual Governance Statement for approval.

Committee were reminded that the Statement was the same as the draft report previously presented to Members.

Section 5 contained the annual audit opinion which would be updated on completion of the annual audit. Section 7 related to the Investment fund programme and the wording would be expanded by lead officers.

Comments/Questions from Members

A Member referred to section 1.10 of the report which related to the use of social media. It was suggested that the use of social media should be subject to more stringent control and should be appropriate to the North of Tyne and not for personal use.

Reference was also made to section 5.4 of the report which related to annual e-learning staff training in data protection. The Risk Advisor was asked if it was possible to provide the same annual training for committee members thereby ensuring that all Members were aware of their obligations in respect of data sharing. In responding to the questions, the Risk Advisor agreed to investigate the use of social media. Data protection training for committee members would also be considered.

RESOLVED that –

Subject to any changes from the External Auditors, the Audit and Standards Committee approved the Annual Governance Statement and recommended it for sign-off by Cabinet.

(c) 2019/20 Narrative Report and Statement of Accounts

Submitted: Report of the Chief Finance Officer (previously circulated and a copy attached to the Official Minutes).

Members considered the report the purpose of which was to present Committee with the Audited Statement of Accounts for the year ended 31 March 2020.

It was noted that the accounts were substantially complete, and that Officers were still finalising the last version of the group accounts. The Audit Completion Report highlighted key adjustments to the Statement and the Outturn position had not changed. The Chief Finance Officer confirmed that the Statement of Accounts would be published in December.

The Chief Finance Officer also referred to the questions raised by Cllr Swinburn at the previous meeting and advised that the responses were substantially correct. Cllr Swinburn thanked officers for the responses received and added that the North of Tyne Combined Authority must always be seen to be transparent and include as much information in the public domain as was allowed by legislation. Reference was also made to investments with other local authorities. It was suggested that all investments with other local authorities be included on the risk register, unless there was a specific reason as to why this was not possible. In response the Chief Finance Officer suggested that as a way forward a simplified version of the 2019/20 Statement of Accounts be published on the website, including the additional detail and she would look at producing two tables in future years which would incorporate the information requested. The Chief Finance Officer also noted the suggestion that investments with other local authorities be included on the risk register and indicated that she would consider this further.

RESOLVED that –

The Audit and Standards Committee endorsed the Audited Statement of Accounts 2019/20 including the Narrative Report.

69 **STANDARDS**

The Interim Monitoring Officer advised Members that the Combined Authority was still waiting for further information as to when the LGA proposed to publish its model code of conduct for members.

70 **DATE AND TIME OF NEXT MEETING**

19 January 2021 at 10.00am.

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Audit and Standards Committee

19 January 2021

Subject: Internal Audit Quarterly Update Report

Report of: Kevin McDonald, Acting Chief Internal Auditor

Report Summary

A quarterly update from Internal Audit is included within the Work Programme for the Audit & Standards Committee at each scheduled meeting during the year. This report provides Audit & Standards Committee with an update on progress against the 2020/21 Internal Audit Plan, agreed by the Audit and Standards Committee at its meeting on 28 July 2020.

Recommendations

The Audit and Standards Committee is recommended to consider and note Internal Audit's report.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The Internal Audit Plan approved by Audit and Standards Committee on 28 July 2020 set out a number of assignments. A summary of each of these, and any unplanned work undertaken during the year, is provided below.

Work in Progress

Area of Review	Description of Assignment and Current Status
Policy Framework – Governance and decision making	To review the suite of governance policies established by the Combined Authority, and to form an opinion on whether expected governance areas are reflected in the suite of policies, and the adequacy of arrangements for ensuring staff awareness and compliance. Our findings from this work have been discussed with management and a draft report issued. A summary of the key findings and conclusion from this audit will be provided to the April 2021 meeting of the Audit and Standards Committee.
Risk Management	To review risk management arrangements and assess the extent to which appropriate risk assessment and identification systems are in place and operating effectively. An Internal Audit Project Brief has been issued in relation to this piece of work and the audit fieldwork has commenced. It is expected that a summary of the findings and conclusion from this audit will be provided to the April 2021 meeting of the Audit and Standards Committee.

Area of Review	Description of Assignment and Current Status
Information Systems and Technology	<p>To undertake a programme of systematic reviews covering key risks associated with computerised delivery. Discussions have taken place between Internal Audit and Combined Authority staff and it was agreed to undertake the following two audits during 2020/21:</p> <ul style="list-style-type: none"> • Mapping of ICT arrangements in place and evaluation as to whether these are suitably robust. A draft Internal Audit Project Brief for this work has been prepared and discussions regarding the detailed scope of the audit and commencing the fieldwork are underway. It is anticipated that a summary of the findings and conclusion from this audit will be provided to the April 2021 meeting of the Audit and Standards Committee. • Review of IT system controls in place within the OPS Project and Grant Management System. The system is still in development, and due to be in use in January 2021. We will offer advice and guidance on system controls during the development stage should this be requested and look to provide early assurance once the system is operational.
Adult Education Budget (AEB)	<p>Ongoing support to the Combined Authority in a project assurance role whilst the organisation develops its governance arrangements around the implementation and ongoing management of the AEB. This role involves Internal Audit advising on, and challenging, the approach to internal control and methods of service delivery. By undertaking this role, Internal Audit proactively acts as a partner to the Combined Authority, in order to assist the organisation achieve its objectives.</p>

Work Scheduled for Quarter 4

Area of Review	Description of Assignment and Current Status
Arrangements for ensuring and evidencing delivery of the Devolution Deal	<p>This audit will evaluate the effectiveness of the arrangements established to ensure that the effective delivery of the Combined Authority's key outcomes and outputs, as enshrined in the Devolution Deal, can be clearly evidenced.</p> <p>Discussions with the Director of Policy and Performance have been held to establish the optimum timing for this audit. This audit is scheduled to commence in January 2021.</p>

Area of Review	Description of Assignment and Current Status
<p>Monitoring of grant conditions (in respect of grant funding both received by NTCA and issued by NTCA)</p>	<p>This audit will examine and evaluate the arrangements established by NTCA to monitor grant conditions as a grant funding recipient and ensure that specified outcomes are delivered; and also to assess arrangements within NTCA as a grant funder to set appropriate grant conditions when issuing funding to other organisations and monitor and evidence compliance with those grant conditions.</p> <p>Following discussions with the Director of Policy and Performance it has been agreed that this audit would take place following completion of the Devolution Deal audit.</p>
<p>Governance Arrangements in relation to the North East Local Enterprise Partnership (NELEP)</p>	<p>This audit will review the financial management, decision-making and reporting arrangements established between the Combined Authority and NELEP to ensure these adequately serve the Combined Authority's role as accountable body for the NELEP.</p> <p>Following discussions with the Director of Policy and Performance it has been agreed that that this audit would take place following completion of the Devolution Deal and Monitoring of Grant Conditions Audits.</p>

Unplanned Work

<p>National Fraud Initiative (NFI) – Investigation of Results</p>	<p>The NFI is the Cabinet Office's data matching exercise to prevent and detect fraud. Data matching involves comparing sets of data, such as the payroll or creditor records of an organisation, against other records held by the same or other organisations. Approximately 1,200 organisations from the public and private sectors participate in the NFI. As reported to the 17 November 2020 Audit & Standards Committee Internal Audit has co-ordinated submission of the Combined Authority's and the NELEP's data.</p> <p>All bodies participating in the NFI receive reports of matches that they should investigate, so as to detect instances of fraud, over or under-payments, and other errors. Results from this exercise are expected to be released from January 2021 for investigation. Initial analysis of the results will be undertaken by Internal Audit when they are received, and we will liaise with the Combined Authority staff to ensure appropriate follow-up action is undertaken should it be required.</p>
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Previously Completed and Reported Work

Area of Review	Description of Assignment and Current Status
Annual Opinion Report 2019/20	This report was presented to the Audit and Standards Committee on 28 July 2020. The opinion of the Chief Internal Auditor was that the framework of governance, risk management and control for 2019/20 was satisfactory overall, at that stage in the authority's development and given the range of responsibilities it is required to discharge.
Follow-up of Recommendations from the 2019/20 financial diagnostic toolkit work and Investment Fund audits	<p>Evidence checking was undertaken of the implementation of all five high priority recommendations from the financial diagnostic tool and a sample of the 26 medium priority recommendations. The results of this work were reported to the 28 July Audit and Standards Committee. Three of the five high priority recommendations had been implemented and work was underway regarding the remaining two, relating to updating Financial Regulations and Contract Standing Orders. Internal Audit have confirmed that updates to these key financial governance documents were approved by Cabinet on 28 July 2020.</p> <p>Internal Audit will undertake further follow up work as the year progresses and report on progress to management and the Audit and Standards Committee.</p>
National Fraud Initiative – Data Submission	<p>In October 2020 Internal Audit was advised that the Combined Authority was required to participate in the Cabinet Office's 2020/21 NFI data matching exercise. Internal Audit co-ordinated the initial work requirement, including preparation of data submissions and privacy notice compliance for the Combined Authority and the NELEP.</p> <p>The Combined Authority and the NELEP's data, covering Payroll and Trade Creditors, was provided to the Cabinet Office by Internal Audit in accordance with the submission timetable.</p>

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority, detailing the key priorities and the first steps in the journey around the six key pillars. The work of Internal Audit and Audit and Standards Committee contributes to the overall achievement of the Authority's objectives, vision, policies and priorities.

3. Key Risks

- 3.1 The Internal Audit coverage is based on an assessment of audit risk, both that inherent in organisational service delivery and also those risks and opportunities associated with the North of Tyne Combined Authority's main aims. As such, Internal Audit is a key strand in the governance arrangements of the North of Tyne Combined Authority and an integral tool in managing risk.

4. Financial and Other Resources Implications

- 4.1 There are no direct financial or other resource implications arising from the recommendations set out in this report. Through its review of a range of audit, accounting and governance related items, the Audit and Standards Committee assesses the Authority's use of financial resources and value for money.

5. Legal Implications

- 5.1 The Accounts and Audit Regulations 2015 are a statutory instrument and require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 5.2 The Public Sector Internal Audit Standards and related Local Government Application Note establish the professional standards Internal Audit must apply when planning the use of its resources. This report and the Internal Audit Strategic Plan 2020/21 have been prepared in accordance with both the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

6. Equalities and Implications

- 6.1 There are no direct equalities implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of its duty under the Public Sector Equality Duty and will always consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Committee also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

7. Inclusive Economy Implications

- 7.1 There are no direct inclusive economy implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability.

8. Climate Change Implications

- 8.1 There are no direct climate change implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful that the NTCA and the three constituent Local Authorities have declared a Climate Emergency.

9. Consultation and Engagement

- 9.1 The Interim Chief Executive, Chief Finance Officer, Director of Policy and Performance, and Director of Economic Growth were consulted in preparation of Internal Audit's 2020/21 coverage.

10. Appendices

None

11. Background Papers

[Internal Audit Strategic Audit Plan 2020/21](#)

12. Contact Officers

Kevin McDonald, Acting Chief Internal Auditor
Kevin.McDonald@northtyneside.gov.uk / Kevin.McDonald@northumberland.gov.uk
0191 6435738

Tony Candlish, Senior Auditor
Tony.Candlish@northumberland.gov.uk
01670 623929

13. Glossary

Abbreviation	Description
NFI	National Fraud Initiative - The Cabinet Office's data matching exercise
NELEP	North East Local Enterprise Partnership
AEB	Refers to the devolved Adult Education Budget

14. Sign-off

1) Head of Paid Service: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
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Audit and Standards Committee

19 January 2021

Subject: Development of Strategic Audit Plan – 2021/22

Report of: Kevin McDonald, Acting Chief Internal Auditor

Report Summary

The purpose of this report is to outline the proposed approach to preparing the Strategic Audit Plan for 2021/22 for consideration and endorsement by the Audit and Standards Committee.

The report also ensures the Audit and Standards Committee, as a key stakeholder of Internal Audit's work, is engaged at an early stage in the assurance planning process.

Recommendations

The Audit and Standards Committee is recommended to consider and endorse the approach to preparation of assurance coverage and resulting Strategic Audit Plan for 2021/22.

Audit and Standards Committee are also invited to highlight any areas for consideration by the Chief Internal Auditor, for inclusion in the 2021/22 Strategic Audit Plan.

1. Background Information, Proposals and Timetable for Implementation

Role of Internal Audit

- 1.1 Internal Auditing *"is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes"*. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 The Internal Audit team has a key role in helping the Authority to achieve its objectives. We are an independent resource available to assist the organisation to explore areas of potential efficiency and matters of probity and internal control. We seek to use our business intelligence and knowledge of the Authority to make sensible, informed recommendations for improvement, and thus contribute to the effective running of the organisation.
- 1.3 Internal Audit provides assurance to the organisation that governance and control, which has been established to manage risks to the achievement of the Authority's objectives and to optimise opportunities, are operating effectively. This has a positive impact on the risk environment, informing management whether the actions they are taking to control and manage risks are working as they should.

Preparation of 2021/22 Strategic Audit Plan

- 1.4 Preparation of a Strategic Audit Plan ensures that Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Authority. This is key to Internal Audit achieving its objectives as an independent assurance function for the Authority and to provide an independent and objective opinion on the adequacy and effectiveness of the framework of governance, risk management and control.
- 1.5 To ensure that all legislative responsibilities and professional standards are fully complied with and that a plan of work is agreed for the coming year which will meet the Authority's key assurance requirements, a detailed, risk based Strategic Internal Audit Plan for 2021/22 will be prepared and presented to Audit and Standards Committee at its scheduled meeting in April 2021.
- 1.6 Internal Audit must be independent in its planning and operation, and have an unrestricted range of coverage of the Authority's operations.
- 1.7 The Public Sector Internal Audit Standards (PSIAS, 2017), and the specific Local Government Application Note on the Standards, set out the professional standards which Internal Audit must apply when planning the use of its resources. It states that:
 - (a) The Chief Internal Auditor (Chief Audit Executive) must establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisation's goals;
 - (b) The plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and Audit and Standards Committee (the 'board') must be considered in this process. The Chief Internal Auditor must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions;
 - (c) The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan;
 - (d) The Chief Internal Auditor must communicate plans and resource requirements, including significant interim changes, to senior management and Audit and Standards Committee for review and approval. The Chief Internal Auditor must also communicate the impact of any resource limitations; and
 - (e) The Chief Internal Auditor must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 1.8 Preparation of the detailed Strategic Internal Audit Plan for 2021/22 will involve the following stages:
 - (a) Developing Internal Audit's intelligence base on the breadth of the Authority's functions from published plans, strategies, and reports;
 - (b) Consulting with the Head of Paid Service, Chief Finance Officer (Section 73 Officer), Directors and Audit and Standards Committee Members on this preparatory work, and their aspirations for Internal Audit work and coverage in the coming year. This consultation allows us to identify the areas where stakeholders consider Internal Audit can provide the greatest assistance and benefit;
 - (c) Developing the assessment of audit risks, to prioritise audit coverage and ensure the Strategic Audit Plan includes all key areas of audit assurance, with resources targeted at those areas of highest priority;
 - (d) Developing the outcomes which each Internal Audit assignment in the Strategic Audit Plan will deliver, and the objectives which each audit will meet; and
 - (e) Ensuring that each proposed audit assignment will help assess and support a priority or priorities of the identified 'pillars of ambition'.

1.9 Once this process is finalised, the Strategic Internal Audit Plan will be presented to the Audit and Standards Committee for approval in April 2021 and will set out Internal Audit's planned 2021/22 coverage. This will include detail on all key areas of Internal Audit provision, and the objectives which each assignment will deliver.

2. Potential Impact on Objectives

2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority, detailing the key priorities and the first steps in the journey around the six key pillars. The work of Internal Audit and Audit and Standards Committee contributes to the overall achievement of the Authority's objectives, vision, policies and priorities.

3. Key Risks

3.1 There are no key risks identified from the approach outlined. The Strategic Audit Plan will be prepared using a risk-based approach, thus ensuring that coverage is focused on those areas of activity where Internal Audit resource will deliver most benefit to the North of Tyne Combined Authority and assist most effectively in the management of risk.

4. Financial and Other Resources Implications

4.1 There are no direct financial or other resource implications arising from the recommendations set out in this report. Through its review of a range of audit, accounting and governance related items, the Audit and Standards Committee assesses the Authority's use of financial resources and value for money.

5. Legal Implications

5.1 The Accounts and Audit Regulations 2015 are a statutory instrument and require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

5.2 The Public Sector Internal Audit Standards and related Local Government Application Note establish the professional standards Internal Audit must apply when planning the use of its resources.

5.3 This report has been prepared in accordance with both the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

6. Equalities and Implications

6.1 There are no direct equalities implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of its duty under the Public Sector Equality Duty and will always consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Committee also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

7. Inclusive Economy Implications

- 7.1 There are no direct inclusive economy implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability.

8. Climate Change Implications

- 8.1 There are no direct climate change implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful that the NTCA and the three constituent Local Authorities have declared a Climate Emergency.

9. Consultation and Engagement

- 9.1 The 2021/22 Strategic Audit Plan will be prepared following consultation with a number of key stakeholders, including the Head of Paid Service, Monitoring Officer, Chief Finance Officer, Director of Policy and Performance and Director of Economic Growth.

10. Appendices

None

11. Background Papers

- (a) Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017 [Public Sector Internal Audit Standards](#)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019
- (c) The Accounts and Audit Regulations 2015, April 2015 [Accounts and Audit Regulations 2015](#)
- (d) North of Tyne Combined Authority Constitution, November 2018 [NTCA Constitution](#)

12. Contact Officers

Kevin McDonald, Acting Chief Internal Auditor
Kevin.McDonald@northtyneside.gov.uk / Kevin.McDonald@northumberland.gov.uk
0191 6435738

Tony Candlish, Senior Auditor
Tony.Candlish@northumberland.gov.uk
01670 623929

13. Glossary

None

14. Sign-off

1) Head of Paid Service: Yes	2) Chief Finance Officer: Yes	3) Monitoring Officer: Yes
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Audit and Standards Committee

19 January 2021

Subject: Strategic Risk and Opportunities Register

Report of: Risk Advisor to North of Tyne Combined Authority (NTCA)

Report Summary

The aim of the report is to provide assurance to Audit and Standards Committee that the most significant risks and opportunities have been identified, are being monitored and measures are being taken to address them.

As part of this review the devolution deal risk description has been strengthened by the risk owner, to reflect the current uncertainties surrounding delivery of the Deal brought on by the Coronavirus pandemic and the potential impact this may have on NTCA's plans and ambitions.

The Authority is in the process of reviewing its work programme and priorities. To support the review a fundamental review of the strategic risk register will be undertaken in the coming months. This will ensure the biggest threats to delivery of the Authority's plans and priorities are identified and continue to be closely monitored and reported.

Recommendations

The Audit and Standards Committee is recommended to:

1. Acknowledge the devolution deal risk description has been updated to reflect the current uncertainties surrounding delivery of the Deal and the impact that may have on NTCA's plans and ambitions
2. Note that following a review of the Authority's work programme a fundamental review of the strategic risks and opportunities register will be undertaken
3. Review and where necessary challenge the outcomes of the strategic risk review
4. Note a summary of the strategic risks identified by the North East LEP (Appendix C) and North East Joint Transport Committee (North East JTC) (Appendix D) are included for information

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The report aims to provide members with an update of the strategic risks and opportunities, which may impact upon the achievement of the Authority's priorities.
- 1.2 Since the Audit and Standards Committee received an update of the strategic risk and opportunities register at its November 2020 meeting, the description of the risk which monitors delivery of the devolution deal has been strengthened. The new description more accurately reflects the potential extrinsic risk to the delivery of the Deal brought on by the Coronavirus pandemic and the potential impact this may have on NTCA's plans and ambitions. The new description is as follows:
- Unable to deliver components of the Devolution Deal or negotiate further powers and resources due to the impact of coronavirus.*
- There has been no change in the risk assessment during this review, however the devolution risk will form part of a comprehensive review of the strategic risk register which will be undertaken as part of the work to review the Authority's work programme/priorities. The approach taken to support the forthcoming risk review is noted below at paragraph 1.5.
- 1.3 The NTCA devolution programme remains on track despite the disruption caused by the pandemic to date. The programme is working to (and in places out-performing) the output profile set out in the North of Tyne Devolution Deal, and new investment in addition to original Investment Funding has been secured through the pandemic period.
- 1.4 The Opportunity which monitors the relationship between the NTCA and North East LEP is also moving in a positive direction of travel. Roles and responsibilities are clear and governance arrangements have been further embedded since NTCA became the accountable body for the North East LEP in April 2020.
- 1.5 The Authority is in the process of producing an Annual Report and reviewing the Authorities work programme/priorities now that the two Directors have been in place for a year. This process of reflection has identified that the strategic risk and opportunities register may need further review. The review will ensure the biggest threats to delivery of the Authority's priorities continue to be closely monitored and reported. Where additional headline risks are identified during the review, they will be included within the strategic risk register and reported to Audit and Standards Committee at its next appropriate meeting.
- 1.6 The NTCA risks are strategic risk areas which will be monitored by this Committee and presented at each meeting. Lower level operational and project risks will continue to be managed at a project level. However, there are communication plans and escalation processes developed to ensure the biggest risks to individual programmes/projects are communicated and/or escalated to the strategic risk register.
- The strategic risks identified by the North East LEP are also included at Appendix C. This provides NTCA visibility of the LEP strategic risk areas to consider if the risks identified by the LEP have any impact upon the delivery of NTCA's plans and priorities.
- 1.7 Transport continues to be of strategic importance to the North East and the collaborative working of both Combined Authorities allows effective decision making across the region. The North East JTC is responsible for bringing together members from both Combined

Authorities allowing the collective identification and management of the most significant risks to the successful operation of the North East JTC and delivery of its objectives and plans.

The JTC Strategic Risk Register, which records the biggest threats to the achievement of the strategic objectives of the North East JTC and its organisational risks, has been updated by NECA's risk management service, and presented to the JTC Audit Committee at its meeting on 9 December 2020.

A summary of the North East JTC strategic risks is provided at Appendix D. A full copy of the JTC strategic risk register and mitigation plans can be found on the JTC Audit and Standards Committee Agenda [here](#).

2. Potential Impact on Objectives

- 2.1 The development of the strategic risk and opportunities register will not impact directly on the objectives of NTCA, however the approach to strategic risk management will support delivery of its aims and ambitions by acknowledging the biggest threats and putting plans in place to manage them.

3. Key Risks

- 3.1 There are no direct risk management implications from this report. The approach to risk management is documented within the NTCA's risk management policy and strategy. The key risks will continue to be reported regularly to the Audit and Standards Committee.

4. Financial and Other Resources Implications

- 4.1 There are no direct financial implications arising from this report. Risk Management work is supplied to NTCA (and the North East LEP) during 2020/21 through a Service Level Agreement with Newcastle City Council.

5. Legal Implications

- 5.1 There are no legal implications arising specifically from this report.

6. Consultation/Engagement

- 6.1 Cabinet have approved the Strategic Risk Register including risks and opportunities. The Head of Paid Service, Monitoring Officer and Chief Finance Officer have been consulted on the Strategic Risk and Opportunity Register.

7. Appendices

- 7.1 Appendix A – 'Risk at a glance' shows the strategic risks and opportunities, including the risk priorities and direction of travel assessments

Appendix B – Provides a detailed assessment of the NTCA strategic risks and opportunities and future activity to reduce the overall risk exposure

Appendix C – Provides an assessment of the North East LEP strategic risks and future activity to reduce the overall risk exposure

Appendix D – A summary of the strategic risks, risk priorities and direction of travel assessments identified by the North East Joint Transport Committee

Appendix E – Risk Analysis Toolkit to determine the risk priority

8. Background Papers

- 8.1 The North East Joint Transport Committee (JTC) strategic risks can be found on the NECA website as part of the JTC Audit Committee agenda [9 December 2020](#).

9. Contact Officers

- 9.1 Philip Slater – Chief Internal Auditor – Newcastle City Council. (acting as Risk Advisor to NTCA)

E-mail: Philip.slater@newcastle.gov.uk

Telephone – 0191 2116511

10. Glossary

- 10.1 None

11. Sign-off

- 11.1 Head of Paid Service: Yes

Monitoring Officer: Yes

Chief Finance Officer: Yes

Strategic Risks and Opportunities		
	Risk Priority	Direction of Travel
Strategic Risks & Opportunities		
Risks		
Delivery of Devolution Unable to deliver components of the Devolution Deal or negotiate further powers and resources due to the impact of coronavirus.	Red 12	Static
Operational Capacity and Resources The Combined Authority is unable to demonstrate to Government and partners that it has the necessary capacity, skills and expertise to successfully deliver the devolution deal, within the constraints of approved funding streams, timeframes, conditions and performance criteria.	Amber 8	Static
Opportunities		
Partnerships The establishment of the Combined Authority provides us with an opportunity to strengthen the existing partnership arrangements in the region, and across the public and private sector to drive forward change to meet our ambitions and successfully deliver the North East Strategic Economic Plan.	Amber 8	Static
North East LEP As the accountable body for the North East LEP there is greater opportunity to maximise partnership arrangements with NTCA through working together to coordinate and manage resources, embedding effective governance arrangements between the bodies, collectively responding to future opportunities and challenges.	Amber 8	Improving

Strategic Risks and Opportunities

<p><u>Risk – Delivery of Devolution</u> Unable to deliver components of the Devolution Deal or negotiate further powers and resources due to the impact of coronavirus.</p>	<p><u>Risk Owner</u> Director of Economic Growth</p>
	<p><u>Risk Score</u></p>
	<p>Current controlled score – Red 12</p>
	<p>Target Score – Green 4</p>
<p>Cause:</p> <ul style="list-style-type: none"> • As a result of the Coronavirus Pandemic, projects and schemes are not delivered within agreed timeframes and do not satisfy key criteria or achieve required outcomes, such projects will cover all aspects of the devolution deal including: <ul style="list-style-type: none"> ▪ Investment Fund Programme ▪ Adult Education Budget ▪ Education Challenge • Decisions are not aligned to the Authority’s Vision and Strategic Framework which has already been agreed with Government • Insufficient projects/schemes are identified to meet investment fund spending targets • Macroeconomic shocks and national political instability impact on NTCA’s delivery of the devolution deal and ability to negotiate/secure further powers and resources • Government do not fulfil their existing commitments under the devolution deal 	
<p>Impact:</p> <p>Investment Fund:</p> <ul style="list-style-type: none"> • As Government coronavirus restrictions are in place there will be a delay of delivery/underachievement in project outputs due to public closures/lockdowns • Possible reallocation of the Investment Fund Programme to support recovery in the NTCA area • Economic shock post pandemic will impact businesses/organisations in the NTCA region • As details of Government’s response to the pandemic becomes clearer, it may be necessary to adjust elements of the NTCA programme to avoid duplication and maximise impact. <p>Adult Education Budget:</p> <ul style="list-style-type: none"> • As a result of the pandemic, other sources of income available to adult education providers is now at risk which could result in financial instability and longevity of the institution/organisation • Continuity of funded provision for NTCA residents is at risk if providers become financially unstable • The rate of change from the impacts of the pandemic may mean that as soon as the new versions of the Strategic Skills Plan are published, they may not be relevant for post-Covid inclusive economic recovery 	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Constitution is in place setting out governance arrangement for the Authority • M9 Group of Metro Mayors working together to influence government on agreed priorities which will strengthen devolved powers • Housing and Land Board supports NTCA’s governance arrangements regarding the integrated strategic approach to improving the quality and quantity of homes in the North of Tyne area • Establishment of the Investment Fund through which NTCA is administering the North of Tyne Single Pot allocation of Government funding • Ongoing delivery of Investment Fund – with projects continuing to be developed, appraised and delivered during the pandemic period. Investment panel monitors performance on a monthly basis, with job and activity levels above profile 	

- A small number of projects have been reprofiled, to enable them to move from in-person to on-line delivery
- Covid-19 response paper agreed in March 2020
- Covid-19 Capacity Fund grants of £1.5m offered to Constituent Authorities in the North of Tyne region to meet local needs
- Publication of NTCA recovery and renewal deal proposals
- Assurance Framework agreed with Government which operates effectively
- AEB Provider Performance and Management Framework in place and used from 1 August 2020
- Existing intelligence sharing process with regional ESFA, sharing notices of concern regarding the NTCA provider base
- Ongoing dialogue with NTCA adult education providers and employers to ensure delivery continues to meet area skills needs
- NTCA Strategic Skills Plan will be updated in 2021 and will reflect the area's skills needs for an inclusive economic recovery. It will be online only so any updates required can be implemented quickly to ensure its ongoing relevance during the pandemic and into recovery.

Next Steps	Deadline	Lead Officer(s)
We are continuing to assess the impact of the Covid-19 crisis across our programmes as required, working with applicants to consider alternative methods of achieving outputs and outcomes from our existing Investment Fund Programmes.	Review January 2021	Director of Economic Growth
Delivery of our £5m Covid-19 Capacity Fund is underway to support businesses and residents, some early impact is evident with further benefits expected in the coming months.	Review January 2021	Director of Economic Growth
A review of the Investment Fund Programme to identify opportunities through existing and new funding vehicles to aid recovery in the coming months. The on-going review of projects and programmes, adapting them as required, has had some immediate success however other results will not be evident for a few months.	Review January 2021	Director of Economic Growth
AEB became operational 1 August 2020. Provider Performance and Management processes are ongoing.	Review April 2021	Director of Economic Growth
Continued engagement with NTCA AEB providers to ensure a collaborative approach to aligning adult skills to deliver the Authority's vision. This includes additional funding allocated to NTCA under the AEB for 2020/21 to support a Covid-19 response. NTCA have worked with our current providers to operationalise this additional funding to reflect the Authority's vision and Government guidelines. Yet more funding through AEB will be received in April 2021 as a delegation from DfE to deliver the Prime Minister's Lifetime Skills Guarantee. Processes to adhere to the rules and requirements of a 'delegation' need to be developed/implemented once details are provided from DfE to NTCA in January 2021.	Review April 2021	Director of Economic Growth
To inform priorities and allocations dialogue continues with AEB providers to ascertain immediate impact of Covid-19 and medium/long term mitigation planning. A provider roundtable took place in November. Quarterly monitoring meetings with all providers were held throughout December.	April 2021	Director of Economic Growth

<p>AEB Skills Plan to be updated in line with the area's skills needs for the 2021/22 academic year. Expected to be launched at Cabinet in March 2021.</p>	<p>April 2021</p>	<p>Director of Economic Growth</p>
<p>A Joint School Improvement Strategy was approved by NTCA Cabinet in July 2020, establishing an Education Strategy Group consisting of education leads from each constituent authority and the lead officer for education at NTCA. Communications continue between NTCA and the Department for Education about the Education Challenge and how the Joint School Improvement programme can support the work of the DfE in the North of Tyne area. A meeting with the Regional Schools Commissioner and NTCA is scheduled for January 2021.</p>	<p>Ongoing - review progress February 2021</p>	<p>Director of Economic Growth</p>

<p><u>Risk – Operational Capacity and Resources</u> The Combined Authority is unable to demonstrate to Government and partners that it has the necessary capacity, skills and expertise to successfully deliver the devolution deal, within the constraints of approved funding streams, timeframes, conditions and performance criteria.</p>	<p><u>Risk Owner</u> Director of Policy and Performance</p>	
	<p><u>Risk Score</u></p>	
	<p>Current controlled score – Amber 8</p> <p>Target Score – Green 4</p>	
<p>Cause:</p> <ul style="list-style-type: none"> Staffing levels are changeable due to different working patterns as a result of working from home due to the Coronavirus pandemic There is a lack of clarity and shared understanding in the constituent authorities of the roles and responsibilities of the officers working on the Devolution agenda and supporting the Combined Authority Coronavirus pandemic is leading to significant increases in workload, reducing constituent council's capacity which can be allocated to NTCA operations 		
<p>Impact:</p> <ul style="list-style-type: none"> Inability to maintain relationships with partners and stakeholders during Coronavirus pandemic Duplication of activity and conflicting priorities within Constituent Authorities Existing resources are not fully utilised to effectively deliver the Authority's strategic priorities Projects and schemes are not delivered within the approved timeframes and do not meet performance criteria 		
<p>Existing Controls:</p> <ul style="list-style-type: none"> Interim Statutory Officer appointments (Head of Paid Service, Monitoring Officer, Chief Finance Officer) Mayor and other key officers Senior Officer appointments including Director of Policy and Performance, Director of Economic Growth, Head of Inclusive Growth, Education Improvement Challenge Strategic Lead Constituent Authorities provide support services to the Authority through Service Level Agreements Recruitment Plan in place and some appointments have been made A structured exercise has been undertaken to develop resource plans, gauge capacity and clarity with assigned roles and responsibilities to facilitate the effective operation of the Authority. A work programme has been developed for officer use and is referenced in all appraisals Implementation funding has been approved and paid by DfE, to ensure appropriate capacity and resources are put in place for the devolution of the Adult Education Budget 		
Next Steps	Deadline	Lead Officer(s)
A Covid-19 Contingency Plan is in place to support central government guidance, homeworking and officer deployment instructions. The Plan worked well and work is now underway on a return policy for the office and the 'new normal'. First small cohort successfully returned to the office in early September, no plans to increase numbers currently.	Ongoing - review January 2021	Director of Policy and Performance
Business Continuity Plan (BCP) – the formulation of a full BCP has begun with an information gathering exercise underway. Development has stalled due to the impact of Covid-19 with delays to the receipt of information sought from other organisations. Paused as staff are working from home and focus of BCP will need to reflect the new office location, move expected spring 2021.	Review Spring 2021	Director of Policy and Performance

Organisational Development – Following the completion of staff appraisals, two Pulse surveys have been undertaken and a staff group to discuss the results has been established. In November and December separate values and behaviours sessions were held to further develop the NTCA values.	March 2021	Director of Policy and Performance
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<p><u>Opportunity – Partnerships</u></p> <p>The establishment of the Combined Authority provides us with an opportunity to strengthen the existing partnership arrangements in the region, and across the public and private sector to drive forward change to meet our ambitions and successfully deliver the North East Strategic Economic Plan.</p>	<p style="text-align: center;"><u>Risk Owner</u> Director of Policy and Performance</p> <p style="text-align: center;"><u>Opportunity Score</u></p> <p style="text-align: center;">Current controlled Score – Amber 8</p> <p style="text-align: center;">Target Score – Green 6</p>	
<p>Benefits:</p> <ul style="list-style-type: none"> • Strengthening the synergy between Cabinet, the North East Local Enterprise Partnership and Local Authorities • Influencing regional approaches to growth • Improving how we work with Government, business, investors and partners 		
<p>Barriers:</p> <ul style="list-style-type: none"> • The success of the Combined Authority will rely on the on-going commitment of all member authorities and how NTCA works with other partners in the region • It is important that Cabinet share the same vision and commitment to the Combined Authority, ensuring individual plans are aligned • It is recognised that there are a number of partners, therefore effective and timely communications and consultation is vitally important to reduce reputational impact 		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The NTCA is working closely with LAs, North East LEP, NECA, and other partners in the region to ensure we have a joined-up response to Covid-19. This work has progressed well, with a single regional plan developed. • Mayor’s Ambassador for the Voluntary, Community and Social Enterprise Sector (VCSE) appointed and Accord agreed • Regular meetings with the Business Community i.e. CBI, Federation for Small Businesses, Entrepreneurs’ Forum • Community and Voluntary Sector engagement meetings • The North East LEP is leading the regional development of the Local Industrial Strategy • NTCA representation on: <ul style="list-style-type: none"> ▪ The North East LEP Boards (Investment, Skills Advisory Panel, Innovation and Business Growth) ▪ The Board of Transport for the North ▪ The North East Joint Transport Committee (and sub-committees), responsible for preparing a single transport plan for the area of both Combined Authorities • NTCA and DWP Framework Agreement in place to coordinate employment, skills and health services across the North of Tyne area • NTCA Inclusive Economy Board with member representation from the public, private and voluntary sector, including constituent LA’s and NELEP, 		
<p>Next Steps</p>	<p>Deadline</p>	<p>Lead Officer(s)</p>
<p>Regular meetings 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.</p>	<p>Ongoing</p>	<p>Director of Economic Growth</p>
<p>Mayoral Ambassador for the business sector – maintain good engagement and consultation with the business community and review options for the ambassador role when the situation with coronavirus has become more stable.</p>	<p>Review Spring 2021</p>	<p>Director of Policy and Performance</p>

VCSE Accord - begin to scope how the NTCA can add value to the work of our local government partners with the VCSE to build capacity, sustainability and be a catalyst for an inclusive economy.	Review Spring 2021	Director of Policy and Performance
Continued engagement with AEB providers, employers and stakeholders in the North of Tyne area to ensure a collaborative approach to aligning adult skills to deliver the Authority's vision.	Ongoing	Director of Economic Growth
Good Work Pledge – The implementation, promotion and development of the Good Work Pledge continues. A Coronavirus impact analysis to determine the next steps and timelines has been undertaken. The Good Work Pledge was launched publicly in November 2020.	Review April 2021	Director of Policy and Performance

<p>Opportunity – North East LEP Partnership</p> <p>As the accountable body for the North East LEP there is greater opportunity to maximise partnership arrangements with NTCA through working together to coordinate and manage resources, embedding effective governance arrangements between the bodies, collectively responding to future opportunities and challenges.</p>	<p><u>Risk Owner</u> Chief Finance Officer</p>	
	<p><u>Opportunity Score</u></p>	
	<p>Current controlled Score – Amber 8</p>	
	<p>Target Score – Green 6</p>	
<p>Benefits:</p> <p>Maximising the partnership arrangements between NTCA and the North East LEP through working together to coordinate and manage resources. Embedding effective governance arrangements will help to develop a greater awareness and understanding of the North East LEPs programmes and objectives.</p>		
<p>Barriers:</p> <p>The governance, roles and responsibilities need to be clear and understood to ensure effective partnership working.</p>		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Cabinet received an update on the North East LEP project funding decisions during the first five months of the 2020/21 financial year at its September 2020 meeting with further updates on LEP project funding decisions to be brought to Cabinet at regular intervals going forward. • North East LEP Chair is a non-voting member of NTCA Cabinet • The new Accountable Body Agreement was signed at the end of March 2020 • The alignment of both NTCA and the North East LEP Service Level Agreements support delivery of the North East LEP operations • In both the new Accountable Body Agreement and Deed of Cooperation, changes made to support arrangements and financial model ensure there is no detrimental impact to the North East LEP. • North East LEP staff are NTCA employees and NTCA is the legal entity responsible for administering its budget • The North East LEP strategic risk register is reported regularly to NTCA Audit and Standards Committee alongside NTCA strategic risks 		
Next Steps	Deadline	Lead Officer(s)
NTCA as the accountable body, must satisfy itself of the legality and financial probity of any decisions of the North East LEP. Those actions will be endorsed through NTCA's decision making structure and authorised by the Head of Paid Service on behalf of NTCA.	Ongoing	Chief Finance Officer
In order to provide assurance that NTCA is properly discharging its role as accountable body to the North East LEP, quarterly reports on this area of work will be presented to Cabinet and the Overview and Scrutiny Committee.	Ongoing Quarterly	Chief Finance Officer

North East Local Enterprise Partnership – Strategic Risks

<p><u>Operational capacity and resourcing</u></p> <p>Medium term operational budget may not be sufficient to maintain the current capacity within the team to lead the delivery of the Strategic Economic Plan (SEP) and to react to the impact of Brexit, the impact of the Covid-19 pandemic and emerging Government policies due to multiple short term (often annual) funding sources.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium Impact – Critical</p>
<p>Cause: All funding sources relating to staff resourcing, the core operational budget and project delivery are time limited and are not sufficient to allow the Local Enterprise Partnership (LEP) to effectively plan a medium-term budget and operational model.</p>	
<p>Impact/Consequence: The LEP will need to adjust to operate with a reduced level of staffing resource, limiting and prioritising the scope of work that can be delivered, if future funding is not made available and/or secured.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The 2020/21 LEP operational budget was agreed by the LEP Board and its accountable body • Some financial reserves are held by the LEP from previous financial years • Potential to call on financial resources relating to Enterprise Zone income if required • On-going monitoring of external funding landscape and actions to secure alternative sources • A new company limited by guarantee is in place alongside the LEP structure which enables a wider source of funding applications to be made and the LEP to seek funding from other sources 	
Next Steps	Lead Officer(s)
Budget management and forecasting on-going	Helen Golightly (Chief Executive)
Lobbying of Government to secure additional and longer-term resources for LEPs on-going	Helen Golightly (Chief Executive)
On-going horizon scanning for funding opportunities to support the team and delivery.	Helen Golightly (Chief Executive)

<p><u>Increase in the role and scope of LEPs by government with no new resource to support the additional responsibility(ies)</u></p> <p>Government fails to allocate sufficient operational budgets if they increase the role, scope and remit of LEP activity through changes in national policy, and in particular as a consequence of Brexit and the Covid 19 pandemic.</p>	<p><u>Risk Owner</u> Chief Executive</p>	
	<p><u>Risk Score</u></p>	
	<p>Red 12</p>	
	<p>Likelihood – Medium Impact – Critical</p>	
<p>Cause: Government have reviewed the role and scope of LEP activity which is set out in the paper ‘Strengthening LEPs’. Government requires LEPs to be independent of local authorities with a wider remit around Local Industrial Strategies, funding and Brexit and a shared role in responding to the Covid 19 pandemic. There needs to be sufficient financial resources made available to LEPs to carry out any increased responsibility and activity.</p>		
<p>Impact/Consequence: The LEP operational budget does not have sufficient headroom for additional staffing capacity. This could lead to current staff resources being spread too thinly, reducing impact and effectiveness in facilitating the delivery of the Strategic Economic Plan and responding to Brexit and the pandemic.</p>		
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The LEP continues to work closely with government to try to influence policy and its practical delivery implications • The LEP Network (national body) plays a key lobbying role with government 		
Next Steps		Lead Officer(s)
Continue to lobby and influence Government		Helen Golightly (Chief Executive)
Consider and respond to any changes as they emerge		Helen Golightly (Chief Executive)

<p><u>Government Capital Funding</u></p> <p>Government capital funding to replace Local Growth Funding (LGF) may be insufficient to support the delivery of the strategic projects within the SEP, the emerging Local Industrial Strategy (LIS) and Covid-19 response plan.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium Impact – Critical</p>
<p>Cause:</p> <p>There is uncertainty around the design, function and level of future regional/local strategic capital and revenue funding sources from government. The UK Shared Prosperity Fund (UKSPF) which is due to fill the gap after the European Structural and Investment Fund (ESIF) and Local Growth Fund (LGF) was proposed to come into effect in April 2021. The government consultation has been delayed until autumn 2021 at the earliest and more likely to be Spring 2022. There is no clarity on the level of funding available for the North East beyond March 2021 (LGF) and no further progress made in relation to ESIF successor fund beyond June 2023, other than the short-term Getting Building Fund announced July 2021. There is therefore a significant risk that funding for capital pipeline projects is not available.</p>	
<p>Impact/Consequence:</p> <p>Without a clear understanding of future potential funding, the development and delivery of strategic projects related to the SEP, the emerging Local Industrial Strategy post 2021 and Covid 19 response planning is at risk.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • The 2019 refreshed SEP is strongly aligned to key government policies which should attract investment if it becomes available. • The LEP is working with government to influence policy and funding thinking • The LEP is leading the regional development of the emerging Local Industrial Strategy, although this has stalled during the pandemic, which will enable a conversation with government about strategic projects and investment to work with us to increase productivity in the North East. • The LEP is working with regional partners to develop a pipeline of strategic projects in preparation including innovation projects. • The LEP is working with regional partners on a Covid 19 economic response plan. 	
Next Steps	Lead Officer(s)
Continue to develop a pipeline of projects (where appropriate) to be ready to 'win' funding as it becomes available.	Helen Golightly (Chief Executive)
Continue to work with government and influence emerging policy thinking.	Helen Golightly (Chief Executive)
Develop a portfolio of innovation projects with regional partners	Alan Welby (Innovation Director)

<p><u>European Funding</u></p> <p>Failure of the North East LEP area to secure the full notional funding (circa £500m) allocated to the North East through European Structural and Investment Funding (ESIF) programmes will significantly impact on the delivery of the Strategic Economic Plan.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Amber 9</p>
	<p>Likelihood – Medium Impact – Significant</p>
<p>Cause: ESIF programme implementation was delayed whilst the impact of the EU Referendum was reviewed by government departments. This has led to national underperformance against profiled commitment/spend for some parts of the programme. The UK Shared Prosperity Fund (UKSPF) is likely to replace the ESIF Programmes beyond 2023, however the consultation document expected from government continues to be delayed. Therefore, the future funding opportunities beyond ESIF continue to be uncertain.</p>	
<p>Impact/Consequence: The ability to secure the North East LEP area's full quota of European funding risks damaging local regeneration plans and stalling infrastructure projects, business growth, employment and skills schemes and local growth projects. This could result in the success of the Strategic Economic Plan being adversely affected and outcomes delayed or not achieved.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • Government have confirmed ESIF projects will be underwritten following departure from the European Union, however, there is no guarantee that each region will maintain its notional allocation. • The seven local authorities with the LEP secured £58.5m of ESIF to continue the JEREMIE programme. A Special Purpose Vehicle has been established to deliver funding for projects, supporting small and medium sized enterprises known as the North East Fund Ltd. • The North East LEP with both combined authorities work with partners to develop local content to feed into the national project calls to ensure the funding is appropriately focussed on local need in order to maximise spend in the North East. • The Strategic Economic Plan (SEP) was refreshed in early 2019 to ensure its priorities remain current. The SEP is aligned to the North East ESIF Strategy, to direct the allocation of European Funding to grow the North-East Economy • The LEP has employed a dedicated officer to work with partners to maximize the spend of European Social Fund (ESF) in the North East 	
<p>Next Steps</p>	
<p>The North East LEP and other local partners are working with the Managing Authorities (DHCLG, DWP and Defra) to ensure that the maximum funding will be allocated to the North East, in line with the notional allocation of €560m Euros.</p>	<p>Helen Golightly (Chief Executive)</p>
<p>The LEP Executive Team is working with key stakeholders to prepare projects ready for Government releasing further 'calls' for applications for funding.</p>	<p>Helen Golightly (Chief Executive)</p>

<p><u>North East regional governance</u></p> <p>The LEP area covers seven local authorities and two combined authorities, one of which is mayoral. The LEP area is unique in England to have more than one combined authority which may impact on clarity of roles and decision making.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – Medium Impact – Critical</p>
<p>Cause: The North East Combined Authority’s (NECA) decision to proceed with the North of Tyne Mayoral Combined Authority led to the regional governance structures changing as two combined authorities were created in November 2018, both of which have agreed to support and operate effectively with the North East LEP. The LEP economic remit therefore spans both combined authority areas. One of the combined authorities should also act as the accountable body for the LEP. It was agreed that NTCA would be the North East LEP accountable body from 1 April 2020.</p>	
<p>Impact/Consequence: The governance, roles and responsibilities need to be clear at a local level and understood by national government to ensure effective strategy development, delivery of economic development activity, investment and partnership working.</p> <p>It is also vital that the change in accountable body must not be detrimental to the current effective operations or financial position of the LEP.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • All seven local authorities are committed to supporting the North East LEP and the delivery of the SEP as set out in their signed Deed of Cooperation which was reviewed and re-signed at the end of March 2020. • The new Accountable Body Agreement was signed at the end of March 2020 and Service Level Agreements (SLA) are in place to support the delivery of LEP operations. • In both the new Accountable Body Agreement and Deed of Cooperation, changes made to support arrangements and financial model are to ensure no detrimental to the North East LEP. 	
Next Steps	Lead Officer(s)
Continue to work effectively with all seven local authorities and both combined authorities on shared agendas, strategy development and delivery.	Helen Golightly (Chief Executive)
Work with NTCA and SLA providers to ensure a smooth transition which enables the North East LEP to carry out its functions in an effective and compliant way.	Helen Golightly (Chief Executive)

<p><u>Covid-19 or any other epidemic / pandemic</u></p> <p>The lockdown imposed as a result of the Covid-19 in March 2020 in the UK has had a significant impact on the regional economy and demonstrated that epidemics/pandemics pose a high risk to regional, national and global economies.</p>	<p><u>Risk Owner</u> Chief Executive</p>
	<p><u>Risk Score</u></p>
	<p>Red 12</p>
	<p>Likelihood – High Impact – Critical</p>
<p>Cause:</p> <p>Epidemics and pandemics are rare but can have catastrophic effect. They stem from a range of factors and have various levels of infection and mortality rates. The global dimension of our society and economy means that highly infectious diseases and viruses such as Covid-19 can spread quickly, and containment and other mitigation efforts are complex and require joined up efforts across the world or a group of countries.</p> <p>The lockdown measures essential to control the virus has forced businesses to close or operate in different ways and often to reduced capacity during the lock down period, having a dramatic negative impact on the economy.</p>	
<p>Impact/Consequence:</p> <p>Covid-19 has had a severe impact on the economy forcing a large number of businesses to stop trading or slow down their activities and leading to a significant volume of the workforce to be furloughed and/or made redundant. The UK and regions potentially now face the worst economic downturn in centuries. In practical terms for the North East LEP, initially this meant a change of focus for the LEP as it responded to the immediate impact of the pandemic working with regional partners and Government. It has stalled the finalisation of the Local Industrial Strategy and focussed on translating ambitions in a different way through a response plan. It has also affected partners ability to deliver projects.</p>	
<p>Existing Controls:</p> <ul style="list-style-type: none"> • A North East Covid-19 Economic Response Group is in place. It is a regional partnership comprising of the North East LEP, North of Tyne and North East Combined Authorities, CBI representing businesses, VONNE, the TUC, the universities and transport colleagues. • The Group meets on a regular basis • Work is on-going to put in place a recovery plan with short-term, medium-term and long-term interventions • On-going liaison with the LEP Network and NP11 on Covid-19 issues 	
<p>Next Steps</p>	<p>Lead Officer(s)</p>
<p>Continue to support and facilitate the Covid-19 Economic Response Group and produce an economic recovery plan.</p>	<p>Helen Golightly (Chief Executive)</p>
<p>Ensure continued alignment and co-ordination of key messaging and interventions</p>	<p>Helen Golightly (Chief Executive)</p>
<p>Actively lobby government including through the LEP Network and NP11</p>	<p>Helen Golightly (Chief Executive)</p>

North East Joint Transport Committee Strategic Risks

The North East JTC Strategic Risk Register has been prepared by NECA's risk management service. The register is presented regularly to the North East JTC Audit Committee.

JTC Risks to Achievement of Strategic Objectives	Risk Priority	Direction of Travel
Carbon Neutral Transport Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.	Red 12	Static <i>Due to possible negative impact of Covid-19 on future funding and need for behavioural change</i>
Inequality and Growth of the Economy Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area.	Red 12	Static <i>Due to possible negative impact of Covid-19 on future funding and cost and service availability users of public transport</i>
Health Failure of the transport system to achieve the planned outcomes to contribute the improvements in health of the population in the JTC area.	Amber 8	Static <i>Positive impact of Covid-19 on active travel counter balanced by possible negative impact of Covid-19 on future funding and need for behavioural change</i>
Appealing Sustainable Transport The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.	Red 12	Static <i>Due to possible negative impact of Covid-19 on future funding and cost and service availability to users of public transport</i>
Safety and Security The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.	Amber 8	Static <i>Arrangements in place but possible negative impact of Covid-19 on future funding</i>
JTC Organisation Risks		
Future Availability of Funding Sources and levels of funding available to the JTC to develop the North East regions transport infrastructure within the region may reduce.	Red 12	Static
Funding Opportunities Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.	Amber 8	Static

<p>Use of Funding and Resources Funding secured for transport initiatives within the North East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Governance Arrangements The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.</p>	<p>Green 4</p>	<p>Static</p>
<p>Operational Capacity and Resourcing The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Delivery of Transport Improvement Projects/Programmes Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.</p>	<p>Amber 8</p>	<p>Static</p>
<p>Transport Infrastructure Assets Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.</p>	<p>Green 6</p>	<p>Static</p>
<p>Service Delivery Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.</p>	<p>Green 6</p>	<p>Static</p>
<p>'Catastrophic Event' Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel)</p>	<p>Amber 8</p>	<p>Static</p>

Risk Management Toolkit – Criteria to assess the likelihood of a risk occurring and its impact i.e. High (4) x Critical (4) = Red (16) **Appendix E**

Determine the risk priority					
Impact					
Likelihood		Insignificant	Minor	Significant	Critical
	High (4)	4	8	12	16
	Medium (3)	3	6	9	12
	Low (2)	2	4	6	8
	Negligible (1)	1	2	3	4

Assess the likelihood of the risk occurring	
High (4)	Risk will almost certainly occur or is occurring at present
Medium (3)	Risk is likely to occur in most circumstances
Low (2)	Risk may occur
Negligible (1)	Risk is unlikely to occur

Assess the impact should the risk occur

	Objective	Service Delivery	Financial	Reputational
Critical/Showstopper Page 88	<ul style="list-style-type: none"> Over half the objectives/programmes affected More than one critical objective affected Partners do not commit to the Shared vision 	<ul style="list-style-type: none"> Significant change in partner services Relationship breakdown between major partners and stakeholders Serious impact on delivery of objectives Unplanned major re-prioritisation of resources and/or services in partner organisations Failure of a delivery programme/major project 	<ul style="list-style-type: none"> Inability to secure or loss of significant funding opportunity (£5m) Significant financial loss in one or more partners (£2m) Significant adverse impact on budgets (£3m – Transport; £0.2m Central Budget) 	<ul style="list-style-type: none"> Adverse national media attention External criticism (press) Significant change in confidence or satisfaction of stakeholders Significant loss of community confidence
Significant	<ul style="list-style-type: none"> One or more objectives/programmes affected One or more partners do not commit to shared vision Significant environmental impact 	<ul style="list-style-type: none"> Partner unable to commit to joint arrangements Recoverable impact on delivery of objectives Major project failure 	<ul style="list-style-type: none"> Prosecution Change in notable funding or loss of major funding opportunity (£2m) Notable change in a Partners contribution Notable adverse impact on budget (£0.5m-£1.5m Transport budgets) 	<ul style="list-style-type: none"> Notable external criticism Notable change in confidence or satisfaction Internal dispute between partners Adverse national/regional media attention Lack of partner consultation Significant change in community confidence
Minor	<ul style="list-style-type: none"> Less than 2 priority outcomes adversely affected Isolated serious injury/ill health Minor environmental impact 	<ul style="list-style-type: none"> Threatened loss of partner's commitment 	<ul style="list-style-type: none"> Minor financial loss in more than one partner Some/loss of funding or funding opportunity threatened 	<ul style="list-style-type: none"> Failure to reach agreement with individual partner Change in confidence or satisfaction Minor change in community confidence
Insignificant	<ul style="list-style-type: none"> Minor effect on priorities/service objectives Isolated minor injury/ill health No environmental impact 		<ul style="list-style-type: none"> Isolated/minor financial impact in a partner organisation <p>(Financial limits are under review)</p>	

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Audit and Standards Committee

19 January 2021

Subject: LGA Model Code of Conduct - Update

Report of: John Softly, Interim Monitoring Officer

Report Summary

This report provides Members with an update on the Local Government Association (“LGA”) model code of conduct.

Recommendations

The Committee is recommended to note that the LGA’s model code of conduct has now been published.

1. Background Information, Proposals and Timetable for Implementation

1.1 Under the Localism Act 2011, a local authority (including a combined authority) must adopt a code of conduct. There is no mandatory model code. However, an authority’s code, when viewed as a whole, must be consistent with the 7 principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In addition, the code must include provision for the registration and disclosure of interests. NTCA’s code of conduct is set out at Part 5.1 of its constitution at:

<https://www.northoftyne-ca.gov.uk/documents/part-5-1-constitution-code-of-conduct-for-members/>

1.2 In its report on Local Government Ethical Standards (published in January 2019), the Committee on Standards in Public Life noted the variation in length, quality and clarity of codes of conduct which, it considered, “creates confusion” among members of the public and councillors representing different tiers of local government. It therefore recommended that the Local Government Association (LGA) should create an updated model code of conduct, which should be voluntary and able to be adapted.

1.3 As noted at this Committee’s meeting in July, the LGA issued a draft of its proposed model code of conduct for consultation. Following that consultation the LGA issued the final version of the model code in December. A copy is attached at Appendix 1. The LGA has also published a summary of the responses it received to the consultation which can be found at:

<https://local.gov.uk/local-government-association-model-councillor-code-conduct-2020-0>

1.4 It is a matter for each local authority as to whether it adopts all or any part of the model code of conduct. In developing their existing codes of conduct, local authorities across the North East liaised to achieve some regional consistency and it is anticipated that this approach is likely to be followed in respect of the model code. Officers will report back to Committee in due course but members’ initial views would be welcomed.

2. Potential Impact on Objectives

2.1 As noted above, the authority is statutorily required to have a code of conduct.

3. Key Risks

3.1 None.

4. Financial and Other Resources Implications

4.1 None.

5. Legal implications

5.1 These are set out above.

6. Equalities Implications

6.1 There are no direct equalities implications.

7 Inclusive Economy Implications

7.1 None.

8 Climate Change Implications

8.1 None.

9 Consultation and Engagement

9.1 As indicated above, the model code of conduct will be considered across the constituent councils and a further report brought back to this committee in due course.

10. Appendices

Appendix 1 – LGA Model Code of Conduct

11. Background Papers

11.1 None.

12. Contact Officer

John Softly, Interim Monitoring Officer

John.Softly@northoftyne-ca.gov.uk

Tel 0191 2777047

Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. Bullying, harassment and discrimination

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - 3. I have consulted the Monitoring Officer prior to its release.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. Interests

As a councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority .

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in Table 1, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B Registering

interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable pecuniary interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in Table 2), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it

is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body included in those you need to disclose under Disclosable Pecuniary Interests as set out in **Table 1**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects** your financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her 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 made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(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 councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* '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.

Table 2: Other Registerable Interests

<p>You have a personal interest in any business of your authority where it relates to or is likely to affect:</p> <ul style="list-style-type: none">a) any body of which you are in general control or management and to which you are nominated or appointed by your authorityb) any body<ul style="list-style-type: none">(i) exercising functions of a public nature(ii) any body directed to charitable purposes or(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

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