North Tyneside Council

Annual Governance Statement

2021/22

27 July 2022

Contents

Section

2021/22 Annual Governance Statement

1.0 Scope of Responsibility

North Tyneside Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards. It must make sure that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. North Tyneside Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, North Tyneside Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

North Tyneside Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government". A copy of the Code can be found on our website or can be obtained from Legal Services. This Statement explains how North Tyneside Council has complied with the code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations 2015 in relation to the publication the Annual Governance Statement (AGS).

2.0 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled. It sets out the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Tyneside Council's policies, aims and objectives. By evaluating the likelihood of those risks being realised and the impact should they be realised, it allows the Authority to manage them efficiently, effectively and economically.

An Annual Report is produced by the Chief Internal Auditor, part of which provides an opinion from Internal Audit on the overall adequacy and effectiveness of the Authority's control environment. This Statement includes any control issues that the Chief Internal Auditor has deemed significant and should be included within the AGS. These are identified where appropriate and referenced to the Annual Audit Report.
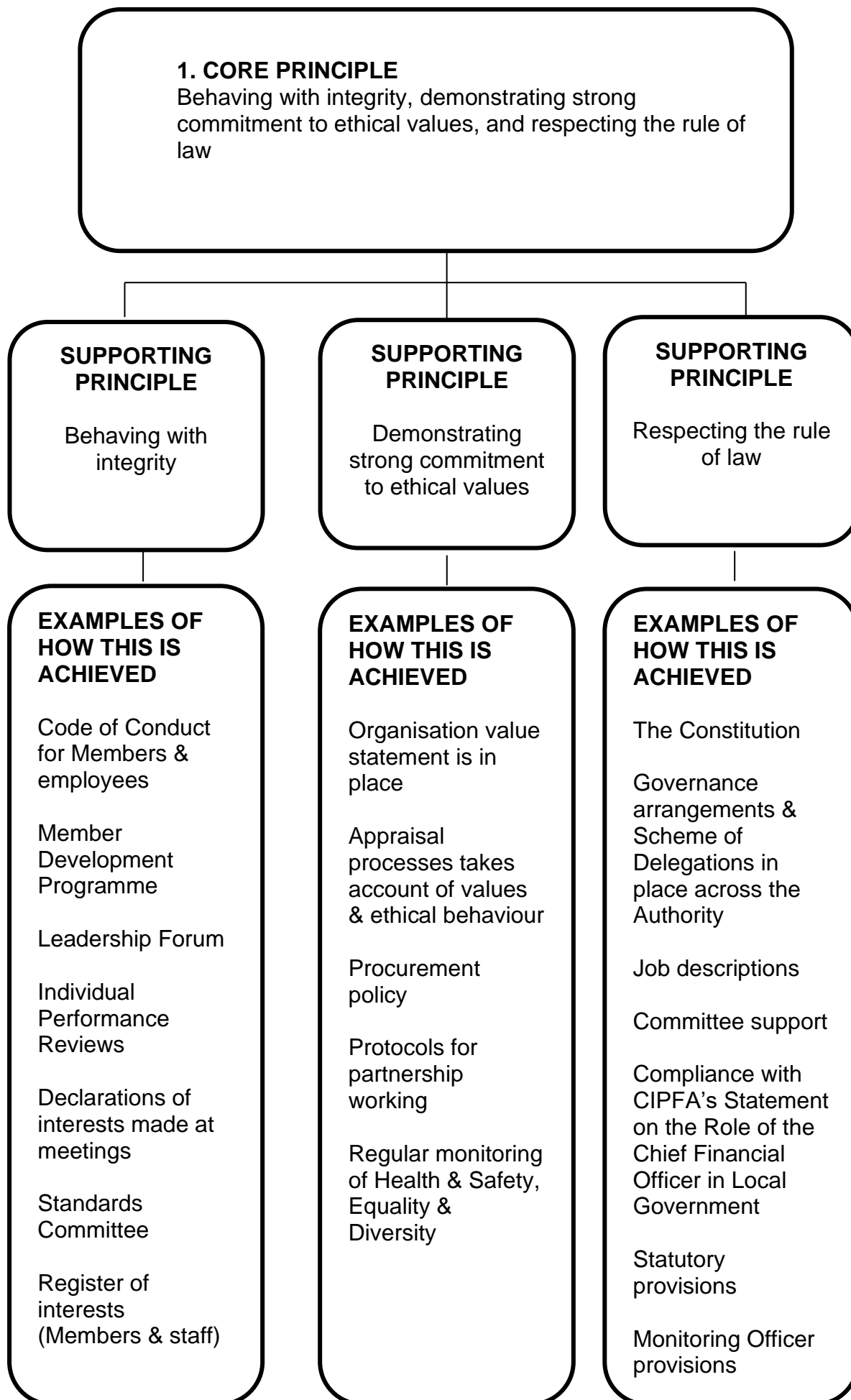
The governance framework has been in place at North Tyneside Council for the year ended 31 March 2022 and up to the date of approval of the Annual Financial Report.

3.0   The governance framework

The governance framework is based on the core principles of corporate governance included in the CIPFA/SOLACE Framework. These principles are underpinned by key features that need to be in place to allow an authority to demonstrate that they comply with these principles. The diagram below sets out the seven fundamental principles:

Means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Means implementing good practices in transparency, reporting, and audit to deliver effective accountability

Means ensuring openness and comprehensive stakeholder engagement

Good Governance

Means managing risks and performance through robust internal control and strong public financial management

Means defining outcomes in terms of sustainable economic, social, and environmental benefits

Means developing the entity's capacity, including the capability of its leadership and the individuals within it

Means determining the interventions necessary to optimise the achievement of the intended outcomes

The key features that underpin each of the core principles, together with examples of how the Authority achieves them are outlined in the following diagrams.

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

SUPPORTING PRINCIPLE

Behaving with integrity

SUPPORTING PRINCIPLE

Demonstrating strong commitment to ethical values

SUPPORTING PRINCIPLE

Respecting the rule of law

EXAMPLES OF HOW THIS IS ACHIEVED

Code of Conduct for Members & employees

Member Development Programme

Leadership Forum

Individual Performance Reviews

Declarations of interests made at meetings

Standards Committee

Register of interests (Members & staff)

EXAMPLES OF HOW THIS IS ACHIEVED

Organisation value statement is in place

Appraisal processes takes account of values & ethical behaviour

Procurement policy

Protocols for partnership working

Regular monitoring of Health & Safety, Equality & Diversity

EXAMPLES OF HOW THIS IS ACHIEVED

The Constitution

Governance arrangements & Scheme of Delegations in place across the Authority

Job descriptions

Committee support

Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

Statutory provisions

Monitoring Officer provisions

2. CORE PRINCIPLE

Ensuring openness and comprehensive stakeholder engagement

SUPPORTING PRINCIPLE

Openness

SUPPORTING PRINCIPLE

Engaging comprehensively with institutional stakeholders

SUPPORTING PRINCIPLE

Engaging with individual citizens and service users effectively

EXAMPLES OF HOW THIS IS ACHIEVED

Annual Financial Report

Freedom of Information Act publication scheme

Online Council Tax information

Authority website

Compliance with Transparency Code

Record of decision making and supporting materials

Report pro-formas

Record of professional advice in reaching decisions

Mayor's Listening Events

EXAMPLES OF HOW THIS IS ACHIEVED

Engagement Strategy

Partnership framework

Partnership protocols

Record of public consultations

EXAMPLES OF HOW THIS IS ACHIEVED

Community Conversations hosted by local Councillors

Wide programme of engagement on full range of services regularly reported to SLT and Cabinet Members

Mayor's Listening Events

Tenant & Leaseholder Involvement Strategy

Authority's website & use of social media

Joint Strategic Needs Assessment

3. CORE PRINCIPLE
Defining outcomes in terms of sustainable economic, social, and environmental benefit

SUPPORTING PRINCIPLE

Defining outcomes

SUPPORTING PRINCIPLE

Sustainable economic, social and environmental benefits

EXAMPLES OF HOW THIS IS ACHIEVED

Our North Tyneside Plan 2020 - 2024

Efficiency Programme

Joint Strategic Needs Assessment

Health & Wellbeing Strategy

North Tyneside Strategic Partnership

Service Plans

Performance Management Framework

Community engagement and involvement

EXAMPLES OF HOW THIS IS ACHIEVED

The Investment Plan

Capital Investment Strategy

Strategic Property Group & Investment Programme Board

Corporate Performance Management

External Audit review

Regular budget monitoring

Record of decision making and supporting materials

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

SUPPORTING PRINCIPLE
Determining interventions

SUPPORTING PRINCIPLE
Planning interventions

SUPPORTING PRINCIPLE
Optimising achievement of intended outcomes

EXAMPLES OF HOW THIS IS ACHIEVED

Budget monitoring to Cabinet & Finance Sub-Committee

Regular meetings between Cabinet Members and Senior Officers

Service & Corporate Performance Reports

Officer attendance, support and advice for the various Committees and Sub-Committees of the Authority

Evidence based policy making

EXAMPLES OF HOW THIS IS ACHIEVED

All Council and Committee reports include a risk management section

Risks jointly owned by Senior Leadership Team and Cabinet. Progress on risk management is reported to Cabinet on a regular basis

Partnership framework

Communication strategy

Budget guidance and protocols

Corporate plans

EXAMPLES OF HOW THIS IS ACHIEVED

Feedback surveys

Budgeting guidance and protocols

Financial strategy

Service plans

Corporate plans

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

SUPPORTING PRINCIPLE

Developing the entity's capacity

SUPPORTING PRINCIPLE

Developing the capability of the entity's leadership and other individuals

EXAMPLES OF HOW THIS IS ACHIEVED

Council Plan

Service Plans

Workforce plan

Organisational development plan

Member Development Programme

Shared Services Management Board

Protocols on Member/Officer Relations

EXAMPLES OF HOW THIS IS ACHIEVED

Learning & Development Framework

Member Development Programme

Leaders for the 21st Century Programme

Managers Development Programme

Releasing the Potential of the Workforce Programme

Leadership Forum

Appropriate training

Working with Members training

6. CORE PRINCIPLE
Managing risks and performance through robust internal control and strong public financial management

SUPPORTING PRINCIPLE

Managing risk

SUPPORTING PRINCIPLE

Managing performance

SUPPORTING PRINCIPLE

Robust internal control

EXAMPLES OF HOW THIS IS ACHIEVED

Risk management procedures and protocol in place

Risk management is undertaken at strategic, corporate and operational level

Risks jointly owned by Senior Leadership Team and Cabinet. Progress on risk management is reported to Cabinet on a regular basis

Corporate whistle blowing policy in place

All Council and Committee reports include a risk management section

EXAMPLES OF HOW THIS IS ACHIEVED

Rigorous clearance process for Cabinet and Council reports

Calendar of dates for submitting, publishing and distributing timely reports

Publication of agendas and minutes of meetings

Agreement on the information that will be needed and timescales

Financial standards, guidance

Financial regulations and standing orders

EXAMPLES OF HOW THIS IS ACHIEVED

Risk management strategy

Audit plan

Audit reports

Risk management strategy and policy in place

Annual Governance Statement

Audit Committee in place

Scheme of delegation is in place

6. CORE PRINCIPLE (continued)
Managing risks and performance through robust internal control and strong public financial management

SUPPORTING PRINCIPLE

Managing data

SUPPORTING PRINCIPLE

Strong public financial management

EXAMPLES OF HOW THIS IS ACHIEVED

Data management framework and procedures

Designated data protection officer

Data protection policies and procedures

Data quality procedures and reports

Data validation procedures

E-learning in place

Strategic Information Management Forum

Information Management Strategy

EXAMPLES OF HOW THIS IS ACHIEVED

Budget monitoring reports

Internal Audits

External Audits

Annual financial report

7. CORE PRINCIPLE
Implementing good practice in transparency, reporting, and audit to deliver effective accountability

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SUPPORTING PRINCIPLE	**SUPPORTING PRINCIPLE**	**SUPPORTING PRINCIPLE**
Implementing good practice in transparency	Implementing good practices in reporting	Assurance and effective accountability

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EXAMPLES OF HOW THIS IS ACHIEVED

Consultation during budget process

Website

Annual report

Compliance with Transparency Code

EXAMPLES OF HOW THIS IS ACHIEVED

Annual financial statements which include key points raised by external scrutineers

Annual Governance Statement

Format follows best practice

EXAMPLES OF HOW THIS IS ACHIEVED

Recommendations have informed positive improvement

Annual Governance Statement

Standards Committee

External Audit completion reports

Compliance with CIPFA's Statement on the Role of the Head of Internal Audit

4.0   <u>Review of effectiveness</u>

North Tyneside Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive, Director of Public Health and Directors of Service within the Authority who have responsibility for the development and maintenance of the governance environment.

Listed below are the processes that are applied in maintaining and reviewing the effectiveness of the governance framework on a continuing basis:

- **The Full Council** – The Full Council is responsible, within the scope of its responsibilities under law, for ensuring that the Authority's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, effectively and efficiently. All reports to Full Council document the financial, legal and operational implications of the decisions to be made. Reports are reviewed to ensure there are no governance issues identified or, where such an issue is identified, to ensure that it is appropriately addressed. The Elected Mayor, the Chief Executive and Chair of Council have signed this document;

- **The Council's Executive** – The Council's Executive comprising the Elected Mayor and Cabinet is responsible, within the scope of its responsibilities under the law, for ensuring that the Authority's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, effectively and efficiently. All reports to Cabinet document the financial, legal and operational implications of the decisions to be made. Reports are reviewed to ensure there are no governance issues identified or, where such an issue is identified, to ensure that it is appropriately addressed. The findings of the AGS are reported to, and discussed with, the Elected Mayor;

- **Head of Paid Service** – The Head of Paid Service is responsible for the corporate and overall strategic management of the Authority's staff in accordance with Section 4 of the Local Government and Housing Act 1989;

- **Chief Finance Officer** – The Chief Finance Officer (CFO) has statutory duties in relation to the financial administration and stewardship of the Authority arising from Section 151 of the Local Government Act 1972. The CFO has completed a governance statement which outlines the arrangements that are required to ensure that the CFO duties can be carried out effectively. The statement is based on "The Role of the Chief Finance Officer" published by CIPFA;

- **Monitoring Officer** – The Monitoring Officer has responsibility for promoting and maintaining high standards of conduct and reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Cabinet as set out in Section 5(2) of the Local Government and Housing Act 1989;

- **The Senior Leadership Team** - The Senior Leadership Team acts as the organisation's overall 'management board', providing strategic direction to enable the business of the Authority to be undertaken. The Team provides

ultimate assurance to the Cabinet and non-executive Members in relation to the governance arrangements in place. The AGS is reviewed by the Senior Leadership Team as part of the production of the Statement;

- **The Audit Committee** - The Audit Committee improves corporate governance by reviewing the stewardship of the Authority's resources. The Audit Committee enhances the profile of audit throughout the Authority and enables it to be strong and effective. The findings of the annual governance review are reported to the Audit Committee. The terms of reference of the Audit Committee state that they receive the information necessary to undertake an annual review of the effectiveness of the Authority's system of internal control, will agree the methodology for the preparation of the AGS and will monitor the action plan prepared to address the issues identified in the AGS;

- **Overview, Scrutiny & Policy Development** - The Overview, Scrutiny & Policy Development Committee is about improving services for the people of North Tyneside by influencing decision makers. This is achieved by: acting as a critical friend to the Elected Mayor and Cabinet, investigating issues of interest and concern to communities within North Tyneside, involving communities in its work and making recommendations to decision makers on how services can be improved. There are currently seven Overview, Scrutiny & Policy Development sub-committees which cover all Authority services:

  - Finance;
  - Adult Social Care, Health and Well Being;
  - Children, Education, and Skills;
  - Environment;
  - Economic Prosperity;
  - Housing; and
  - Culture & Leisure

- **Standards Committee** - The Standards Committee is responsible for the promotion and maintenance of high ethical standards within the Authority, helping to secure adherence to the Members' Code of Conduct, monitoring the operation of the Code within North Tyneside, the provision of training to members in relation to the Code and to requirements for disclosure of interests. The Committee also promotes and reviews the Whistleblowing Policy for Members and conducts hearings following investigation and determines complaints made against Councillors in respect of alleged breaches of the Code of Conduct (including following requests for review);

- **Health & Wellbeing Board** – The Health & Wellbeing Board is in place to ensure that there is an integrated approach to the provision of health and social care services in the area. The Board is responsible for: encouraging the commissioners of health and social care services to work in an integrated manner to improve the health and wellbeing of people in the area, including the making of joint arrangements; preparing a Joint Strategic Needs Assessment, Joint Health and Wellbeing Strategy and Pharmaceutical Needs Assessment; and encouraging the commissioners of health-related services, such as housing, to work closely with the Board and the commissioners of health and social care services. The Authority's Director of Public Health and statutory Director of Adult Social Services and Children's Services form part of the Adult Social Care, Health & Wellbeing Board;

- **Corporate Assurance Group** – The Corporate Assurance Group consists of the Chief Executive, statutory Director of Adult Social Services and Children's Services and other senior officers involved in Safeguarding. The Group not only provides adequate and regular assurance for the statutory functions for Adult and Children's Services, but enables a strategic discussion of trends, pressures, special measures for specific establishments/service areas or client groups. It also enables the performance, engagement and resource commitment of partners to be kept under review, as well as providing a regular link with the Safeguarding Board Chairs. A primary function of the Group is to provide the evidence by which the Chief Executive, Elected Mayor and Cabinet Members fulfil their statutory responsibilities to adults and children within the borough – in both a retrospective scrutiny of performance and a forward view of pressures and challenges facing the services – which will inform corporate decisions on resources and capacity;

- **Internal Audit** – Internal Audit plays a key role in the assessment of the control environment. Although part of the Authority's overall control framework, Internal Audit is not a substitute for effective internal control. The Chief Internal Auditor provides an annual summary of the results and conclusions of the year's work, this report includes an opinion on areas included within the AGS;

- **Risk Management Groups** – Risk Management is undertaken at operational, strategic and corporate level and is also a main element of managing our key projects and partnerships. The Authority's Senior Leadership Team takes an active part in ensuring that strategic risks are identified and managed taking into consideration the Authority's priorities. Those strategic risks that are exceptional in nature are managed at corporate level and are jointly owned by the relevant member of the Senior Leadership Team and Cabinet Member. All risks are reviewed on a regular basis by the relevant risk management group and governing body to ensure that they are being managed effectively, with progress reported to Senior Management, relevant Board, Senior Leadership Team, Cabinet, and the Audit Committee;

- **External Audit** - Officers meet regularly with the External Audit team, who also attend key Council meetings. Action plans are formulated to address any formal recommendations raised by external inspectors. The views of our external auditors are expressed through the Annual Audit Letter and the Audit Completion Report; and

- **Partnerships** - a monthly Operational Partnership Board (OPB) is attended by key officers within the Council and the Partner. The Cabinet Member for Finance and Resources (for Equans) and the Cabinet Members for Housing, Environment & Transport and Community Safety & Engagement (for Capita) also attend the relevant meeting. The OPB is the main interface between North Tyneside Council and Equans/Capita. It provides a forum for the day-to-day management of the Partnership and is responsible for ensuring that performance targets are met, that the payment and performance mechanism operates correctly, that a high-performance relationship and culture is developed and that problems or issues and contract variations are resolved. The OPB reviews performance and budget reports from the relevant Partner and any risks or issues escalated to it by Equans/Capita or the Commercial Services Team. The OPB escalates risks and issues to the Strategic

Partnership Board, which in turn escalates risks and issues to Cabinet as appropriate.

- **CIPFA Financial Management Code** - The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively. CIPFA published the FM Code in October 2019. The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected Members, the Chief Finance Officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

All of the above work has been used in compiling this Statement and arriving at an assessment of the internal control arrangements in place within the Authority.

5.0   Overall assessment of Governance Arrangements in place

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

The annual report produced by the Chief Internal Auditor has been reviewed and there are no significant governance issues that were identified. See "Annual Governance Statement 2021/22" section of the Internal Audit Service report "2021/22 Opinion on the Framework of Governance, Risk Management and Control".

As a result of reviewing the evidence outlined, the Senior Leadership Team has taken the view that as a whole, the governance arrangements in operation during 2021/22 within the Authority were adequate.

5.1   Outlook

As a result of reviewing the evidence outlined in sections 3 and 4, together with the Authority's assurance statement, some issues were identified that will need to be monitored during 2022/23. These issues relate to the changing nature of the Authority and local government as a whole. If the Authority failed to address these challenges properly it may result in future governance issues. Outlined below is a summary of these key challenges:

Review of 2021/22 AGS Action Plan – July 2022 Update

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in October 2021 Audit Committee Report
Housing Revenue Account (HRA) – there is a risk that the Authority will be unable to protect its housing asset and services to tenants as a result of reduced income to the HRA.	Government policy on Welfare Reform has resulted in a number of direct challenges to rent collection, for example the Spare Room Subsidy and the Benefit Cap. Further Welfare Reform changes, including the roll out of Universal Credit that commenced in May 2018. The rent increase is likely to be affected due inflation rates currently being so low. This will impact on to the government formula of CPI + 1% calculation resulting in reduced resources within the HRA Business Plan Restructure of the Neighbourhood service has taken place, bringing in more resource to mitigate the impact of Welfare Reform and full UC role out.	• Any impact from changes in Government legislation is reflected in the HRA plan and approved by Cabinet as part of the annual review of the HRA. • Revised 30-year Capital Investment Plan is in place. • The Authority has representation on the MHCLG (Ministry for Housing, Communities & Local Government) and the CIPFA HRA working groups. Specific issues can be raised through these forums and the Authority can also comment and influence changes on HRA regulations. • The Financial Inclusion Strategy sets out how the Authority and its partners will support its residents to better manage their finances and maximise their income. • Self-service/agile working, through the implementation of self service and agile working overall costs should be reduced. • The Government announced during 2018 that it will be removing restrictions on the HRA borrowing cap, and that authorities will purely operate under the same rules that apply to the General Fund in accordance with the Prudential Code i.e. affordability being the key issue. • The direct delivery of the repairs, maintenance and construction service brings with it, financial benefits creating greater financial flexibility to balance the HRA. • A watching brief will be kept on the implications of any further Government proposed changes as they arise, and appropriate representations will be made to Government. • The HRA Business Plan will be adapted as a result of low inflation rates that will impact on the rent increase resulting in lower level of income to support the original plan.

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in October 2021 Audit Committee Report
Implementation of Universal Credit Full Service – there is a risk on resident's finances both in them receiving the payment and their ability to manage their finances on a monthly basis. Risks also exist around the HRA if rent arrears increase as a result.	The impact of the Universal Credit (UC) roll out over 2019/20. The full service was implemented on 2 May 2018 by Job Centres in North Tyneside. This brings families with children into scope. The potential impact on resident's finances and the delay in receiving initial payment is a concern, although Government have provided some additional support measures with 2 weeks additional Housing Benefit and promotion of advanced payments. Resident's ability to make and maintain claims online and their ability to manage finances on a monthly basis is also a challenge. The impact on the HRA, as claimants receive their Housing element of UC directly and have to make payment to the authority (currently Housing Benefit paid direct to Local Authority) is a challenge to maintain rent collection levels.	• Partnership working to support the claimants of UC with Community and Voluntary Sector and Job Centre Plus. • Referral mechanisms established to support residents with ICT Skills to claim and update UC claims as well as managing budgets. • Promotion of Direct Debit. Also use of alternative payment arrangements where appropriate to support vulnerable residents. • Expanding the UC Support Team to ensure that arrears balances are closely monitored and controlled. • Introduced Employability Officers x3 to support claimants back into employment. • Introduced analytical software to target support to the most vulnerable UC claimants. • An officer is in place to manage the electronic real-time notifications that are received from the Department for Work and Pensions in relation to new claims and payments. • There has been an increase in UC claim numbers throughout Covid-19 but well-established support arrangements are in place to offer support to new claimants.
Efficiency Savings Programme There is a risk that if the programme is not successfully implemented the Authority may be unable to deliver improved services and meet the increased demand on Council services within reducing resources.	Reductions in central government funding combined with increasing demand levels for the Authority's services has required the Authority to develop new ways of working. The Authority is aiming to deliver high quality services with fewer resources at its disposal. The challenge that reducing resources places on the Medium Term Financial Plan make savings a key part of the strategic financial planning for the Authority to ensure service delivery is not affected.	• Governance framework – there are monthly updates via Senior Leadership Team (SLT) and the Leadership Forum. In addition, as part of the Financial Management Function quarterly Budget & Performance Sessions are held with Cabinet Members. This ensures that there is visibility and accountability. • Regular updates are reported to Lead Member Briefings. This informs Cabinet Members of progress and of any issues. • A refreshed Joint Strategic Needs Assessment (JSNA) is in place which provides a new approach to needs assessment to provide an improved

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in October 2021 Audit Committee Report
There is a risk that budget monitoring does not fully align with the efficiency programme.		foundation for the Efficiency Statement. • The Risk Register highlights and reports key risks attached to the strategic aims of the Efficiency Savings Programme. The Efficiency Savings Programme Board receive this report enabling informed decisions to be made. • The Authority continues to use the governance structure in place for budget setting and budget monitoring to regularly review any potential impact of Covid-19 on the ability to deliver the Efficiency Savings Programme.
Impact of the development of the Integrated Care System (ICS) across North East and North Cumbria and the Integrated Care Partnerships ICPs) (which have replaced the former Sustainability and Transformation Plans) –there are concerns about the extent to which the Authority has been a true partner in its development. The concern centres on engagement and involvement of local authorities and understanding the financial implications of the plans upon the ability of the Authority to deliver services to	The purpose of the ICS and ICPs in the NHS is to ensure that health and care services are based upon the needs of local populations in order to support the successful implementation of the NHS 5 Year Forward View (5YFV) and the NHS Long Term Plan. The ICS and ICPs are intended to bring together key partners across Clinical Commissioning Groups (CCGs), Foundation Trusts, local authorities and other health and care service providers to improve health outcomes and to better manage operational challenges in the NHS to achieve sustainability. The ICS has identified a number of priority areas of work including prevention, optimising health services, digital transformation, workforce transformation and mental health.	• Following previous controls identified, including the letter from North Tyneside Council to NHS England and monitoring by the Director of Health, Education, Care and Safeguarding and the Chair of the Health and Wellbeing Board, a Health Scrutiny Committee has been established jointly across local authorities. • The Chair of the Health and Wellbeing Board and senior council officers have received updates and a number of presentations from chief officers within the NHS on the progress of the ICS, ICP and the Long-Term Plan and the implications at the meetings of the North Tyneside Health and Wellbeing Board. • The Directors of Health, Education, Safeguarding and Care and of Public Health are involved in the ICS work streams relating to prevention, mental health and child health. • A watching brief will be kept on the implications of the Government's Green Paper on Care and Support for Older People and the Green Paper on Prevention. Once they are published considerations will need to be made to any changes coming as a result.

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in October 2021 Audit Committee Report
residents, such as, adult social care, children's services and public health.		
Business Rates - There are a number of risks with new Government proposals to move to a 75% or 100% retention policy.	There are on-going discussions and moves by Central Government to implement 100% Business Rate Retention for Local Authorities. This initiative was delayed in the previous parliament with a one-year settlement removing the 75% pilot and returning the Authority to 49% retention for 2020/2021. Increased retention would potentially give local authorities greater ability to plan for the long term, more financial independence and an increased incentive to generate growth as a greater % of business rates will be retained. However, a lack of business growth or the shutting of a business will have a negative impact on the Authority's revenues. The Authority will also have to bear an increased % of business rates appeals; this was previously 50%. The current business rates system has a safety net in place for those local authorities that see a reduction in business rate income by more than 7.5%. It is anticipated that this will stay in place, but this hasn't been confirmed. The Covid-19 pandemic has had a significant impact on the global economy and there is a risk that businesses will not survive. In addition, Covid-19 has seen	• The Authority, along with its North of Tyne partners, entered a 75% retention pool for 2019/20. This was to act as a trial for the impact a switch in national policy might have on North Tyneside, but it was announced in the recent Spending Round that the 75% pilots will not continue into 2020/21, meaning NTC will return to 49% retention. • A Task & Finish Group, Business Rates Retention, has been set-up to influence central government direction on the proposed Business Rates Retention system. This has involved the establishment by the Local Government Association (LGA) and MHCLG of an officer-level steering group and 3 working groups. The working groups meet regularly and cover service responsibilities, needs & redistribution, system design, accounting & accountability and business interests. • Presentations have been received from MHCLG both to the region and jointly to the Local Government Association. • The Authority considers and responds to consultations issued on the proposed changes to business rates. • Weekly monitoring of the Valuation Office appeals data is carried out to gain an understanding of the Authority's position. • MHCLG continue to consult on business rate retention as it links in with Governments Fair Funding Review and devolution of further responsibilities. • Proposals to change risk on appeals, Central Government bearing cost, with top slice to each authority's funding.

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in October 2021 Audit Committee Report
	businesses adapt to new ways of working with increased levels of homeworking. There is a risk that demand for office space reduces. Both factors present a significant risk to the resources available to the Authority.	• Valuation Office Agency have introduced new appeals process from 1 April 2017 called check, challenge, appeal which introduces additional processes to reduce the number of appeals made. Large reduction in number of appeals has been seen in first year of scheme. The Authority has made prudent judgements on potential impact of appeals on the collection fund accounts and monitor this on a monthly basis. • Along with the new valuation list being delayed until April 2023, the Government's fundamental review of the whole of the Business Rates system is currently ongoing. This will add to the uncertainty currently surrounding financial planning.
Information Governance – there is a risk in relation to information governance that unless there are robust policies and systems in place and implemented there is a possibility that sensitive data may be lost. If the Authority fails to have robust policies in place there is a risk that the Data Protection Act could be breached leading to fines and compensation claims.	Some information held by the Authority is extremely sensitive in nature which requires robust policies, guidance and systems to be in place to ensure that it is as secure as possible. Privacy and confidentiality are the cornerstone of data protection, so it is essential that staff are fully aware of the procedures that they need to follow when dealing with sensitive information. In May 2018 Data Protection legislation changed setting out new requirements for organisations. The new legislation placed greater emphasis on accountability and gave citizens more control over what organisations could do with their personal data.	• E-learning in respect of information sharing and information governance awareness training. It is mandatory for all staff and Members handling information to undertake regular e-learning. • Information Governance and Security Group. This is an assurance group which consists of the Deputy Chief Executive, Data Protection officer, Chief Information Officer, ICT security and other relevant officers. Their role is to help to ensure that the Authority's information governance, IT systems, and processes are fit for purpose. The Group enables Senior Managers to ensure that consistency is applied to the approach to information governance across the Authority. • The Information Governance Framework. This ensure that information, particularly personal and sensitive information, is effectively managed with accountability structures, governance processes, documented policies and procedures, staff training and appropriate resources.

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in October 2021 Audit Committee Report
		• Data Protection Officer – providing a corporate approach working with day to day managers of the information governance processes and procedures, ensuring a training plan is in place and implemented. • The Authority's Senior Information Risk Owner sits at SLT level, overseeing Information Governance operations. • Work continues to embed data protection legislation across the Authority. Policies, procedures, Privacy Notices, guidance documents and training are reviewed regularly. • Implementation of ICT Tooling which will include SharePoint will introduce a Records Management System which will include robust document retention and disposal systems. • As part of the review of the ICT Strategy, a governance board has been established recognising the links between ICT and Information Governance. Its membership includes the SIRO, relevant Cabinet Members and Directors of service. It will help ensure that ICT enables us to take a confident and robust approach to information governance and security.
Partnerships – There is a risk that partner organisations governance arrangements and service plans do not align with the Authority's.	The Authority needs to continue to manage and review governance arrangements that are in place in respect of all partnerships to ensure required services are continued to be delivered against agreed service plans whilst demonstrating value for money. In addition, the Authority needs to ensure that boundaries and responsibilities remain clear and are robustly managed, recognising that operations and staffing in both partner	• The Governance structure that is in place ensures that the governance to manage partnerships is in place, e.g. Strategic Partnering Boards, Operational Partnering Boards, Senior Client Groups and a Commercial Group. • A performance payment mechanism ensures that the correct payments are made in relation to the partners. • Alignment of the Efficiency Statement with Equans strategic plans will ensure all parties are aware of how the business partnership is working towards developing the Authority's priorities and Equans business plan.

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	organisations and the Authority change over time.	• Equans and Capita continue to work with the Authority to deliver the 'Our North Tyneside Plan' along with Efficiency Statement objectives. The aim is to ensure that partnership delivery plans are in line with policy objectives. This is reflected in their annual service plans. • Development and monitoring of the Annual Service Plan for both partnerships continues and performance against these plans are reported through OPB and SPB. • The Schedule 9 Benchmarking Value for Money review of both the Capita and Equans contracts has been undertaken. The benchmarking exercise demonstrated that our Partners are contributing to the Authority's Best Value performance plan and support the Authority in satisfying its duty of Best Value. • A Partnership Review was undertaken within the Equans Partnership. These reviews ensure that the priorities of the Partners are aligned. • In year 12 of the Partnerships a final benchmarking exercise will be undertaken, this will focus on the wider market and ensuring that the services are fit to return to the Authority.
Devolution – There is a risk that the Authority may not be able to maximise the opportunities presented by securing a devolution deal for North of the Tyne (NOT).	The North of Tyne authorities have established a North of Tyne Mayoral Combined Authority following a Devolution deal from Central Government. This required the previous arrangements with the North East Combined Authority (NECA) to change. The Authority will need to be mindful of any on-going governance issues the new Combined Authority may bring, specifically around their impact on North Tyneside Council.	• The North of Tyne Combined Authority is now in existence, with its first elected Mayor in office. • The Elected Mayor and Deputy Mayor are members of the North of Tyne Cabinet. • The North Tyneside Officer Working Group continues to meet to ensure information is shared and all parties are involved to maximise the potential benefits for North Tyneside. • Chief Officers within North Tyneside Council are currently occupying critical roles in the new Combined Authority.

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Workforce (including Recruitment and Retention) & Succession Planning – There is a risk that our workforce planning may not meet the needs of the Authority especially with regards to recruitment, remuneration and retention within some of our services especially Social Care and Public Health, and succession planning more generally across all areas.	There is a risk that the Authority fails to align its workforce, in terms of skills and experience, in order to deliver the right priorities, leaving the Authority unable to deliver the Our North Tyneside Plan.	• Workforce planning will ensure that service areas have the tools to align the workforce requirement to the delivery of service. • Organisational Development Plans are in place and reviewed by SLT annually to ensure that the programmes we are running align themselves to the Authority's priorities. • Recruitment sign off for vacancies is made by the Head of Resources ensuring that there is a business need to undertake a recruitment exercise and that those vacancies are controlled. • Sign off and monitoring process for voluntary redundancy and enhanced redundancy requests are made by the Head of Resources to make sure that the right decisions are made and challenged appropriately, ensuring a consistent approach. • The apprenticeship strategy supports the expansion of entry routes into the organisation, particularly for young people and our hardest to reach group of residents.
Finance and Resources – There is a risk that due to significant historic reduction in local authority core funding and the ongoing uncertainty of funding beyond 2020/21; compounded with patchwork funding for social care and the introduction of new funding formulas for schools, the Authority may not be able to make appropriate plans	The exact trajectory of future funding to local Government in general remains uncertain. The spending review for 2020/21 was announced as a one-year review with the Government's intention to carry out a full spending review for the three years beyond 2020/21. An outcome of the current Covid-19 response is that the Government have advised that the spending review, fair funding review and the move to 75% business rate retention will be paused for a further year. This brings further uncertainty from a financial planning perspective. Additional funding for social care for 2020/21 was announced and	• Flexibility within the savings plans and approach to managing the in-year budget. Flexibility will allow us to reconfigure if the assumptions that have been made prove to be incorrect. It should be noted that due to the outbreak of Covid-19 the 2020/21 saving targets were not achieved. • Bi-monthly budget reporting to Cabinet. Publicly reporting to Cabinet on each project as part of the Financial Plan ensures challenge on the financial benefits of the Creating a Brighter Future programme. Any inflationary impact will be considered as part of the monitoring report. Budget reports are also taken to Finance Sub-Committee. • Reporting to the Overview & Scrutiny Committee as required. Ensures

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to ensure its financial sustainability.	the Adult Social Care precept proposed for 2021. The expectation that Adult Social Care pressures are funded through Council Tax increases continues to leave the burden with residents and gives no indication of the long-term plans for funding social care. The Adult Social Care green paper is still awaited. Demand for services for vulnerable adults and children continue to grow. Services have continued to reshape and respond to the challenge of reducing resources however there are increasing numbers of children at risk, and we are well versed on the impact of an ageing population. Our schools continue to face financial challenges not least from unfunded legislative requirements, rising High Needs and the impact of the shift to the national funding formula. The authority carries the risk associated with a small number of high value deficits, with an indication the number of schools in deficit may grow. The borough continues to grow and has seen strong housing growth in recent years. This brings with it, additional demand for services across the borough. Responding to increased waste collection, the impending changes to recycling and waste management from central government and contracting arrangements will bring additional/new cost pressures, the funding of which is uncertain. Future resource forecasts have been provided within the current Financial Plan however the fundamental uncertainty beyond	checks and challenge for each project on performance and non-financial benefits of the savings programme. Monthly progress reports are now submitted to Overview & Scrutiny Committee. • Investment Programme Board monitors and manages the Investment Plan receiving reports on exceptions. Outcomes are reported to Cabinet, Finance Sub-Committee and relevant scrutiny sub-committees as part of the budget monitoring process. Our local Prudential Code provides clear parameters on affordability. • We work closely with national, regional and sub-regional financial networks to help ensure we are informed and aware and contribute to the debate regarding any national developments. • Key financial officers meet on a regular basis to discuss strategic financial issues. This group will be the key group to deliver the finance workstream during recovery from Covid-19. • Contribute to ongoing Government consultation on matters affecting local government finance e.g. 75% business rate retention, Fair Funding Review and school funding. Being involved in the consultation process enables any issues or concerns specific to NTC to be highlighted before final decisions are made. However, this has been suspended due to Covid-19. • Covid-19 continues to have an ongoing impact on the resources of the Authority as recovery continues; a regular update held with Finance Officers includes discussion of the current financial pressures to understand the scale of impact and consider potential solutions.

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	2022/23, and the potential impact from Brexit adds to the risk of developing a financial plan and ensuring financial sustainability of the authority. The impact of Covid-19 has financial repercussions for 2022/23 and beyond adding further uncertainty to the ability to ensure financial sustainability of the Authority through financial planning.	
Supply Chain There is a risk that the Authority's service delivery relies on an extensive supply chain and, if it became disrupted or elements ceased to operate, the Authority's service delivery could be impacted.	If the Authority does not undertake the necessary checks to ensure that our key suppliers are financially sound, the Authority's critical services could be disrupted if one or more of our suppliers were to face financial difficulty or cease to operate. The Authority is also facing risks to supply chain from the impact of Covid, EU transition and the Russian / Ukraine conflict.	• Ensure that we know which organisations are critical to maintaining business continuity and are included in our continuity planning, in particular regarding reduced opportunities to purchase. We are working with providers to establish available stock enabling us to place long term orders i.e. 3 months rather than monthly. • Horizon scanning will flag up early signs of organisations facing financial problems. It will provide the opportunity to plan. This could for example include the identification of alternative delivery. • This also includes market analysis to understand where any difficulties may be faced in obtaining key supplies. • We have established new governance and lead officer arrangements regarding our contractual and commercial measures. • A robust suite of contract training has been carried out with Contract Mangers.
Rising Energy and Other Costs There is a risk that due to the volatile market conditions and global increase in energy costs there may be significant financial	Due to the unprecedented rise in costs the Authority will face significant financial pressures both directly i.e. increased energy costs for the Authority and indirectly i.e. increased costs in supplies and services. The increase in costs will also have significant impact on local	• We will work with North of Tyne Combined Authority to identify areas of support needed to achieve local targets and opportunities to accelerate the infrastructure projects included in the Government's 10 Point Plan and agree an appropriate lobbying approach. This work will include consideration of a domestic

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pressure placed on the Authority, businesses, and residents. The increase in energy costs, combined with supply chain risk factors including the Ukraine crisis and EU exit, have led to significant inflationary pressures in all areas of the economy	businesses which could result in job losses and closures. Rising energy costs will also have an impact on residents specifically those who are already facing financial difficulties and those in ill health.	retrofit programme across the North of Tyne area. • Support for residents will include work towards providing financial support for residents in light of the rising costs e.g. £150 Council Tax energy rebate; the 2022-23 budget includes the continuation of the Local Council Tax Support Scheme hardship payment of up to £150. • The net-zero plan will identify a range of energy efficiency, generation and low carbon heat projects. Although some projects could come with increased running costs, such as using air source heat pumps to replace gas boilers in Council buildings, there will be project that save on consumption and cost and can generate electricity locally.