



**North Tyneside Council**

# **Annual Governance Statement**

**2022/23**

**31 May 2023**

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# 2022/23 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

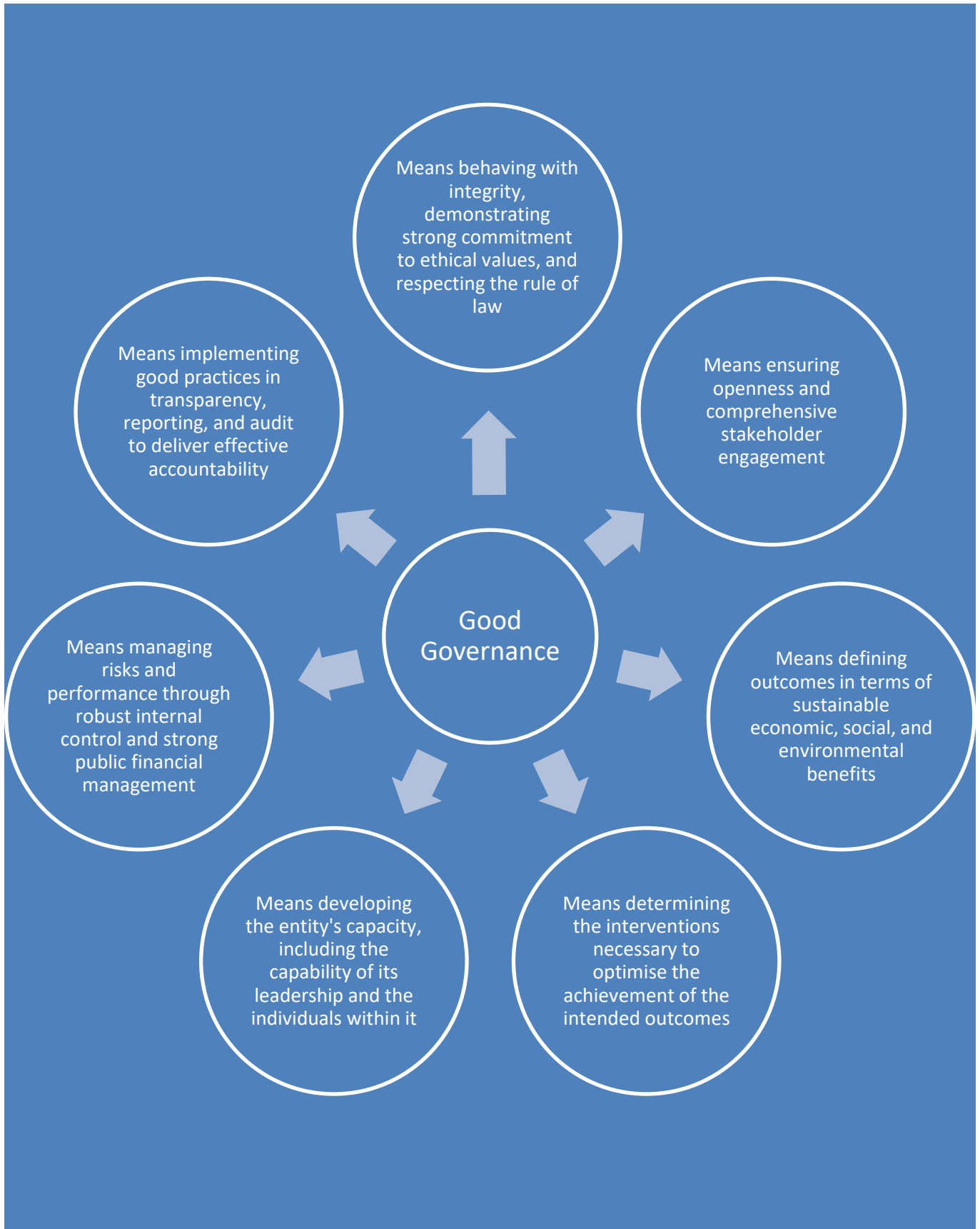
system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Tyneside Council's policies, aims and objectives. By evaluating the likelihood of those risks being realised and the impact should they be realised, it allows the Authority 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 2023 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:



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

#### 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

### SUPPORTING PRINCIPLE

Engaging comprehensively with institutional stakeholders

#### EXAMPLES OF HOW THIS IS ACHIEVED

- Engagement Strategy
- Partnership framework
- Partnership protocols
- Record of public consultations

### SUPPORTING PRINCIPLE

Engaging with individual citizens and service users effectively

#### 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

#### **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

#### **SUPPORTING PRINCIPLE**

Sustainable economic, social and environmental benefits

#### **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

- 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

**SUPPORTING PRINCIPLE**  
Planning interventions

- 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

**SUPPORTING PRINCIPLE**  
Optimising achievement of intended outcomes

- 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

**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

**SUPPORTING PRINCIPLE**

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

**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

**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

**SUPPORTING PRINCIPLE**

Strong public financial management

**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

**SUPPORTING PRINCIPLE**

Implementing good practice in transparency

**SUPPORTING PRINCIPLE**

Implementing good practices in reporting

**SUPPORTING PRINCIPLE**

Assurance and effective accountability

**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 Chief Internal Auditor

#### **4.0 Review of effectiveness**

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, Assistant Chief Executive 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. During 2022/23 there were 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, the statutory Director of Adult Social Services, the statutory Director of 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. 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 2022/23 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 2023/24. 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 2023/24 AGS Action Plan – May 2023 Update

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
<p><b>Housing Revenue Account (HRA)</b>                      –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.</p>	<p>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.</p> <p>Further Welfare Reform changes, including the roll out of Universal Credit that commenced in May 2018.</p> <p>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</p> <p>Restructure of the Neighbourhood service has taken place, bringing in more resource to mitigate the impact of Welfare Reform and full UC role out.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Revised 30-year Capital Investment Plan is in place.</li> <li>• The Authority has representation on the MHCLG (Ministry for Housing, Communities &amp; 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.</li> <li>• 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.</li> <li>• Self-service/agile working, through the implementation of self service and agile working overall costs should be reduced.</li> <li>• 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.</li> </ul>

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
		<ul style="list-style-type: none"> <li>• The direct delivery of the repairs, maintenance and construction service brings with it, financial benefits creating greater financial flexibility to balance the HRA.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Implementation of Universal Credit Full Service</b> – 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.</p>	<p>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.</p> <p>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.</p> <p>Resident’s ability to make and maintain claims online and their ability to manage finances on a monthly basis is also a challenge.</p> <p>The impact on the HRA, as</p>	<ul style="list-style-type: none"> <li>• Partnership working to support the claimants of UC with Community and Voluntary Sector and Job Centre Plus.</li> <li>• Referral mechanisms established to support residents with ICT Skills to claim and update UC claims as well as managing budgets.</li> <li>• Promotion of Direct Debit. Also use of alternative payment arrangements where appropriate to support vulnerable residents.</li> <li>• Expanding the UC Support Team to ensure that arrears balances are closely monitored and controlled.</li> <li>• Introduced Employability Officers x3 to support claimants</li> </ul>

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
	<p>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.</p>	<p>back into employment.</p> <ul style="list-style-type: none"> <li>• Introduced analytical software to target support to the most vulnerable UC claimants.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Efficiency Savings Programme</b> 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.</p> <p>There is a risk that budget monitoring does not fully align with the efficiency programme.</p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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 &amp; Performance Sessions are held with Cabinet Members. This ensures that there is visibility and accountability.</li> <li>• Regular updates are reported to Lead Member Briefings. This informs Cabinet Members of progress and of any issues.</li> <li>• A refreshed Joint Strategic Needs Assessment (JSNA) is in place which provides a new approach to needs assessment to provide an improved foundation for the Efficiency Statement.</li> <li>• The Risk Register highlights and reports key risks attached to the</li> </ul>

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
		<p>strategic aims of the Efficiency Savings Programme. The Efficiency Savings Programme Board receive this report enabling informed decisions to be made.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>
<p><b>Business Rates</b> - There are a number of risks with new Government proposals to move to a 75% or 100% retention policy.</p>	<p>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.</p> <p>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.</p> <p>However, a lack of business growth or the shutting of a business will have a negative impact on the Authority's revenues.</p> <p>The Authority will also have to bear an increased % of</p>	<ul style="list-style-type: none"> <li>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.</li> <li>A Task &amp; 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 &amp;</li> </ul>

<b>Potential Governance Issue</b>	<b>Factors Driving the Governance Issue</b>	<b>Update to Controls Identified in May 2023 Audit Committee Report</b>
	<p>business rates appeals; this was previously 50%.</p> <p>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.</p> <p>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 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.</p>	<p>redistribution, system design, accounting &amp; accountability and business interests.</p> <ul style="list-style-type: none"> <li>• Presentations have been received from MHCLG both to the region and jointly to the Local Government Association.</li> <li>• The Authority considers and responds to consultations issued on the proposed changes to business rates.</li> <li>• Weekly monitoring of the Valuation Office appeals data is carried out to gain an understanding of the Authority's position.</li> <li>• MHCLG continue to consult on business rate retention as it links in with Governments Fair Funding Review and devolution of further responsibilities.</li> <li>• Proposals to change risk on appeals, Central Government bearing cost, with top slice to each authority's funding.</li> <li>• 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</li> </ul>



Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
		<p>monthly basis.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Information Governance</b> – 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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Information Governance and Security Group. This is an assurance group which includes the Senior Information Risk Owner, the Data Protection Officer, and relevant senior managers. Their role is to help to ensure that the Authority’s information governance, IT systems, and processes are fit for purpose. The terms of reference and attendees were reviewed and agreed during 2021.</li> <li>• Register of Processing Activities (ROPA), the Asset Information Register and Information Asset Owners (IAO). This is reviewed and updated annually following the data audit and enables the Authority to readily identify the</li> </ul>

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		<p>information it holds. The 2022/23 ROPA has recently been completed. It also enables us to look at information flows, highlighting any risks. The register is completed at a high level, drilling down in order to produce a more detailed register.</p>
<p><b>Partnerships</b> – There is a risk that partner organisations governance arrangements and service plans do not align with the Authority’s.</p>	<p>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.</p> <p>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 organisations and the Authority change over time.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• A performance payment mechanism ensures that the correct payments are made in relation to the partners.</li> <li>• Development and monitoring of the Annual Service Plan for both partnerships continues and performance against these plans are reported through OPB and SPB.</li> </ul>
<p><b>Workforce (including Recruitment and Retention) &amp; Succession Planning</b> – There is a risk that our workforce planning may</p>	<p>Following the pandemic, the Authority faces increasing difficulty in recruiting into some of our service areas. This is compounded by scarcity of available talent due to a buoyant candidate market meaning there is greater competition for candidates. The impending</p>	<ul style="list-style-type: none"> <li>• People Strategy 2023–26 – a new people strategy is being developed to align resources to deliver services to meet the Council’s priorities.</li> <li>• An Early Years Careers Apprenticeship and Graduate scheme is in place to support our workforce plan.</li> <li>• New reporting is being</li> </ul>

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<p>not meet the needs of the Authority especially with regards to succession planning, remuneration linked to pay practice and job evaluation, and recruitment and retention across some of our services e.g. Social Care and Public Health.</p>	<p>financial crisis means that individuals are actively looking for better paid roles. Our job evaluation process was implemented in 2006 and whilst we continue to evaluate roles and operate within our Reward framework and pay policy, we need to plan for a future full review to ensure we are competitive, able to attract talent and operate consistently and fairly in line with legislative changes.</p> <p>The current workforce planning framework needs strengthening to ensure it is better aligned to data insight which will provide more accurate and robust succession needs which provide the stability and skills mix necessary to meet the NTC Plan.</p>	<p>developed which will provide greater insight to managers to understand their people and resource challenges and support better decision making. Reporting is being trialled and expected to be council wide by June.</p> <ul style="list-style-type: none"> <li>• A systematic review of HR Policy to continue to identify gaps / risk areas and put in place action plans to address.</li> </ul>
<p><b>Finance and Resources –</b> There is a risk that due to significant historic reductions in local authority core funding and the ongoing uncertainty of funding beyond</p>	<p>The exact trajectory of future funding to local government in general remains uncertain. Despite a 3-year settlement being announced in 2022/23 relating to the quantum of funding available to the sector the Government has continued to deliver one year financial settlements which makes medium-term financial planning</p>	<ul style="list-style-type: none"> <li>• Flexibility within the Efficiency Programme 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 ongoing impact of rising energy costs, inflation and the legacy impact of the pandemic the 2023/24 Efficiency Programme targets may not be</li> </ul>

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<p>2023/24 the Authority may not be able to make appropriate plans to ensure its financial sustainability. This is exacerbated by the long-term financial impact of the covid pandemic, general demand for services, rising energy costs and inflation compounded with patchwork funding for social care including the impact of the Health and Social Care Act 2022 and the introduction of new funding formulas for schools.</p>	<p>challenging. Changes and the implementation of funding reforms have been continually delayed with indications that these will not be implemented until 2025/26 at the earliest.</p> <p>The potential impact of the Health and Social Care Act 2022 presents significant financial risks for the Authority and add to the level of uncertainty in relation to financial planning. Whilst some of the impact of this has been delayed until 2024/25 the Authority must be able to plan ahead to ensure resources are sufficient to meet the requirements of changes to the cost of care for residents.</p> <p>Demand for services for vulnerable adults and children continued to grow during 2022/23 with financial pressures in these services continuing to present significant risks. Additional Social Care Grants from the Government for 2023/24 have been welcomed, however this additional funding will only go part way to recognising current pressures within the system and does not address the ongoing demand for social care within North</p>	<p>achieved.</p> <ul style="list-style-type: none"> <li>• Bi-monthly budget reporting to Cabinet. Publicly reporting to Cabinet ensures any deviation from the Budget plan can be challenged by each lead Cabinet Member. It raises awareness of the financial position of the Authority to ensure Cabinet Members can work within their portfolios to address areas of concern with Directors and Senior Managers. Any inflationary impacts arising during the financial year will be considered as part of the monitoring report. Budget reports are also taken to Finance Sub-Committee.</li> <li>• Reporting to the Overview &amp; Scrutiny Committee as required. Ensures checks and challenge for each project on performance and non-financial benefits of the Efficiency Programme. Regular progress reports are now submitted to Overview &amp; Scrutiny Committee.</li> <li>• 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</li> </ul>

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	<p>Tyneside.</p> <p>The Authority's schools continue to face financial challenges not least from unfunded legislative requirements but also from exposure to inflationary pressures including the pay award and rising energy costs, 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.</p> <p>The borough economy continues to grow and has seen strong housing growth in recent years. This brings with it additional demand for services. 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.</p> <p>Future resource forecasts have been provided within the current Medium-Term Financial Plan however the fundamental uncertainty</p>	<p>clear parameters on affordability.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Key financial officers meet on a regular basis to discuss strategic financial issues. Work that was undertaken during the pandemic is continuing as part of business as usual.</li> <li>• Contribute to ongoing Government consultation on matters affecting local government finance e.g., Business Rate Retention, Fair Funding Review and Schools 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 activity has been suspended and we are awaiting clarification.</li> <li>• Scenario planning is undertaken to assess the potential range of resource implications for the Authority. It provides advice on the potential financial impacts the Authority may face. Including implications from any White Papers and the Local Government Finance Settlement.</li> </ul>

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	<p>beyond 2023/24, and the potential longer term impact from rising energy costs and the impact of inflation coupled with the legacy costs associated with the impact of the pandemic adds to the risk of developing a financial plan and ensuring financial sustainability of the Authority.</p>	<ul style="list-style-type: none"> <li>• Work is undertaken on an annual basis to take into account relevant financial impacts on the Authority. The Budget for 2023/24 took into account for example inflationary impacts from rising energy costs, inflation and costs for social care as well as ongoing impact from Covid-19. Moving into 2024/25 this work will continue for the Medium-Term Financial Plan.</li> <li>• Discussed the current understanding of the impact of the Whitepapers and associated financial risk resulting in the development of a White Paper Action Plan.</li> <li>• Major Projects Board will undertake a review, and challenge of capital spend linked to major projects within the Authority.</li> <li>• A detailed review of Children's Services budgets to provide clarity of the cost drivers and the associated action plans to manage them.</li> </ul>
<p><b>Supply Chain</b> There is a risk that the Authority's service delivery relies on an extensive supply chain and, if it became</p>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Ensures 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</li> </ul>

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<p>disrupted or elements ceased to operate, the Authority's service delivery could be impacted.</p>	<p>The Authority is also facing risks to supply chain from the impact of Covid, EU transition and the Russian / Ukraine conflict.</p>	<p>place long term orders i.e. 3 months rather than monthly.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• This also includes market analysis to understand where any difficulties may be faced in obtaining key supplies.</li> <li>• We have established new governance and lead officer arrangements regarding our contractual and commercial measures.</li> <li>• A robust suite of contract training has been carried out with Contract Mangers.</li> </ul>
<p><b>Rising Energy and Other Costs</b></p> <p>There is a risk that due to the volatile market conditions and global increase in energy costs there may be significant financial pressure placed on the Authority, businesses, and residents.</p>	<p>Due to the unprecedented rise in energy 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.</p> <p>The increase in energy costs along with rising cost of living will also have significant impact on local businesses which could result in job losses and closures.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Key financial officers meet on a regular basis to discuss strategic financial issues. Work that was undertaken during the pandemic is continuing as part of business as usual.</li> <li>• Scenario planning is undertaken to assess the potential range of resource implications for the</li> </ul>

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	<p>The rising energy costs and rising cost of living will also have an impact on residents specifically those who are already facing financial difficulties and those in ill health.</p>	<p>Authority. It provides advice on the potential financial impacts the Authority may face.</p> <ul style="list-style-type: none"> <li>• Ongoing regular updates to Directors of Resources across the ANEC region on energy pricing and associated costs.</li> <li>• There are a number of projects and services in place to address and support inequalities and support vulnerable residents to ease pressure from the impacts of rising energy costs and rising cost of living.</li> <li>• Safe and Healthy Home Officers, funded through Public Health, and they officer advice, support and signposting around all aspects of fuel to private sector tenants / home owners including boiler repairs and replacements, utility switching or just supporting people with a small grant to get them through the winter.</li> <li>• Support for residents includes the continuation of the local additional scheme to support council tax with hardship payment of up to £150 which may help with the rising cost of living. There is also a range of other support including the Poverty Intervention Fund.</li> <li>• The net-zero plan will identify a range of energy efficiency, generation and low carbon heat projects. Although some projects</li> </ul>



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		<p>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.</p>
<p><b>Carbon Net-Zero 2030</b></p> <p>There is a risk that significant progress against the actions in the Carbon Net-Zero 2030 Action Plan (that are deliverable by the Authority) may not be made by 2030.</p>	<p>In July 2019 full Council declared a Climate Emergency, setting a target to reduce the carbon footprint of the Authority and the Borough by 50% by 2023 and to become carbon neutral by 2050.</p> <p>Subsequently, in further acknowledgement of the gravity and urgency of the Climate Emergency, the refreshed Our North Tyneside Council Plan 2021-25, approved by full Council in September 2021, included the following ambition:-</p> <p>“We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside Carbon Net-Zero by 2030.”</p> <p>On 1 August 2022 Cabinet approved the Carbon Net-Zero 2030 action plan.</p>	<ul style="list-style-type: none"> <li>• Cabinet has approved the Carbon Net-Zero 2030 Action Plan, demonstrating a policy commitment to delivering the actions contained within. The Action Plan also sets out the governance approach to delivering the actions.</li> <li>• A Carbon Net-Zero board meets monthly and provides governance to ensure that the Authority is developing appropriate actions and associated targets. Performance is closely monitored and reported.</li> <li>• Participation has been secured from a number of public sector and private businesses to work together on a Board to tackle borough wide carbon emissions. A work programme has been developed and agreed</li> <li>• There is provision for project delivery within the capital investment plan.</li> <li>• The Authority has joined UK:100 to strengthen calls to Government on issues such as funding, legislative frameworks</li> </ul>

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	<p>The action plan includes 150 actions, some of which are unfunded and / or require further government legislation / action and / or technological development.</p> <p>Notwithstanding the actions that are outside of the control of the Authority, given the scale of the challenge and the broad nature of the projects to be delivered across the Authority, and the potential funding shortfall, there is a risk that significant progress against some of the actions included in the Carbon Net-Zero 2030 Action Plan (that are deliverable by the Authority) may not be achieved by 2030.</p>	<p>and key infrastructure developments. The Authority will also continue to work with key partners such as North of Tyne Combined Authority to lobby government where appropriate.</p> <ul style="list-style-type: none"> <li>• Funding streams released by Government e.g. Public Sector De-carbonisation Scheme and Green Homes Grant are enabling project delivery. Officers will continue to explore and apply for grant funding opportunities.</li> <li>• The performance framework is updated on a monthly basis and supports the Carbon Net-Zero 2030 board in assessing progress against the action plan. It also assists in annual performance reporting to Cabinet.</li> </ul>