North Tyneside Council

Annual Governance Statement

2023/24

Contents

Section

2023/24 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
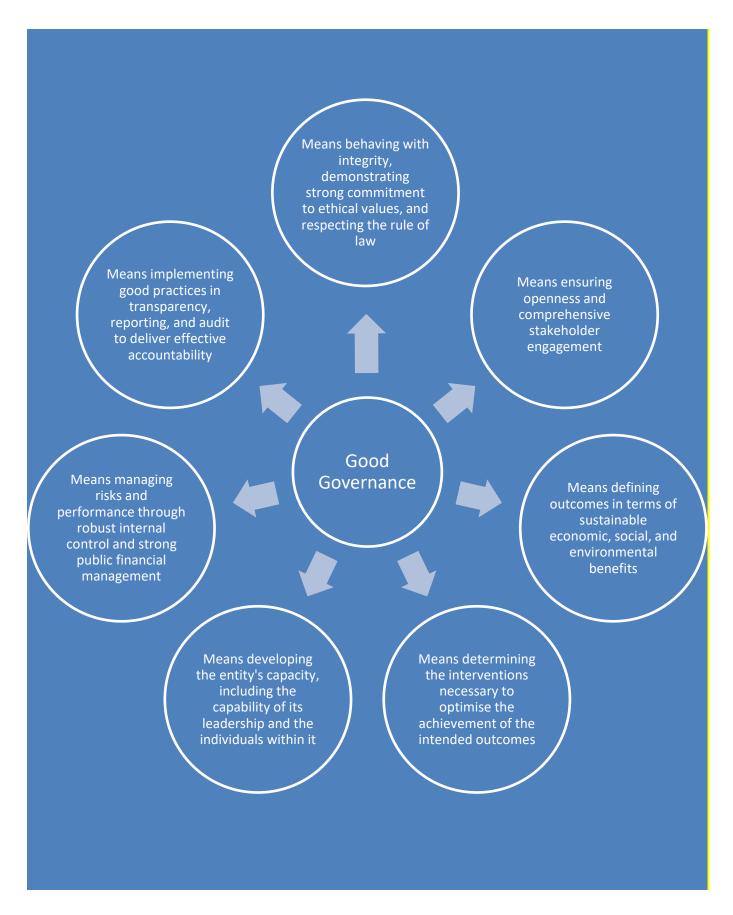
system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Tyneside Council's policies, aims and objectives. By evaluating the likelihood of those risks being realised and the impact should they be realised, it allows the Authority 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 2024 and up to the date of approval of the Annual Financial Report.

3.0   <u>The governance framework</u>

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:

Good Governance

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

Means ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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
- Equality Diversity & Inclusion staff networks

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

- 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 2021 – 2025
- Efficiency Programme
- Joint Strategic Needs Assessment
- Health & Wellbeing Strategy
- North Tyneside Strategic Partnership
- Directorate plans
- Performance Management Framework
- Community engagement and involvement
- Service and Directorate Plans

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

- Performance and Budget monitoring to Cabinet and Overview and Scrutiny Co-ordination and Finance Committee
- Regular meetings between Cabinet Members and Senior Officers
- 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
- Directorate plans
- Performance and Finance Reports
- Updates to Overview and Scrutiny Co-ordination and Finance Committee

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

- Our North Tyneside Council Plan
- Directorate Plans
- People Strategy
- Organisational development plan
- Member Development Programme
- 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

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 Co-ordination & Finance Committee** - The Overview & Scrutiny Co-ordination & Finance 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 2023/24 a new structure of Scrutiny committees were agreed by full Council. From May 2023 Scrutiny has been delivered in North Tyneside Council through the following six new Scrutiny committees that are aligned to the themes of the Our North Tyneside Plan:

- Overview and Scrutiny Co-ordination and Finance Committee
- Caring Scrutiny Sub-Committee
- Family Friendly Scrutiny Sub-Committee
- Green Scrutiny Sub-Committee
- Secure Scrutiny Sub-Committee
- Thriving Scrutiny Sub-Committee

- **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 work in an integrated manner to improve the health and wellbeing of people in the area. This includes making joint arrangements, preparing a Joint Strategic Needs Assessment, Joint Health and Wellbeing Strategy and Pharmaceutical Needs Assessment. As well as 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;

- **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, with the relevant Cabinet Members attending the Strategic Partnership Boards. 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 2023/24" section of the Internal Audit Service report "2023/24 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 2023/24 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 2024/25. 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 2024 Update

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 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.	The continued cost of living challenges as well as Government policy on Welfare Reform, including the full roll out of Universal Credit, has resulted in a number of direct challenges to rent collection. .	• 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 which considers affordability and sustainability. • The 30-year Business Plan includes the ability for scenario analysis to understand the impact of significant changes • The Authority has representation on the DLUHC (Department of Levelling up, Housing and Communities) and the CIPFA HRA working groups which helps to provide an insight into further potential changes. 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 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 direct delivery of the repairs, maintenance and construction service brings with it greater flexibility to balance the HRA. •
Information Governance – there is a risk in	Some information held by the Authority is extremely sensitive in nature which	• E-learning in respect of information sharing and information governance

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
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 significant fines and compensation claims.	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. The Authority may also incur fines if we breach the Data Protection Act 2018 which could potentially be (although not likely) up to £17.5m or 4% of annual turnover whichever is greater.	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 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 2023. • 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 information it holds. It 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.
Workforce (including Recruitment and Retention) & Succession Planning – There is a risk that our workforce planning may not meet the needs of the Authority especially	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. Our job evaluation process was	• People Strategy – a new people strategy is being developed to support NTC with the right capability and capacity to enable teams and individuals to thrive, reach their full potential and deliver the Council Plan. • A systematic review of HR Policy to continue to identify gaps / risk areas and put in place action plans to address.

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
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.	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. 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.	
Finance and Resources – There is a risk that due to significant historic reductions in local authority core funding and the ongoing uncertainty of future funding arrangements the Authority may not be able to make appropriate plans to ensure its financial sustainability. There remain ongoing pressures on our resources,	Local Authorities continue to experience significant uncertainty around future funding, with a backdrop of one-year settlements and continued delays to potential funding reforms which makes medium-term financial planning challenging. Demand for services for vulnerable adults and children continued to grow during 2023/24 and is becoming increasingly complex, placing significant financial pressure on the Authority in funding the increasing cost of care for residents, with	• Our Financial Strategy provides a framework for the development of our financial plans, with core principles of strategic alignment, governance, resilience and sustainability. • Clear MTFP framework, with a focus on a number of specific projects and a flexible approach which constantly reviews and challenges key assumptions. • Bi-monthly performance and finance reporting to Cabinet including capital and revenue resources, ensuring challenge by lead Cabinet Member and raising awareness of the underlying performance trends and mitigations with the outcomes informing the development of our MTFP and

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
linked to increasing volume and complexity of demand for services, rising energy costs and inflation.	the funding provided by the Government being insufficient to address the rising costs of provision and demand. The Authority's schools also continue to face financial challenges given exposure to ongoing inflationary pressures as well as additional High Needs support. A number of schools are now in a deficit position, representing a significant risk to their sustainability and to the Authority. The borough's economy continues to grow and has seen strong housing growth in recent years. This brings with it additional pressures on our services and infrastructure.	refresh of underlying assumptions. The reports are also presented to Overview & Scrutiny Co-ordination and Finance Committee (OSCFC), allowing further review, scrutiny and challenge. • Our Capital Strategy provides a framework for long-term capital investment and all projects are considered by Investment Programme Board with robust governance around the monitoring and management of project development and delivery. Major Projects Board provides senior officers from across the Authority the ability to undertake further review and challenge of major projects. • 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. • Scenario planning is undertaken to assess the potential range of resource implications for the Authority, helping to inform longer-term service planning.
Supply Chain There is a risk that the Authority's service delivery relies on an extensive supply chain and, if it became disrupted	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	• 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

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
or elements ceased to operate, the Authority's service delivery could be impacted.	to face financial difficulty or cease to operate.	available stock enabling us to place long term orders i.e. 3 months rather than monthly. • Before a contract is signed or tender is awarded, due diligence is undertaken. This includes significant financial checks to establish the financial stability of the organisation, the ability of the organisation to deliver required services and corporate social responsibility checks. • 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.
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 pressure placed on the Authority, businesses, and residents.	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. 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. The rising energy costs and rising cost of living will also	• 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. • 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. • Ongoing regular updates to Directors of Resources across the ANEC region on energy pricing and associated costs.

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
	have an impact on residents specifically those who are already facing financial difficulties and those in ill health.	• 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. • 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. • 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. • 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.
Carbon Net-Zero 2030 There is a risk that significant progress against	In July 2019 full Council declared a Climate Emergency, setting a target to reduce the carbon footprint of the	• Cabinet has approved the Carbon Net-Zero 2030 Action Plan, demonstrating a policy commitment to delivering the actions contained within. The

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
the actions in the Carbon Net-Zero 2030 Action Plan (that are deliverable by the Authority) may not be made by 2030.	Authority and the Borough by 50% by 2023 and to become carbon neutral by 2050. 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:- "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." On 1 August 2022 Cabinet approved the Carbon Net-Zero 2030 action plan. The action plan includes 150 actions, some of which are unfunded and / or require further government legislation / action and / or technological development. 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	Action Plan also sets out the governance approach to delivering the actions. • 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. • 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. • There is provision for project delivery within the capital investment plan. • The Authority has joined UK:100 to strengthen calls to Government on issues such as funding, legislative frameworks 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. • 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. • 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

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2023 Audit Committee Report
	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.	performance reporting to Cabinet.