



Tyne and Wear Integrated Transport Authority - Standards Committee

Meeting to be held following the conclusion of the meeting of the ITA Audit Committee on Friday 20 July 2012 in a Committee Room, Civic Centre, Newcastle upon Tyne, NE99 2BN

Membership:

Councillors: Curran, Lawson, Maughan, O'Shea and Smith

Independent Members: Mr Atkinson, Mr Clark, Ms Green and Mr Scrimshaw

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AGENDA

Page

1. Election of Chair (from Independent Members only)
2. Election of Vice-Chair
3. Apologies for absence
4. Declarations of interest of members and officers in any matter to be discussed at the meeting

(If any Member has a personal or prejudicial interest, please complete the appropriate form and hand this to the Democratic Services Officer before leaving the meeting).

Members are reminded to verbally declare their interest and the nature of it and, if prejudicial, leave where appropriate at the point of the meeting when the item is to be discussed.

5. Minutes of the special meeting of the ITA Standards and Audit Committee held on 20 April 2012 1 - 4
6. Minutes of the previous meeting of the ITA Standards and Audit Committee held on 24 February 2012 5 - 12
7. New Standards Regime - Update

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the Provisions of the Local Government (Access to Information) Act 1985.

8. Work Programme

13 - 14

9. Dates and time of future meetings

Members are invited to agree dates and time of future meetings.



Tyne and Wear Integrated Transport Authority - Standards and Audit Committee

20 April 2012
(2.00 - 3.35 pm)

Present:

Independent Chair: Mr Scrimshaw
Independent Members: Mr Atkinson and Mr Clark
Councillors: P Wood, Blackburn, Hall, McElroy and Green

In attendance:

Newcastle City Council:

S Ovens - The Legal Adviser and Monitoring Officer (ITA)
I Poll - Head of Democratic Services
H Wilson - Legal Advisor
E Goodman - Senior Accountant (ITA)
V Miller - Democratic Services Officer

35. APOLOGIES FOR ABSENCE

An apology for absence was received from Ms Green.

36. DECLARATIONS OF INTEREST OF MEMBERS OR OFFICERS IN ANY MATTER TO BE DISCUSSED AT THE MEETING

There were no declarations of interest received.

37. THE AMENDED STANDARDS REGIME - PROPOSED ARRANGEMENTS

Submitted:

- (i) A report of the Legal Adviser and Monitoring Officer (previously circulated and copy attached to Official Minutes);
- (ii) A North East Region Draft Code of Conduct for Members (with the permission of the Chair, due to timetables involved circulated at the meeting and copy attached to Official Minutes).

The Chair explained the purpose of the meeting, which was to consider proposals for the ITA in relation to the amended standards regime.

S Ovens introduced the proposals for the new local arrangements for dealing with allegations of a breach of the code of conduct for members of the ITA.

Members discussed the proposals, receiving advice from S Ovens where necessary, and agreed them subject to the following amendments:

A new Code of Conduct for members

Issue 1

Proposal 1

Proposal 1(a) be amended to give effect to the following:

The updated draft North East Region code of conduct for members be recommended to the Authority for adoption subject to consideration of the Government regulations on Disclosable Pecuniary Interests (DPIs), which were still awaited.

Standards Committee

Issue 2

Proposal 2

Proposal 2(b) be amended to say “That consideration be given as to (i) whether any independent *members* should continue to be co-opted onto the Committee (albeit without any voting rights)”.

The Committee agreed that the existing four independent co-optees should be recommended to the Authority.

The Committee also considered the issue of who could chair the Standards Committee, in particular whether it could be chaired by an independent member, despite the fact that that person would not have any right to vote. The Committee did not think it was appropriate to make a recommendation to the Authority on this issue. Instead, it decided it would simply raise the issue for the Authority to decide.

Number, role and remuneration of Independent persons

Issue 3

Proposal 3

Proposal 3(a) be amended to say “That there be *one Independent Person* appointed...”

It was also agreed that, given Newcastle City Council’s position as lead authority, if possible, one of Newcastle’s Independent Persons should undertake the role.

Proposal 3(b) be amended to say “That the appointment be for two years but with provision to extend for a further *three years* without re-advertisement.”

Dealing with misconduct complaints

Issue 4
Proposal 4

Proposal 4(d) be amended to read "...after consulting the Independent Person(s) and the Chair of Standards Committee..."

Proposal 4(f) be amended to include the following in the list of actions: "Such other recommendations as the Committee may think appropriate."

Proposal 4(g) be amended to include the following procedure for an appeal by a Councillor against a finding of a failure to comply with the Code: "A member may ask for their case to be reviewed by an Independent Person from another local authority whose views would then be reported back to the Standards Committee for it to reconsider its decision.

The Committee requested that if a member of the Authority was found to have breached the Code, that member's Council would be told about any sanction.

The chair requested that a copy of the final report to the ITA from the Committee be circulated to members, with the amendments being clearly highlighted.

RESOLVED – That subject to the above amendments the proposals be approved for recommendation to the Authority.

38. STANDARDS AND AUDIT COMMITTEE - ANNUAL REPORT 2011/12

Submitted: A draft of the Standards and Audit Committee's Annual Report 2011/12 (previously circulated and copy attached to Official Minutes).

RESOLVED – That the document be agreed.

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Tyne and Wear Integrated Transport Authority - Standards and Audit Committee

24 February 2012
(2.00 - 3.45 pm)

Present:

Independent Chair: Mr Scrimshaw

Councillors: Blackburn and Hall

Independent Members: Mr Atkinson and Mr Clark

In attendance:

Newcastle City Council:

P Woods - Deputy Clerk and Treasurer (ITA)
S Ovens - The Legal Adviser and Monitoring Officer (ITA)
I Poll - Head of Democratic Services
P Slater - Head of Audit and Strategic Risk
E Goodman - Senior Accountant (ITA)
I Pattison - Principal Auditor (ITA)
G Grant - Senior Transport Policy Officer (ITA)
H Wilson - Legal Advisor
V Miller - Democratic Services Officer

Deloitte:

C Craig

Nexus:

J Fenwick - Director of Finance and Resources

23. APOLOGIES FOR ABSENCE

Independent member: Ms Green;

Councillors: Green, McElroy and P Wood.

24. DECLARATIONS OF INTEREST OF MEMBERS OR OFFICERS IN ANY MATTER TO BE DISCUSSED AT THE MEETING

There were no declarations of interest made at the meeting.

25. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 16 September 2011 were approved as a correct record and signed by the Chair.

Matters Arising

(a) Minutes of the previous meeting

Matters Arising

ITA Budget 2011/12

(Minutes 15 (b) and 3 (b) refer)

J Fenwick presented a briefing note on concessionary reimbursement, which had been previously circulated (copy attached to Official Minutes), which explained the principles of the reimbursement of bus operators for the carriage of concessionary passengers on a “no better no worse” basis.

It was noted that Nexus were responsible for the reimbursement of all bus operators for the carriage of English National Concessionary Travel Scheme (ENCTS) pass holders for journeys that began within the boundary of Tyne and Wear, which was in accordance with the national scheme. The calculation of the reimbursement was based on a number of factors, namely the number of boardings, the average fare that would have been charged in the absence of the scheme and a reimbursement factor which was a function of price and demand.

A member commented on the complexity of the verification of data on passengers. J Fenwick explained that Nexus undertook its own continuous monitoring surveys. The validation of the data and the methodology used by Nexus was independently verified by Southampton University. It was also noted that the introduction of the North East Smart Ticketing Initiative (NESTI) would streamline this process. Tickets and passes would be scanned electronically, which would strengthen the quality of data gathered.

A member queried the process taken to negotiate the annual payments made to bus operators for concessionary travel. J Fenwick explained that the process included consideration of the guidance published by the Department of Transport (DfT) and the Nexus Published Scheme which was based upon the guidance from DfT. J Fenwick also explained that the complexity of the calculations meant a reliance on external advisors for the construction of a reimbursement model which informed subsequent negotiations with bus operators.

J Fenwick gave an indication of issues associated with the sole reliance on the Published Scheme without negotiating with operators, indicating that this was not a straightforward and advantageous option given that operators were free to appeal to the Secretary of State if they felt disadvantaged. J Fenwick went on to add that Nexus had been subject to such an appeal in 2008 and it had taken almost one year for a determination to be made, noting that in the meantime services provision had suffered and a lot of management time and external advice had been required in order to defend Nexus against the appeal.

J Fenwick explained that, despite the complexity of work on concessionary travel, Nexus kept the costs of administration at reasonable levels.

P Woods advised members that the ITA work programme would need to include consideration of the future financing of concessionary travel due to the deteriorating affordability of the current scheme. A report would be made available to a future meeting of the Committee **(Action: Deputy Clerk and Treasurer)**.

26. **ITA BUDGET AND TREASURY MANAGEMENT STRATEGY 2012/13**

Submitted: A report by the Deputy Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

P Woods introduced the report which provided members with information on the budget position of the ITA for 2012/13 as part of the medium term financial strategy 2011/12 – 2013/14, and also the treasury management strategy and prudential indicators for 2012/13.

In response to a member's query about possible risks of investing in local authorities without them being subject to a credit rating, P Woods explained that this was not an issue as local authorities were subject to legislation requiring them to make provision for the repayment of debts. The Authority had invested in local authorities in the past but on very short terms due to attractive interest rates offered. It was noted that the Authority currently had no external investments with local authorities.

RESOLVED – That:

- (i) the report be noted;
- (ii) a report be provided to a future meeting on the proposed Quality Contract Scheme with information on what it entailed;
- (iii) a report be provided to a future meeting on the effect of the Localism Act 2011 on the calculation of the levy for the Tyne and Wear ITA.

27. **LOCALISM ACT 2011 - THE AMENDED STANDARDS REGIME**

Submitted: A report by the Legal Adviser and Monitoring Officer (previously circulated and copy attached to Official Minutes).

S Ovens presented the report on the changes brought by the Localism Act 2011 ("the Act") to the system for regulating standards of conduct by elected and co-opted members. He took members through the key elements of the new system and explained that officers would work to develop a set of recommendations. Before making any such recommendations, officers would try to see what the other four constituent authorities were doing and see whether there was any consensus. It was also noted that it would be difficult to finalise matters without the definition of "Disclosable Pecuniary Interests" from Central Government. The

proposals would be brought to a special meeting of the Committee in April with a view to submitting them to the ITA in May for approval.

As an update, it was reported that the Government had now indicated that it was minded to bring in transitional provisions so that existing independent members of a standards committee could be appointed as the statutory Independent Person for their authority after all. This transitional provision would apply for the first year of the new arrangements but local authorities could then extend that term of office further.

During the ensuing discussion a number of points were discussed, including the following:

- The tight timetables for the implementation of the changes.
- The current work on the development of a code of conduct, without the availability of a draft model code. It was noted that the LGA and ACSeS were trying to develop a draft model code.
- The possible new arrangements for dealing with complaints against members and penalties for breach of the code of conduct.
- The Authority's sole responsibility for the appointment of committees and their membership.
- Possible composition and structure of the Committee under the new arrangements.
- The principles of and compliance with the requirements of political balance.
- Officers' preliminary advice that a Standards Committee should be a separate committee with specific functions and, for practical reasons, have the same membership as the Audit Committee.
- The role of independent members of any standards committee in view of their non-voting status.
- The chairing responsibilities and whether an independent member could chair a standards committee under the new arrangements.
- Possible changes to the composition of the Audit Committee. Information on this would be provided at a later date.
- Difficulties incurred in the appointment of members to the Committee, including those due to the day and time of meetings.
- Registration of the Disclosable Pecuniary Interests under the Act and the need to receive the Regulations from the Government defining such interests.

- It was noted that the Chair would meet with Chairs of Standards Committees of other local authorities in the region before the end of March 2012 to discuss the approaches being taken in the light of the new provisions.

RESOLVED – That a special meeting would be held at 2pm on 20 April 2012 to consider detailed proposals for the new local arrangements for standards issues, with a view to recommendations being made to the full ITA in May 2012.

Arising therefrom, members noted that holding a special meeting would also give the Committee the opportunity to consider their annual report for 2011/12 prior to its inclusion in the annual accounts. In the previous year, in the absence of an April meeting, this had had to be done via e-mail.

28. **ANNUAL AUDIT LETTER 2010/11**

Submitted: A report by the Deputy Clerk and Treasurer and the Annual Audit and Inspection Letter (previously circulated and copy attached to Official Minutes).

C Craig presented the Annual Audit Letter 2010/11 which provided an overall summary of the external auditor's assessment of the Authority.

On advice from P Woods, members noted Nexus' efficient contribution to the Group Accounts.

It was also noted that it was a national practice to include a recommendation about the need to focus on meeting the financial reporting timetable.

RESOLVED – That the report and the Annual Audit and Inspection Letter be noted.

29. **DRAFT ACCOUNTING POLICIES 2011/12**

Submitted: A report by the Deputy Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

E Goodman presented the report which updated members on the Authority's draft accounting policies which would be applied in the preparation of the Annual Report and Accounts for 2011/12. The report also sought members' confirmation of the appropriateness of these policies.

RESOLVED – That:

- (i) the draft accounting policies be noted; and
- (ii) approval be given to their use in the preparation of the 2011/12 accounts.

30. **INTERNAL AUDIT PROGRESS REPORT**

Submitted: A report by the Head of Audit and Strategic Risk (previously circulated and copy attached to Official Minutes).

I Pattison presented the report which provided members with information on the progress made against the Annual Audit Plan.

Appendix I to the report provided an overview of the audit of the North East Smart Ticketing Initiative (NESTI) and highlighted the audit which focussed on the governance arrangements for the programme. The Chair queried whether the Standards and Audit Committee should have been part of this review as they provided governance over ITA operations. It was explained that the audit focussed on governance of the NESTI project rather than ITA governance at a strategic level.

RESOLVED – That:

- (i) the progress against the 2011/12 Audit Plan be noted;
- (ii) the position on the implementation of the audit recommendations 2010/11 and 2011/12 be noted.

31. **INTERNAL AUDIT STRATEGIC PLAN 2012/13 TO 2014/15 (INCLUDING THE ANNUAL PLAN 2012/13)**

Submitted: A report by the Head of Audit and Strategic Risk (previously circulated and copy attached to Official Minutes).

P Slater presented the report which invited members to discuss and agree the proposed Internal Audit Plan 2012/13-2014/15 and performance indicators.

Members queried whether the frequency of the audit of the treasury management could be reduced to bi-yearly with the exception of instances where significant changes were envisaged. The Head of Audit and Strategic explained that the audit plan was reviewed on an annual basis and key risk areas were assessed at that time with treasury management representing a significant financial value for the ITA and thus being deemed an important area for review. The plan for 2013/14 onwards was indicative and a reassessment of risks would be undertaken ahead of agreeing the plan and members' comments would be taken into account at that time. **(Action: Head of Audit and Strategic Risk).**

In responding to a member's comment about the importance of treasury management given the reductions in the levy, P Woods explained that the management of the Authority's cashflow under the existing treasury management arrangements was not affected by the level of the levy. Information on the Treasury Management Strategy and updates on the Treasury Management activities would be provided to future meetings. **(Action: Deputy Clerk and Treasurer).**

The report highlighted a number of potential audit areas which had not been included within the strategic audit plan but which members might have wished to consider for inclusion. These areas were Metro Re-invigoration, Local Transport Plan 3 and Local Sustainable Transport Fund. Members indicated that these were the areas of interest, especially Metro Re-invigoration, and asked if there was any mechanism to incorporate these areas within the audit plan. The Deputy Clerk and Treasurer highlighted that a number of areas currently within the audit plan were assessed by Nexus as part of their programme and it might be possible for the ITA to rely upon this work of Nexus in such areas; this approach would help a more efficient use of resources. It was agreed that the Head of Audit and Strategic Risk would discuss options with the Director of Finance and Resources, Nexus and provide an update to members, along with a revised audit plan, if appropriate, at the next meeting of the Committee **(Action: Head of Audit and Strategic Risk)**.

RESOLVED – That:

- (i) subject to members comments the 2012/13-2014/15 Annual Audit Plan be agreed in principal, with an update be provided at the next meeting following discussions with Nexus;
- (ii) the performance management indicators as set out in paragraph 6 of the report be agreed;
- (iii) information on the Treasury Management Strategy and updates on the Treasury Management activities would be provided to future meetings.

32. **STRATEGIC RISK UPDATE**

Submitted: A report by the Deputy Clerk and Treasurer (previously circulated and copy attached to Official Minutes).

G Grant presented the report which updated members on the ITA strategic risks and opportunities.

P Woods flagged up the issue of affordability of concessionary travel, which resulted from the reduction in public sector finance and required a review and action. Members accepted that this approach was understandable. Members requested an update, when available.

P Woods referred to the risk of pressure on the levy from the Tyne and Wear District Authorities and reported that this was being monitored. If necessary, an update would be provided to a future meeting.

RESOLVED – That the report and members' comments be noted.

33. **WORK PROGRAMME**

Submitted: The Committee's Work Programme (previously circulated and copy attached to Official Minutes).

RESOLVED – That:

- (i) the work programme be noted and updated as necessary (**Action: all officers**);
- (ii) members be kept informed about any changes made or proposed as the result of the Localism Act 2011 (**Action: all officers**).

34. **DATES AND TIME OF THE NEXT MEETINGS**

The next meeting (special) will be held on Friday 20 April 2012 at 2pm.

The next ordinary meeting will be held on Friday 20 July 2012 at 2pm.

**Tyne and Wear Integrated Transport Authority
Standards Committee
Work Programme**

2012-2013					
	Terms of Reference item	Details	Meeting 1 July	Meeting 2 Sept	Meeting 3 Feb
1	7	Consider and determine allegations of members' misconduct (if any)	Scheduled	Scheduled	Scheduled
2	1-8	Consider any general conduct issues arising	Scheduled	Scheduled	Scheduled
3	1-8	Annual Review of the Terms of Reference			Scheduled
4	1-8	Agree Annual Report to the Authority			Scheduled

v = Done

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