



**Approved Notes of Inqorate Meeting of
North East Combined Authority, Governance Committee**
5 December 2017

(2.10 - 3.20 pm)

Meeting held Northumberland County Council, County Hall, Morpeth, NE61 2EF

Present:

Independent Members: M Scrimshaw (Chair) G Clark (Vice Chair)

Councillors: E Bell (Durham), M Talbot (Newcastle), P Earley (Reserve - North Tyneside) and M Speding (Reserve – Sunderland)

Independent Person: S Gardner

NOTES OF AN INQUORATE MEETING

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Independent Members: M Scrimshaw (Chair) and G Clark (Vice-Chair)

Councillors: G Clark, E Bell, M Talbot, Earley, S Gardner and M Speding

Independent Person: S Gardner

24 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors G Hobson, C Johnson and M Swinburn.

25 DECLARATIONS OF INTEREST

None

26 MINUTES AND NOTES OF PREVIOUS MEETINGS:**(a) 4 July 2017**

AGREED – That the Minutes of the meeting held on 4 July 2017 be recommended for approval as a correct record.

(b) Inquorate Meeting - Notes of 12 September 2017

AGREED – That the notes of the inquorate meeting held on 12 September 2017 be noted.

27 GENERAL DATA PROTECTION REGULATION (GDPR) AND THE IMPACT ON NECA'S INFORMATION GOVERNANCE POLICY

Submitted: A report by the Monitoring Officer (previously circulated and attached to Official Minutes), which informed the Governance Committee of the changes required as part of the General Data Protection Regulation (GDPR) that would apply from 25 May 2018 and requested the Committee to consider the approach to the changes required for the NECA as attached at Appendix 1. An update would be detailed as part of the Internal Audit Report for the Committee in April 2018.

In discussion, it was noted that:

- In the light of the volume of work and the level of responsibility of the proposed Data Protection Officer, Members commented on the importance of an adequate, dedicated and appropriate staffing resource to undertake this important role.
- Members noted that, at this initial stage, work was focused on the audit of the following: information that was held by the Combined Authority; staff who held that information; and the governance arrangements currently in place around that information. The project team undertaking this audit was led by the Monitoring Officer.

- On advice from P Slater, Members noted that, whilst every constituent authority was obliged to comply with GDPR, it was important to confirm a NECA-level mechanism around GDPR.
- Members welcomed the workshop on GDPR for staff and asked for a similar workshop for Members.
- A Member asked whether the constituent local authorities had a good understanding of the changes that were coming as part of GDPR.
- The Chair asked whether NECA should have a single database with all relevant data as appropriate.

AGREED – That:

- i. The Committee noted the approach to the changes required for the NECA's Information Governance Policy as part of the General Data Protection Regulation (GDPR) as detailed in Appendix 1; and
- ii. Members' comments be noted and actioned as appropriate.

28 REQUEST APPOINT A GOVERNANCE SUB-COMMITTEE TO CONSIDER APPLICATIONS FOR DISPENSATIONS - NEWCASTLE INTERNATIONAL AIRPORT LIMITED BOARD

Submitted: A report by the Monitoring Officer (previously circulated and attached to Official Minutes), which requested the Committee to appoint a Governance Sub-committee for the purposes of considering applications that had been received from Councillor Simon Henig, Leader of Durham County Council and Councillor Iain Malcolm, Leader of South Tyneside Council for dispensation in relation to their registerable personal interests as Directors of the Newcastle International Airport Limited; and, if deemed fit, granting such dispensations.

As the Committee was inquorate, it could not appoint a Governance Sub-Committee.

AGREED – That:

- i. Due to the meeting being inquorate and the timetables involved, the Monitoring Officer would exercise the delegated authority that had been granted to him previously with regard to granting dispensations for Members of the Leadership Board, as required, under section 33 of the Localism Act 2011 in relation to their registerable personal interests as Directors of Newcastle International Airport Limited Board in order to enable them to participate in decision-making of the Leadership Board on matters relating to Newcastle International Airport Limited;

- ii. A workshop be organised for Members on the role of the Governance Committee and also the Governance Sub-Committee; and
- iii. As part of the review of the Constitution, consideration be given to adding the Independent Co-opted Chair (or the Independent Co-opted Vice-Chair to deputise whenever the Chair was unable to attend) to the membership of the Governance Sub-Committee.

29 **ANNUAL AUDIT LETTER 2016/17**

Submitted: A report by the Monitoring Officer (previously circulated and attached to Official Minutes), which presented the Annual Audit Letter for 2016/17. J Dafer of Mazars introduced the report.

In response to a Member's query, P Woods provided clarification on the future financial challenges associated with the transitional arrangements as a result of Brexit, including the timescales associated with the European Investment Bank reviewing investments and the position of the North East Fund.

It was noted that, whilst the North East LEP was involved in promoting the JEREMIE 2 funding initiative, as this funding was not received through the North East LEP the NECA was not the accountable body for the initiative and, therefore, JEREMIE 2 did not form part of the NECA accounts.

On advice from P Woods, Members noted the challenges associated with the early closure of the annual accounts and the work to recruit an additional staffing resource to assist in the preparation of the annual accounts.

A discussion took place on the IT system used by the NECA to prepare the annual accounts, which was also used to conduct the internal audit process, and its compatibility with the systems of the constituent local authorities. It was noted that, currently, the constituent local authorities and partners were required to provide relevant information which was then incorporated into the current system as also used by Newcastle City Council. P Woods confirmed that the system was a good system. With regard to future arrangements, P Woods advised on continuity, suggesting that any changes needed careful planning and would take time.

AGREED – That the report be received and noted.

30 **DRAFT BUDGET 2018-19 CONSULTATION**

Submitted: A report by the Chief Finance Officer (previously circulated and attached to Official Minutes), which sought views of the Governance Committee on proposals for the setting of the 2018/19 NECA Budget, as part of its consultation process. A summary report on the Draft 2018/19 Budget had been presented and approved at the Leadership Board on 21 November and attached as an appendix to this report.

In discussion, the Committee made the following comments:

- With regard to Nexus' budget, the Committee expressed concern about the potential impact on staff and front line services of prospective savings that were to be identified for future years from 2019/20 onwards. In response, P Woods advised that work continued to seek funding options for future years.
- A comment was made about some areas of NECA, such as Durham and Northumberland, having a greater reliance of on bus services and the importance of giving this matter a careful consideration when considering future services. A comment was also made about the importance of continuation of effective bus services, including secured services for the elderly and concessionary travel, in the areas that relied greatly on bus services for access.
- In appreciating the reasons for the segregation of transport policies of Tyne and Wear, Durham and Northumberland, a comment was made about the need for a better integration of transport between these areas.
- A comment was made about the importance of ensuring that financial contributions for transport from local authorities were distributed equitably and in accordance with the transport needs and usage in those areas.
- A Member thought that a recent statement from the government that suggested that the funding for the new Metro fleet was "funding for the North East" was misleading as only some areas of the North East would benefit from that investment.

It was also noted that:

- Clarification was provided on the funding for the new Metro fleet, including the amount received from the government and the source of the £25 million contribution that was provided by Nexus.
- Members noted the challenges associated with the lack of funding in future for the engineering infrastructure of Metro and that work continued to identify possible funding sources. It was also noted that the funding that would be received as part of the devolution deal for the emerging North of Tyne combined authority could be of assistance.
- It was envisaged that there would be a joint Transport Board that would oversee transport on behalf of both the NECA and the emerging North of Tyne combined authority. It would be part of the responsibilities of the Board to consider transport levies of future years.
- In response to a Member's concern, P Woods explained that Durham and Northumberland did not subsidise Metro. Clarification was also provided on the segregation of funding for transport between Durham, Northumberland and Tyne and Wear as agreed by these areas upon the setting up of NECA.

AGREED – That:

- i. The budget report be received and noted; and
- ii. The Committee's comments be noted as part of the consultation process.

31 **STRATEGIC RISKS AND OPPORTUNITIES REGISTER**

Submitted: A report by the Audit, Risk and Insurance Manager (previously circulated and attached to Official Minutes), which provided an update on the Strategic Risks and Opportunities for the North East Combined Authority. It was noted that the report was prepared in the knowledge of but prior to the announcement of the devolution deal for the three local authorities north of Tyne.

In discussion, it was noted that:

- In the light of the emerging North of Tyne combined authority, the NECA could choose to undertake a governance review, although there was no obligation to undertake this work. It was understood that a governance review would be undertaken.
- Members were reminded that the NECA was created by the Order of the Secretary of State. Any changes to the NECA's composition or name would require another Order.
- Clarification was provided of the term "notional allocation of funding", which meant the funding was provisionally allocated for spending but this type of allocation could be withdrawn at any time.
- The sums of money referenced under the section titled "European Funding 2014-2021" in Appendix B should all read "Euros" rather than "Pounds".
- Members asked about proposed arrangements for a governance committee for the emerging combined authority for the North of Tyne, the remaining North East Combined Authority and the North East Local Enterprise Partnership (North East LEP).

It was noted that arrangements for the emerging combined authority for the North of Tyne would be considered in due course. Both combined authorities would require a governance committee.

With regard to the North East LEP, this committee remained the governance committee for the North East LEP and future arrangements would be confirmed in due course.

AGREED – That:

- i. The Committee reviewed the outcome of the strategic risk review; and
- ii. The Committee recommended that future arrangements with regard to a governance committee be added to the risk register.

32 **INTERNAL AUDIT PROGRESS REPORT**

Submitted: A report by the Audit, Risk and Insurance Manager (previously circulated and attached to Official Minutes), which provided the Committee with information on progress against the delivery of the 2017/18 internal audit plan and information on the implementation of audit recommendations.

AGREED – That the Committee noted the internal audit activity.

33 **ANNUAL GOVERNANCE STATEMENT**

Submitted: A report by the Audit, Risk and Insurance Manager (previously circulated and attached to Official Minutes), which introduced the assurance framework for the production of the 2017/18 Annual Governance Statement and considered the sources of assurance required to support it.

AGREED – That the Committee agreed the approach to be taken to produce the 2017/18 Annual Governance Statement, including NECA's assurance framework.

34 **DATE AND TIME OF NEXT MEETING**

Tuesday, 3 April 2018 at 2.00pm, Sunderland City Council

(a)

(b)