

## North East Combined Authority, Governance Committee

27 February 2015

(2.00 pm - 3.05 pm)

Meeting held Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

### Present:

Independent Member: M Scrimshaw (Chair)

Councillors: E Bell, B Coates, H Franks, A McMillan, H Trueman

Independent Person: S Gardner

### 31 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A Dale, J O'Shea and G Clark, Independent Vice Chair.

### 32 DECLARATIONS OF INTEREST

The declaration of interest procedure was noted.

### 33 MINUTES OF PREVIOUS MEETING HELD ON 12 SEPTEMBER 2014 AND NOTES OF INQUORATE MEETING HELD ON 9 DECEMBER 2014

In response to a query raised on Minute 15 – Annual Report and Accounts 2013/14 of 12 September meeting, clarification was provided on the process for signing off the Annual Governance Statement. It was also confirmed that the process allowed sufficient opportunities for all to have input into the Statement prior to sign off.

#### RESOLVED – That:

- (i) The Minutes of the previous meeting held on 12 September 2014 were agreed as a correct record and signed by the Chair.
- (ii) The notes of the Inquorate meeting held on 9 December 2014 were received.

**Matters Arising:** None

### 34 BUSINESS ITEMS TO CONSIDER FROM IN QUORATE MEETING HELD ON 9 DECEMBER 2014

#### (a) Request for Dispensations

Submitted: A report by the Monitoring Officer (previously circulated and a copy attached to official minutes).

V Geary introduced the report, which provided information for determining three requests for dispensations from Members of the Leadership Board in relation to their registerable personal interest as Directors of Newcastle International Airport Limited.

**RESOLVED –**

- (i) That the requests for dispensation submitted by Members of the Leadership Board be granted.
- (ii) The Monitoring Officer be authorised to issue a certificate of dispensation to the Members concerned.
- (iii) The Monitoring Officer be authorised to grant dispensations to the Members of the Leadership Board who are also Directors of Newcastle International Airport Limited where such requests are not received in time for consideration by the Governance Committee.

**(b) Request for Dispensation**

Submitted: A report by the Monitoring Officer (previously circulated and a copy attached to official minutes).

V Geary introduced the report, which provided information on a request for dispensation for Councillor Eagle in relation to his registerable interest as an employee with Nexus Rail.

Concern was raised around the potential public perception in granting this dispensation. It was explained that the dispensation approval was to enable the Councillor to speak but not vote. The Councillor in question brought a wealth of knowledge and expertise to the Overview and Scrutiny Committee, particularly in relation to transport related issues.

**RESOLVED – That:**

- (i) The request for a dispensation submitted by Councillor Eagle be received and granted.
- (ii) The Monitoring Officer be authorised to issue a certificate of dispensation to the Member concerned.

**35 ACCOUNTING POLICIES UPDATE 2014-15**

Submitted: A report by Chief Finance Officer (previously circulated and a copy attached to official minutes).

E Goodman introduced the report, which updated the Committee on the NECA accounting policies to be applied in the preparation of the Annual Report and Accounts for 2014/15 and on changes to UK accounting and reporting standards and guidance, which may have an impact on the Authority's accounts for the year ending 31 March 2015.

P Woods referred to the recent tendering process in relation to banking arrangements for next year, confirming that Lloyds Bank had been awarded the contract. He also reminded the Committee that the external auditors for next year 2015-16 would be Mazars.

During discussions, clarification was sought on the reasoning behind the Cooperative Bank's decision to withdraw from local authority contracts and a brief outline about the relationship between NECA and the LEP was provided.

**RESOLVED** – That the accounting policies be approved and used in preparation of the 2014/15 accounts.

### 36 **BUDGET UPDATE 2015-16**

Submitted: A report by Chief Finance Officer (previously circulated and a copy attached to official minutes).

P Woods introduced the report, which updated the Committee on progress with the setting up of the 2015/16 budget. He also provided a detailed explanation about the two budgetary recommendations that were not agreed at the Leadership Board meeting on 20 January, which resulted in an extra-ordinary meeting on 17 February 2015 having to be arranged. He confirmed that the financial budget had now been agreed and would be monitored throughout the year with progress reported on a regular basis.

A concern was expressed about the risk value associated with agreement not being reached in future on vital decisions. It was explained that this would now be included as a risk in the register. A review of the budget process would also be undertaken to ensure inclusive consideration was carried out prior to the actual decision being taken.

Clarification was given about the reasons why the different amounts were shown against the bus infrastructure in the NEXUS budget for 2014-15 and 2015-16.

In response to a query raised, P Woods agreed to circulate two reports for information, which were presented to TNEC on 26 February around the discharge of transport functions in Durham and Northumberland.

A suggestion was made about inviting the Chair of NEXUS to a future meeting of this Committee to discuss whether there was a potential to harmonise operational issues between the rural and urban areas.

**RESOLVED** – That the report be received and noted.

### 37 **INTERNAL AUDIT PROGRESS REPORT**

Submitted: A report by Audit, Risk and Insurance Service Manager (Newcastle City Council) (previously circulated and a copy attached to official minutes)

P Slater introduced the report, which provided members with an updated Internal Audit Plan and detailed progress against the delivery of the plan and implementation of audit recommendations.

In response to a query was raised, it was explained that the Monitoring Officer had been appointed as the Senior Information Risk Officer (SIRO).

**RESOLVED** – That the Committee noted the internal audit activity to date.

### 38 **PARTNERSHIP ASSURANCE**

Submitted: A report by Audit, Risk and Insurance Service Manager (Newcastle City Council) (previously circulated and a copy attached to official minutes).

P Slater introduced the report, which provided the Committee with a template to be issued to the Combined Authority's significant partners to seek assurance on the effectiveness of their governance arrangements.

Clarification was provided about how the Audit Committee was an independent assessment carried out as part of the evidence gathering process that informed a judgement on the system's effectiveness. As such, this would not appear as a separate entity but could be part of the evidence of assurance under one or more of the categories listed.

Reference made to NEXUS, Durham and Northumberland and the need to perhaps send a slightly different template as these bodies were not classed as partners.

Comments were made about ensuring the template was consistent in its approach e.g. written in the third person; the importance of fully understanding the local government controls and ensuring partners had the same standards as local government and the Committee's knowledge and understanding of the overall process.

P Woods suggested that a training workshop could be arranged in June 2015, providing Members with a better understanding on the Accounts and how they were formulated and on the Annual Governance Statement and how it was produced, including information on the expectations of partners. A comment was made about trying to engage an external person, at low cost, to undertake the training.

**RESOLVED** – That the template was agreed and feedback be received along with other sources of assurance relevant to the Annual Governance Committee at their next meeting.

### 39 **RISK MANAGEMENT**

Submitted: A report by Audit, Risk and Insurance Service Manager (Newcastle City Council) (previously circulated and a copy attached to official minutes).

P Slater introduced the report, which provided information about the significant risks and opportunities facing the delivery of the Combined Authority's aims and ambitions that came out of a risk identification workshop.

A comment was made about how useful briefing session could be, particular reference being made to the economic regeneration and transport sessions held last year.

Concerns were expressed about members potentially having a lack of general understanding and knowledge. P Woods indicated that an overview of the various NECA issues could be provided as part of the suggested training workshop, discussed earlier in the meeting.

P Slater confirmed that a risk register would be compiled and a progress report given at the next meeting

**RESOLVED** – That the Committee:

- (i) Acknowledge and agreed the strategic risks and opportunity areas that have been identified at the workshop
- (ii) Noted the approach taken with Economic Directors to identify additional risk areas to investigate further.
- (iii) Agreed to receive a progress report at the next Governance Committee based on the outcome of the Economic Directors' meeting on 6 March 2015.

#### 40 **DATE AND TIME OF NEXT MEETING**

The Committee noted the proposed dates for 2015/16:

Friday 10 July 2015 at 2pm - Sunderland  
Friday 11 September 2015 at 2pm - Durham  
Friday 11 December 2015 at 2pm - Gateshead  
Friday 12 February 2016 at 2pm - Newcastle