

## Review of 2018/19 AGS Action Plan – July 2020 Update

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2019 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>This is the final year of a four-year 1% p.a. rent reduction brought around by the Welfare Reform and Work Act 2016.</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> <li>• The insourcing of the repairs &amp; maintenance 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> </ul>

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<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 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>	<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 back into employment.</li> <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> </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</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>Any required savings are therefore required to fit with the Efficiency Statement to ensure the council is still in a position to deliver the quality of services its</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>• The Efficiency Statement addresses the financial challenge whilst</li> </ul>

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<p>resources.</p> <p>There is a risk that budget monitoring does not fully align with the efficiency programme.</p>	<p>residents expect.</p> <p>To enable the objectives of the Efficiency Statement to be met it is important that the current monitoring processes that are in place will enable robust financial and service challenges to continue throughout the year.</p>	<p>enabling the Authority to deliver Our North Tyneside Plan priorities. A number of business cases have been put in place to support the delivery of the Efficiency Statement and associated reduction of costs.</p> <ul style="list-style-type: none"> <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 strategic aims of the Efficiency Savings Programme. The Efficiency Savings Programme Board receive this report enabling informed decisions to be made.</li> <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>Impact of the development of the Integrated Care System (ICS) across North East and North Cumbria and the Integrated Care Partnerships ICPs (which have replaced the former Sustainability and Transformation Plans)</b> –there are concerns about the extent to which the Authority has been</p>	<p>The purpose of the ICS and ICPs in the NHS is to ensure that health and care services are based upon the needs of local populations in order to support the successful implementation of the NHS 5 Year Forward View (5YFV) and the NHS Long Term Plan. The ICS and ICPs are intended to bring together key partners across Clinical Commissioning Groups (CCGs), Foundation Trusts, local authorities and other health and care service providers to improve health outcomes and to better manage operational challenges in the NHS to achieve sustainability.</p>	<ul style="list-style-type: none"> <li>• Following previous controls identified, including the letter from North Tyneside Council to NHS England and monitoring by the Head of Health, Education, Care and Safeguarding and the Chair of the Health and Wellbeing Board, a Health Scrutiny Committee has been established jointly across local authorities.</li> <li>• The Chair of the Health and Wellbeing Board and senior council officers have received updates and a number of presentations from chief officers within the NHS on the progress of the ICS, ICP and the Long-Term Plan and the implications at the meetings of the North Tyneside Health and Wellbeing Board.</li> </ul>

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<p>a true partner in its development. The concern centres on engagement and involvement of local authorities and understanding the financial implications of the plans upon the ability of the Authority to deliver services to residents, such as, adult social care, children's services and public health.</p>	<p>The ICS has identified a number of priority areas of work including prevention, optimising health services, digital transformation, workforce transformation and mental health.</p>	<ul style="list-style-type: none"> <li>• The Head of Health, Education, Safeguarding and Care and the Director of Public Health are involved in the ICS work streams relating to prevention, mental health and child health.</li> <li>• A watching brief will be kept on the implications of the Governments' Green Paper on Care and Support for Older People and the Green Paper on Prevention. Once they are published considerations will need to be made to any changes coming as a result.</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 business rates appeals, this was previously</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; redistribution, system design, accounting &amp; accountability and business interests.</li> <li>• Presentations have been received from MHCLG both to the region and jointly to the Local Government Association.</li> <li>• The Authority considers and</li> </ul>

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	<p>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 home-working. 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>responds to consultations issued on the proposed changes to business rates.</p> <ul style="list-style-type: none"> <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> </ul> <p>Proposals to change risk on appeals, Central Government bearing cost, with top slice to each authority's funding.</p> <ul style="list-style-type: none"> <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 monthly basis.</li> <li>• Along with the new valuation list being due in 2021 it is now expected that there will be a full baseline reset of Business Rates Retention and possibly a more complex retention system. 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</p>	<p>Some information held by the Authority is extremely sensitive in nature which requires robust policies and systems to be in place to ensure that it is as secure as possible, and that staff are fully aware of the procedures that they need to follow when</p>	<ul style="list-style-type: none"> <li>• Compulsory e-learning in respect of information sharing and information governance awareness training. It is mandatory for all staff handling information to undertake e-learning.</li> <li>• Strategic Information Management Forum. This is an assurance group which consists of Heads of Service</li> </ul>

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<p>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>dealing with such information.</p> <p>From May 2018 the General Data Protection Regulation (GDPR) came into force. The GDPR sets out a number of new requirements for organisations. The new regulation places greater emphasis on accountability, for example informing residents in more detail about how the Authority will handle their data, shorter timescales for dealing with subject access requests and breaches, increased fines for non-compliance, data protection impact assessment (DPIA) must be carried out prior to commencing new processing activities, considering data privacy and protection at the start of a project (also known as Privacy by Design).</p>	<p>and Senior Managers. Their role is to help to ensure that the Authority's information governance, IT systems and processes are fit for purpose. The Group enables Senior Managers to ensure that consistency is applied to the approach to information governance and sign off of referrals to the Information Commissioner's Office.</p> <ul style="list-style-type: none"> <li>• Information Management Strategy, this sets out how the Authority will manage its information going forward.</li> <li>• Information governance standards for the sharing of information with partners. Data sharing was included in the contractual arrangements with both the Business and Technical Partners. An additional data sharing agreement has been produced for the business partner to reflect ICT services. It sets out procedures that staff need to follow in order to obtain access to information systems. A Data sharing Agreement is also in place for the Trading companies.</li> <li>• Strategic Information Governance Officer – providing a corporate approach working with day to day managers of the information governance processes and procedures, ensuring a training plan is in place and implemented.</li> <li>• The Authority has appointed a new Senior Information Risk Owner at SLT level, which will oversee Information Governance operations.</li> <li>• Work is continuing to embed data protection legislation across the Authority. Privacy Notices have been produced, the procedure for data protection requests has been reviewed and implemented and the Information Governance policies have been updated. Current data</li> </ul>

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		<p>sharing and data processing agreements have been reviewed and updated and work continues on the Archive to reduce the number of documents being stored.</p> <ul style="list-style-type: none"> <li>• Implementation of ICT Tooling which will include SharePoint will introduce a Records Management System which will include robust document retention and disposal systems.</li> <li>• As part of the review of the ICT Strategy, a governance board has been established recognising the links between ICT and Information Governance. Its membership includes the SIRO, relevant Cabinet Members and heads of service. It will help ensure that ICT enables us to take a confident and robust approach to information governance and security.</li> </ul>
<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>• The performance payment mechanism ensures that the correct payments are made in relation to the partners.</li> <li>• Alignment of the Efficiency Statement with ENGIE strategic plans will ensure all parties are aware of how the business partnership is working towards developing the Authority's priorities and ENGIE business plan.</li> <li>• ENGIE and Capita continue to work with the Authority to deliver the 'Our North Tyneside Plan' along with Efficiency Statement objectives. The aim is to ensure that partnership delivery plans are in line with policy objectives. This is reflected in their</li> </ul>

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		<p>annual service plans.</p> <ul style="list-style-type: none"> <li>• The Capita Deed of Variation has now been agreed and implemented.</li> <li>• The Schedule 9 Benchmarking exercise for the Capita contract as completed in year and reported through OPB and SPB. Development and monitoring of the Annual Service Plan continues and performance against these plans are reported through OPB and SPB.</li> <li>• A Schedule 9 Benchmarking Best Value Review is scheduled for year 8 of the Engie contract (2020) and work started during 2019 to prepare for this review. A review of Good value is required to enable extension of the Contract to a 15-year term.</li> <li>• Overview &amp; Scrutiny Committee have selected the Engie contract as one of the areas they wish to review. These started in 2019 and continue through 2020.</li> </ul>
<p><b>Exit from the European Union</b>          – there is a risk that the Authority may be placed at a disadvantage or miss out on opportunities afforded by the change, following the decision to leave the European Union (EU) in both financial and economic growth terms.          There is an opportunity to work closely with other local authorities, NELEP and the North of Tyne</p>	<p>The decision to leave the EU has resulted in a number of uncertainties including whether Central Government will fill the gap left by European Funding on a like for like basis.</p> <p>There is also the potential impact on businesses within North Tyneside which will vary depending on their reliance on Europe as a market and their sensitivity to fluctuations in monetary value. The full extent of the impact will not be clear until the precise trade terms are known which will apply once the UK formally leaves the EU.</p> <p>Opportunities will also arise covering:</p> <p>An opportunity for partnership</p>	<ul style="list-style-type: none"> <li>• The potential impact from leaving the EU has been included in the Authority’s Financial Strategy. This will help to ensure that potential areas of impact following EU exit will be highlighted and included (where relevant) in budget planning.</li> <li>• Announced at Conservative Party Conference that funding will be extended until Britain officially leaves the EU. If this funding is honoured, it will offer a degree of certainty until we leave the EU.</li> <li>• Further announcement from Government in July 2018 that they would underwrite EU funding even in a ‘no deal’ scenario for funds approved prior to 2020. This will enable the Authority to bid for an extension to the Business Factory start-up and business growth support until December 2021.</li> <li>• Funding has been made available</li> </ul>

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<p>Combined Authority within the region to exploit new areas of growth and financial streams.</p>	<p>between businesses and the Authority to work together more effectively to stimulate and support economic growth opportunities;</p> <p>An opportunity for a comprehensive approach to establish the River Tyne as a hub for offshore and renewable energy investment; and</p> <p>There is an opportunity for local authorities to work more collaboratively with wider business partners through the Combined Authority and the North East Local Enterprise Partnership (NELEP).</p>	<p>from Central Government to help deal with any adverse impacts from Brexit. This will alleviate some of the financial and resource pressures the Authority may face when managing the impacts from Brexit.</p> <ul style="list-style-type: none"> <li>• Existing regeneration schemes are planned against known funding opportunities. This minimises the impact on schemes if funding opportunities are withdrawn.</li> <li>• Keep a watching brief, this will ensure that any changes whether to funding or legislation will be identified and acted upon.</li> <li>• The Authority is a member of various regional groups. This will help the Authority to keep up-to-date on progress and have the opportunity to exert influence via these groups, for example the Local Government Association.</li> <li>• Effective high-level engagement with key businesses. Appropriate high-level relationships will enable us to monitor emerging impact of Brexit on our key businesses.</li> <li>• Explore alternative funding opportunities. This will enable the Authority where possible to secure future funding that is not reliant on the EU.</li> <li>• The Authority has established the Brexit Working Group. The group will oversee the management of Brexit across the Authority. It takes into account information and guidance received from Central Government and regional groups. The group has identified and is managing risks attached to Brexit and it assesses the resilience of the Authority to ensure we are prepared to deal with the impact.</li> </ul>
<p><b>Devolution</b> – There is a risk that</p>	<p>The North of Tyne authorities have established a North of Tyne</p>	<ul style="list-style-type: none"> <li>• The North of Tyne Combined Authority is now in existence, with its</li> </ul>

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<p>the Authority may not be able to maximise the opportunities presented by securing a devolution deal for North of the Tyne (NOT).</p>	<p>Mayoral Combined Authority following a Devolution deal from Central Government. This required the previous arrangements with the North East Combined Authority (NECA) to change. The Authority will need to be mindful of any on-going governance issues the new Combined Authority may bring, specifically around their impact on North Tyneside Council.</p>	<p>first elected Mayor in office.</p> <ul style="list-style-type: none"> <li>• The Elected Mayor and Deputy Mayor are members of the North of Tyne Cabinet.</li> <li>• The North Tyneside Working Group, including Authority staff and elected members, continues to meet to ensure information is shared and all parties are involved to maximise the potential benefits for North Tyneside. Chief Officers within North Tyneside Council are currently occupying critical roles in the new Combined Authority.</li> </ul>
<p><b>New Risks Added Since May 2019</b></p>		
<p><b>Workforce (including Recruitment and Retention) &amp; Succession Planning</b> – There is a risk that our workforce planning may not meet the needs of the Authority especially with regards to recruitment, remuneration and retention within some of our services especially Social Care and Public Health, and succession planning more generally across all areas.</p>	<p>There is a risk that the Authority fails to align its workforce, in terms of skills and experience, in order to deliver the right priorities, leaving the Authority unable to deliver the Our North Tyneside Plan.</p>	<ul style="list-style-type: none"> <li>• Workforce planning will ensure that service areas have the tools to align the workforce requirement to the delivery of service.</li> <li>• Organisational Development Plans are in place and reviewed by SLT annually to ensure that the programmes we are running align themselves to the Authority's priorities.</li> <li>• Recruitment sign off for vacancies is made by the Head of Resources ensuring that there is a business need to undertake a recruitment exercise and that those vacancies are controlled.</li> <li>• Sign off and monitoring process for voluntary redundancy and enhanced redundancy requests are made by the Head of Resources to make sure that the right decisions are made and challenged appropriately, ensuring a consistent approach.</li> <li>• The apprenticeship strategy will support the expansion of entry routes into the organisation, particularly for young people and our hardest to</li> </ul>

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<p><b>Covid-19 Recovery</b> – There is a risk that we may fail to manage long term recovery from the coronavirus (Covid-19) pandemic well, within the Authority and wider across the community and economy within North Tyneside.</p>	<p>This new risk has been raised due to the need to respond to and plan for the long-term recovery from the impact of Covid-19 based upon the Authority’s planning assumptions as set out below. In line with the Government’s Covid-19 Recovery Strategy:</p> <ul style="list-style-type: none"> <li>• The Authority must adapt to live with the virus in the community for the foreseeable future;</li> <li>• Any further easements to lockdown and the restart of businesses and services set by Government will be very gradual and on a phased basis;</li> <li>• The “test, track and trace” arrangements will slow the spread of the virus and the Authority will work with partners on local outbreak control measures;</li> <li>• Shielding for the most medically critically vulnerable will remain for some time and the Authority will need to retain its support arrangements for those people;</li> <li>• The Authority will see a changing nature of demand for some services such as Adult Social Care;</li> <li>• Social distancing and good respiratory hygiene will be key to manage the spread of infection and all workplaces, schools and other education facilities, retail settings and public spaces will need to be Covid-secure;</li> </ul>	<p>reach group of residents.</p> <ul style="list-style-type: none"> <li>• Governance arrangements have been put in place to enable the coordinated management of the Covid-19 crisis ensuring prompt key decisions and actions. The arrangements are documented in the Covid-19 Recovery Framework and cover response, recovery, day job and Member oversight.</li> <li>• The framework sets out how we will take forward work within the Council and across the borough to move from the COVID-19 crisis response / management phase to the recovery phase. It sets out a narrative both internally and externally on how we will approach this next phase. It frames the choices and decisions that will need to be made and provides an overarching framework within which detailed work can be planned and taken forward at both a strategic and operational/tactical level.</li> <li>• Business continuity plans(BCPs) have been reviewed and updated to ensure they were fit for purpose to address the immediate response to working arrangements from Covid-19.</li> <li>• The HR Recovery Workstream group is reviewing the Workforce and Organisational Development Plan to ensure it reflects the current situation. They are taking the lead in ensuring risk assessments are completed and have developed relevant guidance that is available for managers and staff to assess the impact from Covid-19 and determine relevant actions to be taken.</li> <li>• Comprehensive communications strategy being implemented for staff, elected members, the public and businesses. Within the strategy a</li> </ul>

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	<ul style="list-style-type: none"> <li>• PPE will still be required where appropriate and the Authority will follow and promote Government guidance on its use such as the use of face coverings on public transport and in some other settings;</li> <li>• There will be a significant financial impact for the Authority; and</li> <li>• The economic impact across the Borough as a whole will be substantial – nationally the forecast is for 14% GDP down this year and 15% GDP up next year.</li> </ul>	<p>stakeholder communication plan has been developed detailing key stakeholders both internal and external to the council and the communication method and frequency to be used in the delivery of key messages.</p> <ul style="list-style-type: none"> <li>• Member oversight and engagement through regular reporting to the Mayor and Cabinet, and through recommenced ‘virtual’ meetings, ensuring appropriate Member involvement in key decisions.</li> <li>• The recovery activity will be driven through four overarching strategic themes in line with the Our North Tyneside Plan plus one for the Council as an organisation – Our People, Our Places, Our Economy and Our Organisation. 25 workstreams have been established to support each strategic theme working towards ensuring that we are able to recover and restart services ensuring the safety of our staff and residents and supporting local businesses to enable economic recovery and growth. They will also link with the work programmes in the Government Recovery Strategy as well as national decisions, the Alert Level nationally and locally and NHS winter planning. Each workstream will have a Cabinet Member and Officer lead.</li> <li>• Government guidance and legislation forms a key strand of work undertaken at the relevant Officer groups to determine relevant work to be taken by the 25 recovery workstreams who, where relevant undertake risk assessments and develop plans to ensure necessary actions are identified and progressed.</li> <li>• Managing business support activities</li> </ul>

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		<p>via the Business Support and Town Centre workstreams linked to the regional economic recovery plans of the North of Tyne Combined Authority and the NELEP. Providing a regional basis and broader economic geography on which to tackle the impact of Covid-19 and to develop regional strategies to deliver economic growth and attract inward investment.</p> <ul style="list-style-type: none"> <li>• Additional Government funding to support recovery has been received with the purpose to help respond to Covid-19 pressures across all services the Council delivers, including support for adult social care workforce, for helping the most vulnerable, support our local businesses and keeping the economy going.</li> <li>• Monthly returns are being completed to MHCLG to outline the financial impact of the Covid-19 pandemic on the Finances of the Authority. Officers are continuing to work with Services to ensure forecasts are up to date and accurate as well as ensuring that all grant funding available is secured.</li> <li>• A comparison analysis between the current budget and Medium-Term Financial Plan and the estimated financial impact from COVID-19 will be undertaken. This will help identify any financial risks across the General Fund, Dedicated Schools Grant, Housing Revenue Account and Investment Plan. This will also enable a modelling exercise to be completed on potential impact of Council Tax and Business Rate against our agreed planning assumptions.</li> </ul>

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<p><b>Finance and Resources –</b> There is a risk that due to significant historic reduction in local authority core funding and the ongoing uncertainty of funding beyond 2020/21; compounded with patchwork funding for social care and the introduction of new funding formulas for schools, the Authority may not be able to make appropriate plans to ensure its financial sustainability.</p>	<p>The exact trajectory of future funding to local Government in general remains uncertain. The spending review for 2020-21 was announced as a one-year review with the Government's intention to carry out a full spending review for the three years beyond 2020-21. An outcome of the current Covid-19 response is that the Government have advised that the spending review, fair funding review and the move to 75% business rate retention will be paused for a further year. This brings further uncertainty from a financial planning perspective.</p> <p>Additional funding for social care for 2020-21 was announced and the Adult Social Care precept proposed for 2021. The expectation that Adult Social Care pressures are funded through Council Tax increases continues to leave the burden with residents and gives no indication of the long-term plans for funding social care. The Adult Social Care green paper is still awaited.</p> <p>Demand for services for vulnerable adults and children continue to grow. Services have continued to reshape and respond to the challenge of reducing resources however there are increasing numbers of children at risk and we are well versed on the impact of an ageing population.</p> <p>Our schools continue to face financial challenges not least from unfunded legislative requirements, rising High Needs and the impact of the shift to the national funding formula. The</p>	<ul style="list-style-type: none"> <li>• Flexibility within the savings plans 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 outbreak of Covid-19 the 2020-21 saving targets may not be achieved.</li> <li>• Bi-monthly budget reporting to Cabinet. Publicly reporting to Cabinet on each project as part of the Financial Plan ensures challenge on the financial benefits of the Creating a Brighter Future programme. Any inflationary impact 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 savings programme. Monthly 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 clear parameters on affordability.</li> <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. This group will be</li> </ul>

## Appendix A

Potential Governance Issue	Factors Driving the Governance Issue	Update to Controls Identified in May 2019 Audit Committee Report
	<p>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 continues to grow and has seen strong housing growth in recent years. This brings with it, additional demand for services across the borough. 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 Financial Plan however the fundamental uncertainty beyond 2020-21, and the potential impact from Brexit adds to the risk of developing a financial plan and ensuring financial sustainability of the authority.</p> <p>The impact of Covid-19 has financial repercussions for 2020-21 and beyond adding further uncertainty to the ability to ensure financial sustainability of the Authority through financial planning.</p>	<p>the key group to deliver the finance workstream during recovery from Covid-19.</p> <ul style="list-style-type: none"> <li>• Contribute to ongoing Government consultation on matters affecting local government finance e.g. 75% business rate retention, Fair Funding Review and school 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 has been suspended due to Covid-19.</li> <li>• Analyse the Spring Statement for potential impact. Usually this would have given an indication of potential changes which may influence officers' assumptions; however, the latest spring statement announcement gave no indications of future funding and has been further impacted by the Covid-19 outbreak.</li> <li>• Weekly Covid-19 update with Finance Officers to ascertain the current financial pressures to understand the scale of impact and consider potential solutions.</li> </ul>