

Annual Governance Statement 2019/20



Section 1: Introduction

This Annual Governance Statement (AGS) provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. The statement also includes activities that may need improvement, but which do not constitute 'significant weaknesses' in our governance and internal control arrangements.

Appendix A of this statement includes the background to the weaknesses and details the actions that will be undertaken to improve their effectiveness.

To help us undertake the review of our governance arrangements an Informal Audit Committee sub-group of members and officers carry out a review of our governance framework. The Group includes the Chair and 2 Members of Audit Committee and the Vice Chair of Standards Committee, the Council's Director of Resources, Assistant Director of Financial Services and Chief Internal Auditor.

This AGS has been prepared during the outbreak of the Coronavirus. The Council is operating within the framework of our Business Continuity Plans which have been developed to enable the Council to operate safely in times of crisis. Health and Social Care services have been prioritised and other support services are being delivered at a reduced level or their resources have been redeployed to support our critical services. Section 7 of the Annual Governance Statement has further detail on the impact of Coronavirus on the Council's Governance Framework and the planned review process as the situation subsides.

Section 1: Scope Of Responsibility

We (Newcastle City Council) are responsible for ensuring that our business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which we exercise our functions, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council's Cabinet and Directors' Team are responsible for putting in place proper arrangements (known as a Governance Framework) for:

- (i) the governance of our affairs and
- (ii) facilitating the effective exercise of our functions, including arrangements for the management of risk.

In relation to (ii) the Council has put in place a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve priorities 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:

- a) identify and prioritise the risks to the achievement of our policies, aims and objectives;
and

- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to management them efficiently, effectively and economically

Section 2: Purpose Of The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Chartered Institute of Public Finance and Accountancy (CIPFAs) publication “Delivering Good Governance in Local Government” (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against to consider the extent to which the Council complies with the principles of good governance as set out in the Framework. This is reported through the Annual Governance Statement. It also enables us to monitor the achievement of the Council’s priorities and to consider whether those priorities have led to the delivery of appropriate services which represent value for money.

The Council’s Corporate Plan Shaping Our Future Together: Our medium-term plan 2019-20 to 2021-22 sets out how we are dealing with the continued public sector austerity whilst delivering our bold ambitions for the city. The Plan outlines the steps we propose to take over the next three years.

The Governance Framework has been in place for the year ended 31 March 2020 and up to the date of approval of the Council’s Annual Report and Accounts.

This Annual Governance Statement meets the requirements of the Accounts and Audit (England) Regulations 2015 (6) (1) to conduct a review of the effectiveness of the system of internal control required by Regulation 3 which requires the AGS to be prepared in accordance with proper practices in relation to the accounts.

Section 3: The Governance Framework

The core principles and outcomes of our Governance Framework are set out overleaf. This includes examples of how the Council has adhered to its governance commitments set out in the Constitution and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

Section 3 – The Governance Framework

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

<i>The Council's Commitment of Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
<p>Behaving with Integrity</p>	<ul style="list-style-type: none"> • Shaping our Future Together – Our medium-term plan 2019-20 to 2021-22. The Plan sets out our financial and delivery plans for the next three years. This plan incorporates the Council Plan. It explains the challenges and opportunities facing the council and city. The plan is structured around five priority themes: <ul style="list-style-type: none"> • <ul style="list-style-type: none"> ▪ Employment: creating more and better jobs ▪ Education and Skills: the best learning opportunities for all ▪ Environment: a clean, green and safe Newcastle ▪ Health and Social Care: a healthy, caring city ▪ Housing: building more and better homes • We hold Policy Cabinet meetings on each of the five key themed priorities, providing an update on what we're doing, the key challenges for the city and hearing views from partners and residents. • The Council has a zero-tolerance approach towards fraud and corruption. Administration of the Council's policies on anti-fraud and corruption, and anti-money laundering is undertaken by the Fraud Unit in Internal Audit. 	<p>The Council Plan</p> <p>Policy Cabinet Meetings and Agenda</p> <p>Policy statement on fraud and corruption</p> <p>Anti-money laundering policy</p>

	<ul style="list-style-type: none"> • The City Council is committed to the highest possible standards of openness, probity and accountability. We ensure that there are effective arrangements for “Whistle-blowing” with reporting to the Monitoring Officer and for receiving and investigating complaints from the public. The policy makes it clear that you can do so without fear of victimization, subsequent discrimination or disadvantage. • All Members’ and co-opted Members of the Council are required by law to complete a declaration of interests form to register their financial and other interests that could potentially conflict with their role as a local councillor. They are also required to declare any interests at the start of any council meeting. • A register of Members Interests, in which Members’ disclosable pecuniary interest, personal interests and prejudicial interests (as defined in the Member Code of Conduct) are registered. This includes gifts and hospitality received by elected Members. • Guidance is provided for Members on the procedures for interest, gifts and hospitality and has been published in Standards Committee report July 2020. • Our Employee Code of Conduct sets the standards of conduct that the Council expects of its employees in the performance of their duties. 	<p>Policy for confidential reporting of concerns</p> <p>Code of conduct for members</p> <p>Members’ Declaration of Interests</p> <p>Registration of Gifts and Hospitality 2018/19 (agenda Item 4).</p> <p>Employee Code of Conduct</p>
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<p>Demonstrating Strong Commitment to Ethical Values</p>	<ul style="list-style-type: none"> • We develop, communicate and embed codes of conduct set out in the Newcastle Charter (Part 5), defining standards of behaviour for members and staff. • The Standards Committee deals with issues of conduct and generally promotes high standards of ethical governance from elected members and the Council. A summary of its work is included in its Annual Report to City Council. • Our Freedom of Information Scheme is published on our website. • The Council's Commissioning and Procurement Plan details our commitment to work with businesses that employ high ethical standards within their practice and those who want to work to improve their ethical approach. • The Newcastle Charter – Part 5 describes the Council's Ethical Governance Framework 	<p>The Newcastle Charter</p> <p>Standards Committee – Annual Report 4 September 2019 – Agenda Item 6</p> <p>Freedom of Information</p> <p>Commissioning and Procurement Plan 2020/21-2023/24 (Part Two: Strategic Planning and Commissioning for Social Value.</p> <p>The Newcastle Charter Ethical Governance Framework</p>
<p>Respecting the Rule of Law</p>	<ul style="list-style-type: none"> • The Council has measures to address breaches of its legal and regulatory powers. The Council's Monitoring Officer (The Assistant Director Legal Services) has statutory reporting duties in respect of lawful decision making and maladministration. • The Council appoints Statutory Officers who have the skills, resources and support necessary to ensure the Council's statutory and regulatory requirements are complied with. 	<p>Monitoring Officer Protocol</p> <p>Report on the Monitoring Officer Protocol 17 January 2020</p>

	<ul style="list-style-type: none"> • We review and update our standing orders, standing financial instructions, scheme of delegation and support procedure notes/manuals – these clearly define how decisions are taken and the processes and controls required to manage risks. • We ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful • Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer (Director of Resources). The Monitoring Officer (Assistant Director Legal Services) advised on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical. 	Rules of Procedure (Part Four)
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B. Ensuring openness and comprehensive stakeholder engagement		
<i>The Council's Commitment to Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
Ensuring Openness Engaging Comprehensively with Institutional Stakeholders	<ul style="list-style-type: none"> • The Council maintains a list of significant partners and commercial ventures. Signed assurance statements are received from each partner which contains an assessment of their governance and internal control systems. The statements provide additional evidence for this AGS. 	

<p>Engaging stakeholders effectively, including individual citizens and service users</p>	<ul style="list-style-type: none"> • Newcastle’s partnership approach to welfare reforms - Active Inclusion Newcastle the Council’s partnership which aims to better align public, voluntary and community sector resources to support resident with the impact of the welfare reforms. • The Council supports different ways for residents to present their individual and community’s concerns to elected members, for example via Ward coordination. • We measure the quality of services for users, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources, through the performance management framework and procurement and commissioning activity, as well as through feedback from Let’s Talk Newcastle and surveys of residents, service users, partners and other stakeholders. • Citylife is our resident’s magazine which is published twice a year. Residents can also keep up to date with the city news sent direct to their inbox by signing up to e-Citylife. • The Council informs, consults and involves residents in significant decisions including service and budget changes. Their views are submitted to those making decisions for consideration. Consultations and surveys this year have included: <ul style="list-style-type: none"> ▪ Shaping our future together: our medium-term plan update for 2020-21 ▪ Newcastle Climate Change Call for Evidence 2020 	<p>Newcastle’s responses to the Government’s welfare reforms (including the impacts of the Coronavirus pandemic)</p> <p>Ward Committees and Annual Ward Events</p> <p>Let’s Talk Newcastle</p> <p>Citylife – Your council magazine</p>
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	<ul style="list-style-type: none"> ▪ Air Quality Public Consultation October 2019 ▪ Help shape the city’s cultural future 2019 ▪ Safe Newcastle Community Safety Priorities 2020-2021 <ul style="list-style-type: none"> • Digital communication has become one of the preferred ways for residents to get in touch with us and find out what’s going on in the city. • We have set up a dedicated Coronavirus webpage which provides support for our citizens and businesses, providing the latest government advice and available support. • During the ongoing and escalating situation regarding Coronavirus, council meetings taking place, were held virtually and live streamed for the public to view. • We continue to use Facebook and Twitter as primary social media platforms and we’re planning to grow this with better monitoring and analytical tools. • As part of its consideration the need of the current and future service users in the city the Council produces a Future Needs Assessment. • To promote transparency and wider engagement with Council decisions, residents can use Social Media, such as Facebook and Twitter. Our social networks were set up 	<p>Digital by Choice – A vision for consultation</p> <p>Coronavirus (COVID-19) Newcastle City Council</p> <p>Newcastle Future Needs Assessment</p>
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	<p>to provide information on new, events and jobs for residents, businesses and visitors.</p> <ul style="list-style-type: none"> Newcastle's Youth Democracy Group provides opportunities for 11-18 year olds to use their elected voice to bring about social change through meaningful representation and campaigning. 	<p>Youth Democracy Group</p>
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C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
<i>The Council's Commitment to Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> The Council sets a Medium-Term Financial Plan which sets out how we are dealing with the continued public sector austerity whilst delivering our bold ambitions for the city. The Plan outlines the steps we propose to take over the next three years. We have established clear channels of communication with the community and other stakeholders through Let's Talk Newcastle. An example of this is the Newcastle Climate Change call for evidence which ended in March 2020. The Council has a process in place to identify and manage risks to the achievement of its objectives, as set out in the Risk Management Policy and Strategy. The Strategic and Corporate risk register is part of this framework and is used to inform decision making and 	<p>Shaping our future together: our medium-term plan 2019-20 to 2021-22</p> <p>Let's Talk Newcastle – Climate Change</p>

	<p>provide assurance over actions being taken to manage key risks.</p> <ul style="list-style-type: none"> • We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements. • We published our 2019 Education and Skills Annual Report and continue to listen to and engage with schools and young people to help shape education across Newcastle. 	<p>Education and Skills Annual Report 2019</p>
<p>Sustainable, Economic, Social and Environmental Benefits</p>	<ul style="list-style-type: none"> • The environment is a priority for the Council. We believe that everyone deserves to live in a clean, pleasant neighbourhood and that everyone should feel safe in their communities respecting future generations by protecting the environment. • As a member of the North of Tyne Combined Authority we continue to work in partnership looking at ways to tackle the climate change agenda - an example of this is using a Citizens' Assembly as a mechanism to gather advice and engage with our Citizens. • Education and skills are a priority for the Council. We want Newcastle to be recognised as a great place to be born, grow up, raise a family and develop a career. We work in partnership with schools to raise standards and educational attainment. Our ambitions are to be a city that 	<p>Environment – page 22 of the Council Plan</p> <p>Climate Change – Engagement with Citizens</p> <p>Education and Skills – page 19 of the Council Plan</p>

	<p>give the young people the best start in life and which shields the most vulnerable from harm.</p> <ul style="list-style-type: none"> • The Council is part of a Strategic Education Partnership – working with schools and local businesses to promote economic growth, reduce dependency and help people gain the skills needed to access jobs in the city • As part of the business planning process the Council sets out how it will work towards its agreed Equality Objectives. Cumulative impact assessments are carried out every year as part of our budget and planning process. This considers the emerging cumulative impacts of our proposals and how these will affect our residents. • Newcastle is committed to putting equality at the heart of our decision-making. • The Council has declared a Climate Emergency and will play its full part in limiting the impacts of climate change, and we will be on a path to carbon neutrality by 2030. • A Climate Change Committee is now in place and will advise Cabinet and Council on actions and resources required to deliver on the city's climate change ambitions as well as update on progress towards agreed targets and outcomes. • The Council sets out the climate change implications it has taken into consideration when making decisions in reports, which are available on its website. 	<p>Cumulative Impact Assessment</p> <p>Refresh of equality objectives</p> <p>Climate Change Committee</p> <p>Cabinet Climate Emergency Report March 2020</p>
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D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
<i>The Council's Commitment to Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
Determining Interventions	<ul style="list-style-type: none"> • Shaping our future together: our medium-term plan 2019-20 to 2021-22 sets out how we are delivering our bold ambitions for the city and outlines the steps we propose to take over the next three years. We have undertaken Integrated Impact Assessment for proposals that will impact on services in 2019-20 • Strategic risks are owned by our Directors Team and reported to Cabinet on a regular basis. 	<u>Shaping our future together: our medium-term plan 2019-20 to 2021-22 Newcastle City Council</u>
Planning Interventions	<ul style="list-style-type: none"> • The Council monitors its performance regularly. To help us improve in the right areas and demonstrate progress we use performance management. We produce a performance dashboard every three months. The simple format of the dashboards makes performance information more accessible, providing a transparent way of understanding the overall state of the city and how the Council and our partners are making a difference. 	<u>Council Performance June 2020 – Agenda item 7</u>
Optimising Achievement of Intended Outcomes	<ul style="list-style-type: none"> • The Council integrates and balances service priorities, affordability and other resource constraints, supporting it 	<u>Shaping our future together: our medium-term plan 2019-20 to 2021-22 Newcastle City Council</u>

	<p>to take into account the full cost of operations over the medium and longer term.</p> <ul style="list-style-type: none"> In 2015 the Council made a commitment to getting the most Social Value out of every £1 that it spends. Each time that we commission something externally we consider how Social Value can influence the commissioning and procurement opportunity. 	<p>Social Value Commitment</p>
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E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
<i>The Council's Commitment to Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
<p>Developing the Organisation's Capacity</p>	<ul style="list-style-type: none"> We have defined and documented in our constitution (the Newcastle Charter) the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The collective and individual roles and responsibilities of the Cabinet, councillors and officers have been agreed by the Council, Constitutional Committee and/or the Leader of the Council as appropriate. The Council is committed to its values of equality and fairness, priding ourselves as being open and inclusive without exception for our employees and wider community. This has been demonstrated by our 	<p>The Newcastle Charter – Part 3</p> <p>Equality and diversity</p>

	<p>commitment to embedding lesbian, gay, bisexual and transgender (LGBT), inclusion from employee policies to recruitment practices and internal communications. Our achievements have been recognised by Stonewall, the national LGBT workplace equality index, declaring us their employer of the year for 2020, after having been the highest-ranking local authority for the last three years.</p>	
<p>Developing the Capability of the Organisation's Leadership and Other Individuals</p>	<ul style="list-style-type: none"> • We identify and aim to address the development needs of members and senior officers in relation to their strategic roles, and support these with appropriate training through the Workforce Learning and Development Plan and individual member Learning and Development Plans. • During the Coronavirus pandemic staff receive daily bulletins providing comprehensive guidance notes, the latest information from the Council, partners across the city and key services. It also includes national updates and the latest Government guidance. • A programme of GDPR training and awareness has been delivered to all staff and members, with refreshed training delivered in August 2019 covering GDPR and cyber security. • To improve leadership across the Council all managers are included in our Newcastle Manager Programme which includes specific training in leadership and management competencies. • We recognise that we need to create the right environment to become a self-sufficient, fit for purpose 	

Council towards 2020/21, creating the right environment to achieve this we have agreed our three values:

- Proud – take pride in and celebrate each other’s achievements
 - Fair – be honest and treat people equal to their needs
 - Ambitious – to be passionate, determined, enthusiastic and want to succeed
- To engage all employees to live and breathe our new values we have created a network of values champions who are role models for the Council and its values, keeping senior officers and members in touch with how employees across the organisation are feeling to improve communication.
 - As part of our appraisals programme, we have an approach called ‘My Conversation’. Which is a framework of on-going dialogue managers have with employees throughout the working year. The framework of My Conversation also includes the series of one-to-ones with officers over the year.
 - Our last staff survey was undertaken in 2017 and from this we have implemented a structured listening programme as a direct result of the findings from our surveys. A pulse survey was sent to all staff in February 2019, encouraging staff to have their say and make sure their voice is heard.

	<ul style="list-style-type: none"> The Council is committed to promoting the physical and mental health and wellbeing of the workforce. There is a wide range of self-led support available via the 24-hour employee support lines (Health Assured) and there is a number of self-led support available on the intranet. We continue to build on this support and look at proactive and preventative projects such as our Health and Wellbeing Board, which was formed in December 2018, to sustain employees at work who are experiencing difficulties at or outside of work. 	Health Assured
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F. Managing risks and performance through robust internal control and strong public financial management		
<i>The Council's Commitment to Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
Managing Risk	<ul style="list-style-type: none"> Our Risk Management Policy and Strategy outlines our arrangements for managing risk. Risk management is an integral part of our decision-making processes, therefore a core management discipline. To inform decision making all committee reports include a section which highlights the key risks to the decisions or proposed recommendations and how they are being addressed The Council's Major Incident Plan (MIP) includes a 'command and control' structure and specific governance arrangements to support the Council's response to the 	Financial Regulation Five – Risk Management – Page 13

	<p>Coronavirus outbreak. The MIP is supported by a Coronavirus risk assessment.</p> <ul style="list-style-type: none"> • The Corporate Health and Safety Policy sets out the arrangements for ensuring resources are available to effectively and proportionately manage, monitor and review health and safety risks and where necessary improve H&S performance • Health and Safety risk assessment are in place for all high-risk activities and are reviewed annually • Health and Safety performance reporting is reported regularly to Management Teams 	
Managing Performance	<ul style="list-style-type: none"> • Council performance in working towards the ambitions of the Medium-Term Plan is presented regularly to Cabinet as a suite of dashboards accompanied by a summary of our financial position and strategic risks. 	Council Performance 15 June 2020 (agenda item 7)
Effective Overview and Scrutiny	<ul style="list-style-type: none"> • The Overview and Scrutiny Committee is responsible for carrying out all of the Council's scrutiny activities (apart from health and social care related areas), however they have responsibility for overseeing aspects of the Health Scrutiny Committee. • We also have a Finance & Budget Monitoring Scrutiny Sub-Committee which closely monitors the council's budget, financial systems and performance against Council priorities and service delivery standards, 	Overview and Scrutiny Committee Health Scrutiny Committee Finance & Budget Monitoring Scrutiny Sub-Committee

	identifying areas requiring further examination and explanation.	
Robust Internal Control	<ul style="list-style-type: none">• The Council has a robust internal control process in place which supports the achievement of its objectives while managing risks. The Council's Audit Committee acts as the principal advisory committee to the Council and Cabinet providing independent assurance on the adequacy of the risk management framework and internal control environment.• An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Council's internal auditors. The Chief Internal Auditor will provide an annual opinion for 2019/20 to support this AGS.• The Council's website has a link to reporting fraud. Administration of the Council's policies on anti-fraud and corruption and anti-money laundering is undertaken by the Fraud Unit in Internal Audit.	<p>Audit Committee</p> <p>Reporting fraud to Newcastle City Council</p>
Managing Data	<ul style="list-style-type: none">• We have an Information Governance Strategy and framework in place to ensure the effective safeguarding, collection, storage and sharing of the Council's data. A Data Protection Officer has been appointed to oversee the Council's data protection strategy and its implementation to ensure compliance with the General Data Protection Regulations.	<p>Data Protection Policy</p>

	<ul style="list-style-type: none"> • The Council regularly reviews policies relating to records management, data quality, data protection and information security and provides data protection training. These policies and additional guidance are easily accessible by all staff via the intranet. • All staff must undertake data protection e-learning training annually and this forms part of the induction process for new staff. The programme of training and awareness for all staff and members continues during 2020/21 • Information Governance is overseen by the Information Governance Board, which is chaired by the Director of Resources, who is the Senior Information Risk Owner for the Council. • The Council is committed to sharing appropriate data safely with other agencies; where this improves effective and efficient service delivery, supports its objectives and the vision for the city and is compatible with the rights of individuals. • The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames in the areas mandated by the Code. • The Council make information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Individuals may also 	<p>Local government transparency code 2015</p> <p>Freedom of Information</p>
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	access their own personal data by exercising the right of subject access under the Data Protection Act 2018	
Strong Public Financial Management	<ul style="list-style-type: none"> The control and financial management arrangements are reviewed by internal and external audit throughout the year. The outcomes for 2019/20 are noted in Section 4 of this Annual Governance Statement - Annual Review of Effectiveness of Governance Framework. 	

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

<i>The Council's Commitment to Good Governance</i>	<i>How the Council meets these principles</i>	<i>Where you can see Governance in action</i>
Implementing Good Practice in Transparency	<ul style="list-style-type: none"> Section 4 of this Annual Governance Statement provides the views of our internal and external auditors. Auditors report regularly to Audit Committee and provide their annual opinion on the adequacy and effectiveness of our governance, risk and control framework. We ensure that our Audit Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018. This includes undertaking an annual survey on its effectiveness. The Council's website is clear and easily accessible. Using 'Recite Me' software which allows visitors to customise our 	<p>Purpose of Audit Committee</p> <p>Evaluation of Effectiveness of Audit Committee 20 September 2019 (agenda item 8.2)</p> <p>Council website</p>

	<p>site in the way they need it to work for them, including a text to speech functionality.</p> <ul style="list-style-type: none"> • Information on expenditure, performance and decision making is sited together on the local government page of the Council's website and can be accessed quickly and easily 	
Implementing Good Practices in Reporting	<ul style="list-style-type: none"> • Production of the Annual Report and Accounts 	Finance Reports March 2020 (Agenda item 7)
Assurance and Effective Accountability	<ul style="list-style-type: none"> • The Council welcomes peer challenge, internal and external review and inspections from regulatory bodies and gives thorough consideration to arising recommendations. An example of positive improvement was the outcome of the Ofsted inspection. A focused visit to Newcastle Upon Tyne Children's Services September 2019. • The Council monitors the implementation of internal and external audit recommendations. Audit Committee receive regular reports summarising performance regarding implementation of recommendations. • This AGS contains a section 'Annual review of the effectiveness of the governance framework', which sets out how the Council has gained assurance regarding the effectiveness of its Internal Audit service. 	

Section 4: Annual Review Of Effectiveness Of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our governance framework, including the system of internal control. The review is led by an informal sub-group, including the Chair and 2 members of Audit Committee and the Vice Chair of Standards Committee, the Director of Resources and Chief Internal Auditor who provide independence and challenge. The outcomes of the review are considered by Audit Committee and Constitutional Committee (which is charged with final approval of this statement). The implications of the review are considered by the Directors' Team and incorporated within our improvement plans.

The review is informed by:

- (a) The views of our internal auditors reported to Audit Committee through regular progress reports and the Annual Internal Audit Opinion. The Chief Internal Auditor reported to the June 2020 Audit Committee the opinion that "the overall adequacy and effectiveness of Newcastle City Council's governance, risk and control framework during 2019/20 was that there has been an effective system of control in place. This opinion is however qualified, in light of the current Coronavirus pandemic and the impact of this on the Council. The opinion is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore currently not possible to quantify the additional risk arising from the current short-term measures or the overall impact on the framework of governance, risk management and control.
- (b) An annual review of the effectiveness of internal audit (as required by the Public Sector Internal Audit Standard).
- (c) The views of our external auditors, regularly reported to Audit Committee through regular progress reports, the Annual Audit Letter and Annual Governance Report and Audit Results Report. The external auditors Audit Results Report for the year ended 31st March 2020 provides an unqualified opinion on the financial statements. The report confirms that the Council has proper arrangements in place to secure financial resilience, and for challenging how it secures economy, efficiency and effectiveness in the use of resources.
- (d) The independent views of regulatory agencies such as Ofsted and the Care Quality Commission.
- (e) The activities and operations of Council directorates and significant partnerships through written assurance statements.
- (f) Your Homes Newcastle (YHN), our arm's length management organisation who are responsible for managing Council properties on behalf of the Council. They play a significant role in delivering the Council's priority outcomes. The main features of their governance and internal control arrangements are assessed each year through a written assurance statement and their accounts have been consolidated into the Council's group accounts on a line by line basis.
- (g) The views of the Council's Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner through written statements.

- (h) The views of Members through the ongoing activities of Standards Committee, Audit Committee and the Overview and Scrutiny Committee. (Audit Committee provides independent assurance on the effectiveness of the governance and internal control environment; Standards Committee ensures that effective arrangements are in place to maintain high standards of conduct and behaviour; Overview and Scrutiny Committee is responsible for carrying out or arranging for the carrying out of all Council's scrutiny activities).
- (i) Audit Committee continue to focus on the key risks facing the Council in relation to its statutory delivery of social care to adults and children, in particular progress made with the horizon scanning activity which monitors the legislative, economic demographic and partnership environment and the supporting scenario planning activity which identifies the potential risks and their business impact.
- (j) Performance information which is reported to Cabinet, Overview and Scrutiny and Directorate/Divisional Management Teams on a regular basis.
- (k) Progress made in addressing significant weaknesses and issues requiring significant improvement identified in previous annual governance statements.

Section 5: North of Tyne Combined Authority and Devolution

As a member of the North of Tyne Combined Authority (NTCA), the Council will continue to work with the Mayor and members of NTCA to deliver the Authority's vision, seeking opportunities to secure additional resources and powers from Government.

Through the devolved Adult Education Budget, NTCA continues to work with further education colleges and high-quality independent training providers to deliver a more responsive, accessible adults skills offer for residents and employers in the North of Tyne area.

Section 6: Significant Weaknesses in Governance and Internal Control

The system of governance (including the 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, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review did not identify any significant weaknesses in our governance and internal control arrangements during 2019/20.

Section 7: Response to Coronavirus Pandemic

This Annual Governance Statement has been prepared as the Council responds to the impact of the Coronavirus outbreak on our services, service users, workforce and city. This has seen the Council operating in different ways to deliver some services, provide new services in response to Government and the public need, and to suspend the operation of others at certain times.

The City Futures Board (formerly the Wellbeing for Life Board) assumes the role of the Local (Outbreak Control) COVID Recovery Board, overseeing the economic and social recovery of the city through our COVID-19 Control Plan.

The Chief Executive and Directors' function as a Health Protection Board with responsibility for the practical implementation of the COVID-19 Control Plan, providing the political oversight of the City Futures Board in its role as the Recovery Board.

The following references are also included within the Governance Framework contained within the Statement:

The Council continues to operate within the framework of our Business Continuity Plans which have been developed to enable the Council to operate safely in times of crisis. Health and Social Care services have been prioritised and other support services are being delivered at a reduced level or their resources have been redeployed to support our critical services.

The Council's response to the Coronavirus outbreak is being managed by the 'command and control' structure as documented within the Major Incident Plan with specific governance structures and decision-making processes.

To ensure important decision making continues, Council meetings are held virtually and live streamed for the public to view. We have also set up a dedicated Coronavirus webpage which provides support for our citizens and businesses, providing the latest government advice and available support.

Council staff receive regular bulletins providing comprehensive guidance notes, the latest information from the Council, partners across the city and key services. It also includes national updates and the latest Government guidance.

We are considering lessons learnt from our response to COVID-19 and how our services transition and transform to support recovery and operate in the future.

Section 8: Improvements Needed to Governance and Internal Control

The review also identifies activities that may need improvement, but which do not constitute "significant weaknesses" in our governance and internal control arrangements. These are set out in Appendix A and will be monitored as part of the next review.

Section 9: Conclusion

We consider the governance and internal control environment operating during 2019/20, prior to the outbreak of the Coronavirus, to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. There are however, three items that require improvement as detailed in Appendix A, which we continue to monitor.

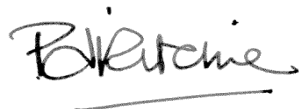
Systems are in place to continually review and improve the governance and internal control environment. Mid-year checks are undertaken to provide assurance that improvements are being implemented and that the assessment is improving.

The annual review has shown that arrangements are in place and operating as planned.

We have been advised on the implications of the review by the AGS Informal Sub-Group. We propose over the coming year to improve our governance and internal control arrangements as noted in this Statement and are satisfied that this will address the need for the required level of improvement. We will monitor the implementation and operation of the improvements, and

consider any lessons learnt during the period of the Coronavirus outbreak, as part of our next annual review.

Pat Ritchie

Handwritten signature of Pat Ritchie in black ink, featuring a stylized 'P' and 'R'.

Chief Executive

Date: 23 November 2020

Joyce McCarty

Handwritten signature of Joyce McCarty in black ink, written in a cursive style.

Deputy Leader of the Council

Date: 20 November 2020

Information Governance

Background/Risk

The Council has identified a risk that the “Failure to meet the requirements of the General Data Protection Regulations (GDPR) could result in information security and integrity being compromised and action being taken by the Information Commissioner’s Office” (ICO). To address this risk the Council must ensure the consistent application of information security controls across the organisation to prevent the security and integrity of information being compromised which could impact upon individuals and severely damage the Council’s reputation. The Information Commissioner has several sanctions open to them if personal data is not properly secured including under General Data Protection Regulations, significantly increased fines.

The Council continues to deliver the GDPR work programme and activities from project work streams which are reported directly to the Council’s Information Governance Board which is chaired by the Director of Resources with representation from the Council’s Data Protection Officer (DPO). The work looks to continually enhance our arrangements and promote good practices across the organisation.

All staff have been trained during 2019/20, as have Members, as part of an annual mandatory programme.

Information Asset Owners have been identified and asset registers developed which record the lawful purposes for which we hold information, where it is held and length of time, we retain it. The Information Asset Register also includes a risk assessment of this information which will be used in future compliance audit work required as part of the role of the DPO and are check under review

Accountable Officer: Director of Resources

Action(s) required to enhance effectiveness	Implementation date
The Information Governance Board (IGB) continues to monitor progress with the implementation of actions identified through the project to prepare for GDPR. Actions include developing our policies and procedures, reviewing retention polices with Information Asset Owners and considering the 2020/21 training programme for staff and members.	Progress reviewed bi-monthly by IGB

Major Incident Planning

Background/Risk

The Council’s Risk Register already includes a risk around “Failure to respond adequately to a major emergency or issue of concern impacting upon residents and members during the immediate aftermath and long-term post incident recovery”. This risk is kept under review and the Resilience Planning Team provide regular updates to the Director’s Team. A significant part of 2019/20 was taken up with preparing for a possible no deal Brexit. The processes used for this work were based on existing resilience planning methodology. In addition to the Brexit work existing plans have been reviewed and one new plan has been completed. The out of hours emergency rota has been refreshed following staff changes at a strategic level in the organisation. The City Council continues to support the Local Resilience Forum and associated sub-groups.

We are monitoring the impact of COVID-19 on our services, service users, workforce and city as a whole. The Chief Executive is holding daily briefings with directors, supported by situation reports. We are also actively involved in regular discussions with government and partners, including the Local Resilience Forum, to escalate issues and continue to work together to deliver rapid solutions.

To support the Council’s response to the pandemic processes based on major incident response practices have been activated to support governance structures and decision-making processes.

Accountable Officer: Director of Operations and Regulatory Services

Action(s) required to enhance effectiveness	Implementation date
Learning from both no deal Brexit planning and the COVID-19 response will need to be embedded in future arrangements.	Emergency Plans will be reviewed throughout 2020/21

Business Continuity**Background Risk**

The Council's risk register includes a Business Continuity risk which is regularly reported to Audit Committee.

Using recommendations from internal audit reports, the corporate Resilience Team has:

- Established a Directorate Continuity Group;
- Supported the development of council-wide Service Continuity Impact Assessments;
- Created and populated a cross council service continuity database;
- Ensured all council areas had appropriate Service Continuity Plans in place;
- Included updated Service Impact Assessments within People Directorate in refreshed Corporate arrangements;
- Provided regular updates to the Director's Team.

In lieu of testing Service and Corporate level continuity arrangements in simulated exercises, the Resilience Team have used actual periods of disruption within the council to provide a level of assurance. These have included: loss of ICT services including a loss of telephony, a loss of water pressure within a building and a power failure.

Exploration of the council's resilience and its ability to cope with disruptive events has also been undertaken as part of the on-going preparations for a No Deal Brexit. The internal Brexit Coordination Group chaired by the Assistant Chief Executive oversaw a systematic review of the potential impacts on people's everyday lives and the readiness of the council to support a response if needed

There is significant organisational disruption during the Coronavirus pandemic, with new and emerging responsibilities, including increased staff absence and staff working from home. The Council continues to operate within the framework of its business continuity plans which have been developed to enable the council to operate safely in times of crisis. Health and Social Care services have been prioritised and other support services are being delivered at a reduced level or their resources are being redeployed to support our critical services.

Over 300 staff and managers from across the Council have been trained to provide capacity and resilience and are being redeployed to assist with frontline services.

Section 6: Improvements needed to governance and internal control

Appendix A

Accountable Officer: Director of Operations and Regulatory Services	
Action(s) required to enhance effectiveness	Implementation date
<p>In response to the outbreak of Coronavirus, Directorate Management Teams will focus on staff absenteeism and a possible surge in service demand as part of their review of Service Impact Assessments and Business Continuity Plans.</p> <p>Management Teams will work with ICT to ensure any ICT provision support critical services in priority order.</p>	Plans regularly reviewed to support response to Coronavirus pandemic.
Service Impact Assessments and Business Continuity Plans will be reviewed, and work will be undertaken to further integrate the Council's Business Continuity and ICT Disaster Recovery arrangements.	Review once normal operations resume.
To reduce the risk and impact of a successful cyber-attack or malicious actions, the Council follows best practice and guidance issued by the National Cyber Security Centre (NCSC) and reviews measures regularly.	Ongoing review of NCSC guidance