

North Tyneside Council

Annual Governance Statement 2024/25

May 2025

Background –

What is the Annual Governance Statement (AGS)?

All local authorities are accountable to the public and other stakeholders for ensuring they have a sound system of governance.

Local authorities are required to prepare and publish an annual governance statement (AGS) each year. The AGS includes information on the governance arrangements which the authority has in place and how these governance arrangements are working in practice. It is intended to be an honest and evidenced assessment of what is working well (and is likely to improve the accountability and prosperity of the organisation) and where governance improvements could be made.

The AGS must set out the result of a review of the effectiveness of the authority's system of internal control and provide assurance on whether the authority's governance arrangements are fit for purpose.

In the AGS, the authority must also demonstrate how it is seeking to adhere to the seven principles of good governance set out in the 2016 Framework on 'Delivering Good Governance in Local Government', prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). These seven principles are summarised in the diagram set out at **Appendix A**.

Executive Summary

Is our governance fit for purpose?

An authority's governance arrangements are fit for purpose when they are operating effectively, and support the achievement of the authority's outcomes.

During 2024/25 North Tyneside Council's overall governance framework has been self-assessed and evaluated to have been effective and fit for purpose, having regard to the Authority's statutory responsibilities and the seven principles of good governance identified by CIPFA / SOLACE in the 2016 Framework. The evidence for this assessment is summarised below.

As would be expected of any large organisation there are some areas where further development would enhance and improve the governance framework further. This is also discussed further below.

Summary of key conclusions

- **The framework of governance, risk management and control:** The Authority has a long-established framework of governance, risk management and control in place which is well-embedded and operating effectively overall
- **Local Code of Corporate Governance:** However the framework of governance, risk management and control has not previously been codified into a Local Code of Corporate Governance. This therefore presents an opportunity to create a Local Code to enhance visibility and transparency of our corporate governance arrangements for everyone who is a stakeholder of the Authority. In turn, this will also make preparation of the AGS more straightforward in future.

In March 2025 a draft Local Code has therefore been prepared, for proposal to Cabinet and to the Audit Committee early in the 2025/26 municipal year. This draft Local Code reflects the seven core governance principles in the CIPFA / SOLACE Framework and demonstrates how the Authority's framework of governance, risk management and control is embracing those principles. In our AGS Action Plan at the end of this document it is proposed that the Local Code will be developed further in 2025 and beyond, kept up to date and reported regularly to Cabinet and to Audit Committee in future

- **Corporate Risks:** The Corporate Risk Register covers the full breadth of the Authority's activities. Each risk has a chief officer 'owner' and a Cabinet member 'owner', demonstrating accountability and leadership. The process is well-embedded, risks are regularly reviewed and risks are added / escalated and closed / de-escalated as appropriate. There is a structured programme of regular reporting to the Senior Leadership Team, to Cabinet and to the Audit Committee

ensuring high internal visibility of the Authority's risk profile and of the Authority's performance in managing its corporate risks

- **Assurance Statements:** Assurance statements have been utilised by the Authority in the past, but not in recent years. Again this represents an opportunity to enhance our governance framework and our accountability / ownership around our governance. In turn this will help to enhance the robustness of the AGS. An Assurance Statement has therefore been reintroduced in support of this 2024/25 AGS and completed by SLT. This will be developed further in 2025/26 with a cascade to include completion by all Heads of Service
- **Key Governance Officers:** A 'golden hexagon' meeting (comprising the Head of Paid Service, Section 151 Officer and Head of Finance, the Monitoring Officer, the Head of Governance and the Head of Internal Audit) meets regularly during the year. No specific issues have been identified through these regular meetings which would impact the framework of governance, risk management and control or which would be considered to require separate reporting in the AGS
- **Opinion of the Head of Internal Audit:** The Head of Internal Audit has provided a 'satisfactory' audit opinion on the Authority's framework of governance, risk management and control for 2024/25. This is a positive outcome for the organisation
- **External Assessments:** in November 2024 North Tyneside's Children's Services was inspected and judged to be outstanding in all aspects. This is a welcome reflection of sound governance arrangements in this area of the Authority's operations

Significant changes or areas of improvement the Authority will be actioning in the forthcoming year

- **Improving visibility and accessibility of our governance, and making this more inclusive:** in 2025 we will further develop our draft local code of corporate governance, and enhance visibility over our governance arrangements, so that these are easier to find and understand and thus more accessible to key stakeholders of the Authority. We will also involve a wider collaboration of officers in preparing key governance documents and the AGS. This is reflected in our AGS Action Plan attached to this document.

Signatories to the AGS

We, the undersigned, will ensure the areas identified above are monitored during the coming year in order that the governance arrangements within the Authority remain effective.



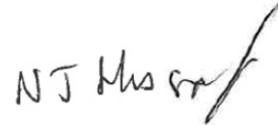
.....
Elected Mayor

Date



.....
Interim Chief Executive

Date



.....
Chair of Council

Date

I confirm that the Audit Committee (at its meeting on 28 May 2025) was satisfied on the basis of the information available to it that the Annual Governance Statement 2024/25, which is required under the Regulations governing the audit of local government accounts, has been prepared and approved after due and careful enquiry.



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Chair of Audit Committee

Date 28 May 2025

Our Assessment of Effectiveness

How the review of effectiveness was conducted

In preparing this AGS the methodology which had previously been agreed by the Audit Committee in May 2024 has been followed and additional controls introduced. This methodology is set out in the flowchart summarised at **Appendix B**.

During 2024/25 the opportunity has also been taken to review afresh the seven principles of good governance set out in the 2016 CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework'. A New Assurance Statement, more closely reflecting these seven principles, was prepared for completion by the Authority's Senior Leadership Team.

In addition, a draft Local Code of Corporate Governance has been prepared summarising how the current governance framework in place reflects and supports those seven principles. This draft Local Code (and the governance framework reflected within it) was used as reference and an evidence base in preparing the 2024/25 AGS, and the Local Code will be developed further and formally adopted during 2025/26.

Results of the review

Having undertaken the review, the evidence available shows:

- Arrangements are adequately aligned to support the Authority's delivery of planned outcomes and meet our responsibilities for Value for Money
- Overall, arrangements are in place and operating effectively to support and deliver each of the principles of good governance
- The core arrangements in the draft Local Code of Corporate Governance are in place and operating effectively.

The results of external assurance providers and internal audit's annual conclusion

- Ofsted inspected the Authority's Children's Services in November 2024, and judged all aspects to be 'outstanding'
- The Head of Internal Audit's opinion on the Framework of Governance, Risk Management and Control is that this is satisfactory overall in 2024/25.

How the overall opinion has been agreed

This AGS and the overall opinion has been prepared by / shared with the following for consideration / comment:

- the Authority's Senior Leadership Team
- a small working group of Heads of Service, each of whom has responsibility for a specific aspect of the governance framework which is summarised in the draft Local Code of Corporate Governance
- the Authority's statutory officers (the Head of Paid Service, Section 151 Officer, and Monitoring Officer)
- the Authority's Head of Internal Audit
- the Chair of the Overview and Scrutiny Co-ordination and Finance Committee
- the Chair of the Standards Committee

Once the AGS was considered to reflect the evidence base available, the AGS will be provided to the Audit Committee for consideration and where appropriate, approval.

Where our Governance needs to improve, and how this is being addressed

Are there any significant gaps in governance arrangements, such as where core arrangements are not operating effectively?

No. While there are areas of risk and pressures originating in the external environment (for example, around funding to the local government sector and our specific authority, and the impact on the Medium Term Financial Plan), there have been no aspects of core governance arrangements identified as not operating effectively during 2024/25. This will of course be kept under review during 2025/26.

Significant governance failures that occurred during the year and action taken

There have been no significant governance failures during the year. This will of course be kept under review during 2025/26.

Some other points of interest when reviewing our 2024/25 framework of governance which have been highlighted by the Senior Leadership Team and considered when producing this AGS are included at **Appendix C**.

Areas where governance arrangements could be easier to understand and comply with, if they are barriers to achieving the principles of good governance

During 2025/26 we will seek to improve visibility and accessibility of the AGS and to information about our governance framework which the AGS reflects. This will include adopting several aspects of good practice recommended by CIPFA and SOLACE, including:

- further developing the draft Local Code of Corporate Governance with input from key stakeholders
- creating a page on the Authority's internet page about governance, with plain English explanations of what governance is and why it is important – that it is fundamental to the prosperity of the organisation
- including the AGS on our governance webpage and ensuring the AGS is identifiable on the authority's website (for example, when searching for this using key terms)
- once approved, publishing the Local Code of Corporate Governance on our website and making sure this is easy to find
- Use of diagrams or other design features to improve understanding

- Ensuring that there is a clear link back to the financial statements to ensure the regulations are satisfied
- plan internal communications to share key messages and show staff and members how they contribute to the implementation of the action plan and support good governance.

An AGS Action Plan with measures to address these areas is included at **Appendix D**. Action taken in accordance with this Action Plan will be monitored by the AGS working group which will meet regularly throughout 2025/26 for this purpose. A short summary of progress will thereafter be provided to the Senior Leadership Team and to the Audit Committee so that there is oversight of key governance matters throughout the year and in advance of preparing the next AGS ahead of May 2026.

How we have improved our governance arrangements in 2024/25

How the governance issues identified in the previous year's statement have been addressed and whether further work is required

There were no governance issues relating to 2023/24 included in the AGS which went to Audit Committee on 29 May 2024.

Any other significant steps to improve governance taken in the year

- In 2025 responsibility for leading preparation of the AGS was transferred to the Head of Governance. The Head of Governance has participated in the national reference group hosted by CIPFA / SOLACE during 2024/25, which has reviewed and updated Chapter 7 of the 2016 national Framework ready for issue to all local authorities early in 2025/26. This has allowed North Tyneside's 2024/25 AGS to be prepared according to the principles of the updated Framework and facilitated preparation of a shorter, more concise AGS which it is hoped will be easier to access and which be more meaningful for stakeholders
- An AGS working group comprising Heads of Service with responsibility for specific aspects of the Authority's governance arrangements has been formed. This working group will meet during 2025/26 and beyond to prepare and review any actions associated with the AGS

It is important to note that some improvements extend beyond the year covered by the AGS.

Forward look on Governance

The environment within which local government operates is regularly changing. The implications of this on the governance structure of the Authority will continue to be assessed by the AGS working group.

Delivering Good Governance in Local Government (CIPFA and Solace, 2016)

Diagram:

The core principles of good governance: achieving the intended outcomes while acting in the public interest at all times



Methodology previously agreed for preparation of the AGS (May 2024)

Appendix A

Annual Governance Statement (AGS) Framework

Evidence is gathered from a variety of sources including:

The Governance Framework – examination of key documents/functions

Council and Service Policies

Business Plans and Risk Registers



Supporting evidence and assurances are reviewed – this comes from:

Internal Audit – periodic and annual reports

Financial Management – financial plans, statutory returns, external audit

Members Assurance – scrutiny functions, Standards Committee

Risk Management – risk management strategy

Assurance Statement – completed annually

Chief Finance Officer's Statement – completed annually

Council and Cabinet Meetings



Draft AGS compiled together with action plan to address any identified governance issues



Draft AGS and action plan reviewed by Senior Leadership Team and Chief Executive



Draft AGS presented to Audit Committee for review and approval



AGS signed by Elected Mayor, Chief Executive, Chair of Council and Chair of Audit Committee



AGS included within the Annual Financial Report

APPENDIX C

Annual Governance Statement 2024/25
Assurance Statement

Principle	Comments / Evidence in respect of 2024/25
<p>A</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p>No issues reported to and/or identified by the External Auditors in recent years re: compliance with the law and regulations, with the exception of a self reporting to the Pensions Regulator re: an autoenrollment error by a service provider prior to re-insourcing. No action is being taken by the Pensions Regulator and we have worked with the Tyne and Wear Pension Fund to resolve the matter in hand, with all affected staff given the opportunity re-enrol.</p> <p>All decision reports (including Cabinet, Council and Delegated decisions) includes a section on compliance with legal requirements.</p> <p>All procurements require suppliers to confirm there are no convictions. No formal challenges to any procurement processes.</p> <p>No issues identified by internal auditors in relation to integrity, ethical values or rule of law.</p> <p>A suite of Human Resources policies are in place (including the Individual Performance Review process) and a bi-annual Staff Survey.</p>
<p>B</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>	<p>Full compliance with transparency requirements (spend over £500, pay policy etc).</p> <p>Significant engagement activity undertaken as part of the annual budget setting process with internal and external stakeholders (the February 2025 Budget papers provide details).</p> <p>Procurement board engages with external stakeholders on policy and upcoming procurements.</p> <p>A new landlord panel and tenant engagement framework is in place, and an online engagement platform</p>

<p>C</p> <p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>The Procurement Strategy that has been in place for several years ensures that social value is maximised as is appropriate to scale and nature of the procurement under consideration.</p> <p>The bi-annual reports to Cabinet include updates on social value achievements.</p> <p>The Cabinet reporting structure and sign-off process covers these areas</p> <p>The Corporate Plan helps to define these outcomes</p>
<p>D</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>All decision reports (including Cabinet, Council and Delegated decisions) includes a section on compliance with legal requirements, financial aspects and risk management.</p> <p>The Corporate Risk Register is reported to SLT, Cabinet and Audit Committee twice yearly.</p> <p>Budget monitoring is reported to Cabinet, and subsequently Overview & Scrutiny Co-ordination & Finance Committee, every two months as part of the integrated Performance and Finance report. The Budget setting process, culminating in the February Council meeting each year, considers the budget in the context of various factors, including an assessment of financial risks and includes a s25 Statement from the s151 Officer regarding the robustness of budget estimates and the adequacy of proposed financial reserves.</p> <p>Internal audit reports make recommendations to improve governance, risk management and controls and support services to achieve intended outcomes.</p> <p>There is an established scrutiny framework in place</p> <p>We have defined governance arrangements in place through the Strategic Property Group and Investment Programme Board</p> <p>Children’s Public Health Clinical Governance Committee meets quarterly to ensure that clinical standards within the service are met and maintained. This is a registered Care Quality Commission service that is regularly inspected.</p>

<p>E</p> <p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>The People Team has developed its People Strategy which includes as a core component the Authority's approach to organisational development.</p> <p>Specifically for Senior Leadership Team, and more recently to the Heads of Service cohort, a targeted development programme has been in place for the past 2 years.</p> <p>A Housing Leadership Programme has been developed (recommendations from Social Housing White Paper)</p> <p>Ofsted ILAC Inspection – Nov 2024 outstanding in all judgment areas including leadership / Governance.</p>
<p>F</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>See links above to risk management and budget monitoring.</p> <p>Project risks clearly identified at the outset and during projects with clear governance structures implemented.</p> <p>Internal audit plan in place to review governance, risk and internal controls across the Authority. Recommendations have been made in several areas to improve arrangements.</p> <p>MTFP Governance</p> <p>Approval of a comprehensive finance and performance plan with quarterly monitoring by the Office of Health Improvement and Disparities in order to receive a grant to reduce drug related harm.</p>
<p>G</p> <p>Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>This is embedded in the work of the relevant teams. No issues of concern have been identified by either Forvis Mazars or the Audit Committee with regards to financial governance.</p> <p>The statutory Statement of Accounts for both 2022/23 and 2023/24 have had disclaimed opinions from the Authority's external auditors (EY and Forvis Mazars respectively). However, as has been confirmed by both audit firms at several Audit Committees, this is not a reflection of concerns around governance in the Authority, rather it flows from a national audit delay and the fact that the firms were unable to complete their audit work before the "statutory backstop" date as specified by Government. For both audit periods, no issues were noted in the audit firms' conclusion on the</p>

	<p>Authority's value for money arrangements.</p> <p>Internal audit team operate in line with established standards and report outcomes of work to Audit Committee.</p> <p>Forward Plan and delegated decisions</p> <p>Working Together compliant regarding our Children's Safeguarding multi-agency arrangements (Governance) – Annual report published</p> <p>LGA Children's Finance Peer review – July 2024</p> <p>Re-audit of business continuity arrangements across the organisation was conducted by Internal Audit in January 2025 and demonstrated significant improvement in business continuity from when the first audit was carried out in 2023.</p>
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APPENDIX D

AGS Action Plan (May 2025)**Local Code of Corporate Governance and AGS Preparation**

Action	Responsible Officer	Target Date
<p>1 Local Code of Corporate Governance Working Group Establish a working group to review, refine and develop the draft Local Code of Corporate Governance, comprising:</p> <ul style="list-style-type: none"> • Head of Governance • Head of Finance • Head of Internal Audit • Head of Law • Head of People • Head of Policy, Performance and Research <p>(with additional delegates to be identified during the year ahead as required)</p>	Allison Mitchell, Head of Governance	May 2025
<p>2 Refine and Develop the draft Local Code of Corporate Governance Present updated Local Code to Audit Committee for agreement and then to Cabinet for approval</p>	Allison Mitchell, Head of Governance Local Code of Corporate Governance Working Group	September 2025
<p>3 Create a Governance page on North Tyneside Council's website and include the agreed AGS and Local Code of Corporate Governance</p>	Allison Mitchell, Head of Governance Local Code of Corporate Governance Working Group	As agreed (by September 2025 at latest)
<p>4 plan internal communications to share key messages and show staff and members how they contribute to the implementation of the action plan and support good governance.</p>	Harry Wearing, Head of Comms Local Code of Corporate Governance Working Group	September 2025

Substantive Governance Matters

Action	Responsible Officer	Target Date
No actions identified arising from the 2024/25 review of the governance framework		