

Tees Valley Combined Authority (TVCA) Audit and Governance Committee

Thursday 19th November 2020 at 10.00am

Under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this meeting took place via video link.

Attendees

Members

Councillor Matthew Storey (Middlesbrough Council)
Councillor Paul Crudass (Darlington Borough Council)
Councillor Lesley Hamilton (Substitute Member, Hartlepool Borough Council)
Councillor Barry Woodhouse (Stockton-on-Tees Borough Council)
Councillor Peter Berry (Substitute Member, Redcar & Cleveland Borough Council)
Paul Bury (Independent Member)
Jonny Munby (Independent Member)

Apologies for Absence

Councillor Sandra Smith (Redcar & Cleveland Borough Council)
Councillor Brenda Harrison (Hartlepool Borough Council)
Julie Gilhespie (Group Chief Executive, TVCA)
Peter Judge (Group Chief Legal Officer (Monitoring Officer), TVCA)

Officers

Gary Macdonald (Group Director of Finance & Resources, TVCA)
Laura Metcalfe (Governance Manager, TVCA)
Natalie Robinson (Group Risk Manager, TVCA)
Nicola Dean (Governance Support Officer, TVCA)
Neil Cuthbertson (Finance Manager, TVCA)

Also in Attendance

Gareth Roberts (Mazars – External Auditors)
Philip Church (RSM – Internal Auditors)
James Stewart (Observer ahead of appointment)
Angus Kidd (Observer ahead of appointment)

AGC 13/20	APOLOGIES FOR ABSENCE The Chair welcomed the Committee and noted the attendance of James Stewart and Angus Kidd who have been recently recruited as Independent Members of the Committee but were in attendance as observers at this meeting as their appointment had not yet been approved by TVCA Cabinet.
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	Apologies for absence were submitted as detailed above.
AGC 14/20	DECLARATIONS OF INTEREST No declarations of interest were received.
AGC 15/20	MINUTES OF MEETING HELD ON 21st JULY 2020 The minutes were agreed as a true record subject to correction of the misspelling of Jonny Munby's surname.
AGC 16/20	ACTION TRACKER Gary Macdonald provided updates on all outstanding actions, all of which are in hand. The Chair noted he was pleased to see the induction coming forward. Members requested: <ul style="list-style-type: none"> • Confirmation of the timescales for the induction and were advised that the proposed agenda would be shared by the Committee in December, with the induction taking place in the New Year. • That substitute members be invited to the induction. The Committee were advised that this would be the case.
AGC 17/20	APPOINTMENT OF CHAIR & VICE CHAIR Laura Metcalfe, TVCA Governance Manager invited nominations for the position of Committee Chair for the forthcoming civic year: <ul style="list-style-type: none"> • Councillor Matthew Storey was nominated by Councillor Paul Crudass, seconded by Councillor Barry Woodhouse. Laura Metcalfe, TVCA Governance Manager then invited nominations for the position of Committee Vice Chair for the forthcoming civic year. <ul style="list-style-type: none"> • Councillor Brenda Harrison was nominated by Councillor Paul Crudass, seconded by Councillor Barry Woodhouse. As Councillor Harrison was not present at the meeting, Laura Metcalfe informed the Committee she would seek confirmation of Councillor Harrison's willingness to accept this position prior to seeking Cabinet approval for her nomination.
AGC 18/20	APPOINTMENT TO SOUTH TEES DEVELOPMENT CORPORATION, AUDIT & RISK COMMITTEE The Committee took the view that this position should be fulfilled by the member representing Redcar & Cleveland Borough Council. The nomination is therefore Councillor Peter Berry.
AGC 19/20	CEO UPDATE including COVID 19 UPDATE

	<p>In the absence of Julie Gilhespie, Group Chief Executive, Gary Macdonald, Group Director of Finance and Resources provided the committee with an overview of the various sections of the report covering and invited questions:</p> <ul style="list-style-type: none"> • Teesworks • Culture & Tourism • Education, Employment & Skills • COVID 19 Response Update • TVCA Cabinet 27th November <p>Members asked:</p> <ul style="list-style-type: none"> • If the Teesworks remediation project is looking at underground obstructions as part of the demolition/remedial works. Members were advised that this is the case. • If there are things that TVCA could help with in relation to COVID funding gaps and if the 10 year investment plan priorities should be reviewed in light of COVID. Members were advised that the role of TVCA is around strategic, sustainable economic growth and the team are working to ensure a solid evidence base from engagement with business and sectors. TVCA has also put in place short term funding streams e.g. apprenticeships and sector specific support. A review of the TVCA Investment Plan forms part of the annual budget setting process. The Draft TVCA 2021/22 Budget is on the agenda at TVCA Cabinet on 27th November and this will open the budget for consultation. • What shape the team are in. The Committee were advised that it had undoubtedly been a tough period, as it has within local authorities however the team know they are supporting local people and know what they are here to do as public servants. There is more of a focus on forward planning activity to anticipate resource requirements as much as possible but note this is not always perfect as the Group activities are dynamic. Work has also been undertaken to improve business continuity before and during COVID. • If TVCA is aware of people or companies that are in this position. The Committee were informed that the focus of TVCA's recent survey was to understand how TVCA could assist with recovery in various sectors rather than if the support is reaching individual residents of businesses. Local authority colleagues have been working extremely hard to support businesses and individuals throughout the pandemic. <p>RESOLVED that: Members noted the report.</p>
<p>AGC 21/20</p>	<p>EXTERNAL AUDIT COMPLETION REPORT and VALUE FOR MONEY STATEMENT</p> <p>Gareth Roberts, Mazars, provided an overview of the contents of the report.</p> <p>Members asked:</p>

	<ul style="list-style-type: none"> • Whether having 2 sets of Auditors is a detriment to preparing and delivering accounts on time and if this could be a global arrangement in future. The Committee were informed that Auditors, Mazars, regularly work alongside others firm and generally find this beneficial as there is a spread of resource and that TVCA will reflect on the last year as a period of fast paced change. <p>RESOLVED that: Members noted the report.</p>
<p>AGC 22/20</p>	<p>ANNUAL FINANCIAL STATEMENTS 2019/20</p> <p>Gary Macdonald gave the Committee an overview of the Annual Financial Statements.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • That a note be added to Note 10, Employee Remuneration, to explain the reason for duplication of posts listed in order to reduce possible confusion. The Committee were informed that the statements are produced in a prescribed format, however some context is appropriate where there appears to be duplication and the footnotes under each table provide this information. <p>Gary Macdonald thanked Neil Cuthbertson, Finance Manager, for his work to get TVCA to this point in what have been very challenging and complex circumstances.</p> <p>RESOLVED that: Members noted the Annual Financial Statement 2019/20.</p>
<p>AGC 23/20</p>	<p>CORPORATE RISK REGISTER</p> <p>Gary Macdonald introduced Natalie Robinson, Group Risk Manager, who update at future meetings. Gary then provided an overview of the Corporate Risk Register.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • If the risks be listed in order of risk score i.e. red at the top? • What more could be done to mitigates the risks specifically relating to staff? The Committee were informed that the TVCA executive team are in daily contact with each other and with their own management teams, as well as regularly with all staff. This arrangement is in place across all directorates. There is also strong partnership working with local authority colleagues so TVCA are aware of any issues as they occur. Staff wellbeing and mental health have been a priority so an increased service for confidential employee support has been secured and communicated to staff. • Whether competence and probity should be listed as a risk in relation to executive officers and the elected Mayor? The Committee were informed that as well as the mitigations listed in relation to staff and fraud risks, TVCA ensures robust effectiveness of its policies/procedures. Additionally, a decision was made to

	<p>bring the Group Monitoring Officer role (Group Chief Legal Officer) in house this year due to the complexity of organisation and the need for dedicated legal advice. Gary Macdonald, Group Director of Finance and Resources and Julie Gilhespie, Group Chief Executive, are appointed as group Statutory Officers. Alongside the Monitoring Officer all 3 Statutory Officer posts are work across the group and are continually reviewing the process of ensuring the resources reporting to them are charged to do what is needed to enable them to discharge their statutory functions. There is a 3 lines of defence model in place and work is underway on a new aligned group risk register.</p> <ul style="list-style-type: none"> • Whether there will be a group assurance framework as well as a group risk register? The Committee were informed that officers are currently reviewing the effectiveness of the TVCA Assurance Framework as part of the normal annual cycle activity. This will consider the evolving Group structure and any necessary modifications required to the Assurance framework to accommodate it. Drafts will be available for the TVCA executive team in December will be brought forward to a future Committee meeting. <p>Natalie Robinson, Group Risk Manager, then provided an update on the risk management work taking place across the group with the aim of driving consistency. Gary Macdonald thanked Natalie for the volume of work that has taken place in a relatively short period of time.</p> <p>RESOLVED that: Members noted the Corporate Risk Register.</p>
<p>AGC 24/20</p>	<p>TREASURY MANAGEMENT STRATEGY MID YEAR UPDATE and YEAR END UPDATE</p> <p>Gary Macdonald introduced the Treasury Management Strategy Mid Year Update and Year End Update.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Why there is investment of the maximum permitted £15m in to 5 organisations as detailed in table 3, Treasury Investment Position, of the Mid Year Update? The Committee were informed the number of organisations with the required counterparty credit limits were moving all the time which creates issues in terms of meeting TVCA's strict requirements. These amounts are detailed in the report as at a point in time, but they change regularly. Investments are made based on a balance between security and interest rates and the advice from Treasury Management Advisors. • Whether the £30m borrowing detailed in table 5, Debt Limits, of the Mid Year Update, is high in comparison to previous years? The Committee were informed that there are plans in place for approximately £260m over next 10 years for TVCA and £200m for STDC. The total amount would still be under the maximum permitted of £770m. Borrowing is kept under regular review. <p>RESOLVED that: Members noted the reports.</p>

AGC 25/20	<p>INTERNAL AUDIT PROGRESS REPORTS</p> <p>Philip Church updated the Committee on internal audit progress and two individual audits that have been completed recently.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Where there was an instance that there wasn't a signed Contract Justification Form on record for a contract that was let, if this has been review retrospectively? The Committee were informed that this has been reviewed and the contract was let appropriately. <p>RESOLVED that: Members noted the reports.</p>
AGC 26/20	<p>FORWARD PLAN</p> <p>The Committee were informed that the Forward Plan is up to date, and the next meeting is to take place in January to ensure the group Annual Financial Statements can be reviewed before they are presented to TVCA Cabinet.</p>
AGC 27/20	<p>DATE OF NEXT MEETING</p> <ul style="list-style-type: none"> • Tuesday 19th January 2021 at 10:30am