



**North Tyneside Council**

# Audit Committee

Tuesday, 7 November 2023

**Wednesday, 15 November 2023** 0.02 Chamber – Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

<b>Agenda Item</b>	<b>Page</b>
<b>1. Apologies for Absence</b>	
To receive apologies for absence from the meeting.	
<b>2. Appointment of Substitute Members</b>	
To be notified of the appointment of any Substitute Members at the meeting.	
<b>3. Declarations of Interest and Notification of any Dispensations Granted</b>	
You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.	
You are also invited to disclose any dispensations that have been granted to you in relation to any matters appearing on the agenda.	

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<b>Agenda Item</b>	<b>Page</b>
<p>4. <b>Minutes</b></p> <p>To confirm the minutes of the meeting held on 27 September 2023</p>	<p>5 – 8</p>
<p>5. <b>Carbon Net-Zero 2030 Corporate Risk</b></p> <p>To give consideration to a report which outlines the approach to managing the Carbon Net-Zero 2030 corporate risk.</p>	<p>9 – 14</p>
<p>6. <b>Pandemic Flu – Corporate Risk</b></p> <p>To give consideration to a report which provides an update on the Authority’s approach to managing the corporate risk in relation to Pandemic Flu</p>	
<p>7. <b>Exclusion Resolution</b></p> <p>The Committee will be requested to pass the following resolution:</p> <p>Resolved that under Section 100A of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.</p>	
<p>8. <b>Strategic Audit Plan 2023–24 – Interim Monitoring Statement</b></p> <p>To give consideration to a report which provides an interim monitoring statement in respect of the 2023/24 Strategic Audit Plan.</p>	<p>15 – 30</p>
<p>9. <b>Key Outcomes from Internal Audit Work undertaken between May and November 2023</b></p>	<p>31 – 52</p>

To give consideration to a report which provides the key outcomes from the Internal Audit work undertaken between May 2023 and November 2023.

**10. Corporate Risk Management Summary Report**

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To give consideration to a report which provides an update on the management of Corporate Risks which had been reported to Cabinet in October 2023.

**Circulation overleaf ...**

## Members of the Audit Committee

Malcolm Wilkinson (Chair)

Councillor Liam Bones

Councillor Louise Marshall

Councillor Tricia Neira

Councillor Andrew Spowart

Dr Stuart Green (Deputy Chair)

Councillor Debbie Cox

Councillor Tommy Mulvenna

Councillor John O'Shea

## Audit Committee

**Wednesday, 27 September 2023**

Present: M Wilkinson (Chair)  
Dr S Green (Deputy Chair)  
Councillors D Cox, L Marshall, T Mulvenna, T Neira  
and J O'Shea

Apologies: Councillors L Bones and A Spowart

### **AC/20/23 Appointment of Substitute Members**

There were no Substitutes reported.

### **AC/21/23 Declarations of Interest and notification of any Dispensations Granted**

There were no declarations or dispensations reported.

### **AC/22/23 Annual Statement of Accounts 2021-22 and 2022-23**

Consideration was given to a report which provided an update on the progress made in relation to the approval of the 2021/22 Audited Annual Statement of Accounts. The report also provided an update on the 2022/23 audit process.

It was explained that the 2021/22 draft audit results report had been presented to the Committee at its meeting held on 22 March 2023 and an update had been provided to the Committee on 26 July 2023 which had indicated that further work had been required in relation to audit testing on the Pension Assurance Statement from the Tyne and Wear Pension Fund. The Committee was advised that Ernst & Young (EY) had now concluded its work and had issued an updated Audit Results Report that detailed the outcome of the external audit of the Authority's 2021/22 Financial Statements. It was explained that it was hoped to be able to sign-off the accounts in the next few weeks.

It was explained that EY had commenced work on the audit of the 2022/23 financial statements. However, it had been noted that sector wide delays had impacted on delivery timescales. Reference was made to discussions between the Department for Levelling Up, Housing and Communities, the Financial Reporting Council and the Chartered Institute of Public Finance and Accountancy in relation to the audit process and the significant backlogs and the impact that this would have on the 2022/23 audit process although it was noted that an outcome had not yet been provided or guidance issued. An updated delivery plan was awaited from EY so that appropriate internal resources could be provided to support the proposed testing programme.

**Resolved** that the update provided in relation to the 2021/22 and the 2022/23 Statement of Accounts and external audit be noted.

### **AC/23/23 Provisional Audit Results Report**

The Committee gave consideration to the provisional Audit Results Report for the year ended 31 March 2022 submitted by EY. The changes made since the report had last been presented to the Committee were highlighted and officer comments on the changes were noted.

In response to members' questions it was explained that based on the information examined the external auditors did not have concerns in relation to value for money and the authority's governance arrangements. It was explained that there were systems in place to ensure that risk management was embedded in to the Authority's processes. There was also a request that a copy of the final report be circulated to members for comment.

**Resolved** that the Audit Results Report submitted by the Authority's external auditors, Ernst and Young, be noted

### **AC/24/23 Section 114 Notices**

The Chair explained that in view of the recent announcements that a number of

authorities had been forced to issue Section 114 Notices in relation to their finances he had therefore agreed that an update on the position in North Tyneside should be provided as a matter of urgency.

The Director of Resources explained that there had been a variety of reasons for particular authorities having to issue a Section 114 Notice, such as investments not providing the returns expected as well as national issues in respect of Local Government finance. He explained that North Tyneside was not in such a position to require the issue of a Section 114 Notice although there continued to be a need to ensure that careful budget monitoring was maintained. He also referred to reports made to recent Cabinet meetings to ensure that members were aware of the current situation and explained that staff had also been briefed on the issues.

**Resolved** that the update be noted.

#### **AC/25/23 Chair's Announcement**

The Chair announced that this was the last meeting of the Committee that Claire Emmerson, Head of Finance, would be in attendance before taking up a new position in another authority. He thanked Claire for her help and assistance and for clarifying complex financial matters for himself and the Committee. He wished her well and every success in her new role. These sentiments were echoed by the members of the Committee.

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## **North Tyneside Council Report to Audit Committee Date: 15 November 2023**

**Title:** Carbon Net-Zero 2030 Corporate Risk

**Report from Service**      **Environment**

**Area:**

**Responsible Officer:**      **Paul Nelson, Head of Environmental Sustainability**      **Tel: (0191) 643 6467**

**Wards affected:**      **ALL**

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### **PART 1**

#### **1.1 Executive Summary:**

In July 2019 full Council declared a Climate Emergency, and subsequently, in further acknowledgement of the gravity and urgency of the Climate Emergency, the refreshed Our North Tyneside Council Plan 2021-25, approved by Council in September 2021, included the following ambition: -

“We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside Carbon Net-Zero by 2030.”

There is a risk allocated to the Director of Environment in the Corporate Risk register regarding this policy priority. This report outlines the approach to managing this risk.

#### **1.2 Recommendation(s):**

It is recommended that Audit Committee note the approach to managing the risks addressed in this report and make suggestions to further enhance the arrangements as appropriate.

#### **1.3 Information:**

##### **1.3.1 Carbon net-zero and current performance**

In July 2019 full Council declared a Climate Emergency, setting a target to reduce the carbon footprint of the Authority and the Borough by 50% by 2023 and to become carbon neutral by 2050. Subsequently, in further acknowledgement of the gravity and urgency of the Climate Emergency, the refreshed Our North Tyneside Council Plan 2021-25, approved by full Council in September 2021, included the following ambition;

“We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside Carbon Net-Zero by 2030.”

Net-Zero means achieving a balance between the number of emissions produced and the amount removed from the atmosphere. It requires the reduction of existing emissions, and the subsequent removal (offsetting) of remaining emissions.

Working towards a net-zero target recognises that there will be some emissions at the target date which cannot be mitigated against through planned interventions and that these need to be fully offset / inset. Traditionally this would be through natural carbon sequestration such as land and trees, although increasingly the national policy context is including the potential for technological solutions, such as carbon capture and storage. The Authority is actively participating in an emerging project which may facilitate and enable local solutions to manage residual emissions.

The Authority’s carbon footprint is made up of the power, heat and water used to run its operational buildings, including the sheltered accommodation offer but not schools, the electricity used to power over 31,000 street lighting apparatus, the fuel and power used to operate the Authority’s fleet of vehicles that are used to deliver services and the business miles staff travel in their own vehicles (not including commuting to and from work). This definition of the Authority’s carbon footprint is in line with central government’s Greenhouse Gas Protocol guidance.

The Authority submits an annual performance report to the Department of Energy Security and Net Zero (DESNZ), formally the Department for Business, Energy & Industrial Strategy (BEIS) that details the year-on-year measurement of the Authority’s carbon footprint. This is published on the Authority’s website and is included as a background paper to this report. At the end of 2022/23, the Authority’s carbon footprint had decreased by 58% since the baseline year of 2010/11, exceeding the 2023 50% target.

The Borough's carbon footprint is made up of the power and heat used in the commercial, industrial and domestic buildings across the whole of the borough, emissions from road and rail transport, and land use and forestation activities, which can result in either a release into or removal of emissions from the atmosphere. The data for carbon emissions for UK districts is produced by central government and is released two years in arrears, meaning the latest data released in 2023 was for the year 2021.

An annual report is provided to the Authority by DESNZ detailing the carbon footprint of the borough. The most recent report shows that between the baseline year of 2005 and 2021, carbon emissions have decreased by 45%.

The most recent data shows that the respective carbon footprints are:

- Authority – 12,633 tonnes of CO<sub>2</sub>e (2010/11 base line year, 29,954 tonnes of CO<sub>2</sub>e).
- Borough – 789,627 tonnes of CO<sub>2</sub>e (2005 base line year, 1,426,293 tonnes of CO<sub>2</sub>e).

Cabinet agreed the most recent update of the Carbon Net-Zero 2030 Action Plan in September 2023 and this is included as a background paper to this report.

### **1.3.2 Corporate Risk Management**

This section of the report includes a summary of the overall approach adopted towards the Carbon Net-Zero 2030 Corporate Risk.

**Carbon Net-Zero 2030 (1252):** There is a risk that significant progress against the actions in the Carbon Net-Zero 2030 Action Plan (that are deliverable by the Authority) may not be made by 2030.

The Authority has an Action Plan containing over 150 actions across 10 key workstreams that will help to significantly reduce carbon emissions. The Action Plan has been shaped by an understanding of the source of emissions and available technological solutions, evolving Government policy, and is produced alongside key stakeholders following a range of engagement activities.

The Authority recognises that the delivery of the action plan is a corporate challenge that requires senior leadership. Governance and development of the action plan is carried out by the Carbon Net-Zero 2030 Board. This is co-chaired by Sam Dand, Director for Environment, and Councillor Sandra Graham, Cabinet Member for Climate Emergency and is made up of senior

managers and officers and representatives from the finance team. The Board meets monthly to review key progress against the action plan.

At the request of Cabinet, the Action Plan is reviewed annually and the refresh considered by Cabinet alongside a performance update. This was last completed in September 2023 and a copy of the Cabinet report is included as a background paper to this report.

In keeping with the Authority's approach to updating and delivering the Action Plan, the Authority reviews a range of emerging Government policy and guidance documents, specifically those which are associated with the UK Government Ten Point Plan which was released in November 2020.

Developing actions alongside the Government's Ten Point Plan enables the Authority to align to funding, infrastructure projects and technological developments as they develop and become available.

Funding streams released by Government e.g. Public Sector De-carbonisation Scheme and Green Homes Grant are supporting project delivery. Officers continue to explore and apply for grant funding opportunities that will match against Council committed finances and deliver key strategic carbon reduction projects.

The Authority's carbon footprint is less than two percent of the overall Borough's carbon footprint. Participation has been secured from a number of public sector and large private businesses to work together on a Board to tackle borough wide carbon emissions. Board members are supporting collaboration and project delivery.

Delivery of the Carbon Net-Zero 2030 Action Plan was included in Internal Audit's plan for 2022/23. This has provided assurance on the delivery of the Carbon Net Zero plan and made a number of recommendations to further strengthen governance. These recommendations have been accepted and are being implemented within the programme governance.

#### **1.4 Decision options:**

It is recommended that Audit Committee note the approach to managing the risks addressed in this report and make suggestions to further enhance the arrangements as appropriate.

#### **1.5 Reasons for recommended option:**

This recommendation will allow the Authority to identify further opportunities to enhance the risk management arrangements in place.

## **1.6 Appendices:**

N/A; see background papers below.

## **1.7 Contact officers:**

Paul Nelson, Head of Environmental Sustainability, tel. (0191) 643 6467

## **1.8 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) [Annual Greenhouse Gas Report 2022-23](#)
- (2) [UK local authority and regional greenhouse gas emissions national statistics](#)
- (3) [Carbon Net-Zero 2030 Action Plan](#)
- (4) [Report to Cabinet: Carbon Net-Zero 2030 Action Plan Update](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

There are no financial implications arising directly from this report.

### **2.2 Legal**

There are no legal implications arising directly from this report.

### **2.3 Consultation/community engagement**

There are no consultation / community engagement implications arising directly from this report.

### **2.4 Human rights**

There are no human rights implications arising directly from this report.

### **2.5 Equalities and diversity**

There are no equality and diversity implications arising directly from this report.

## **2.6 Risk management**

The risk under consideration is detailed in the body of this report

## **2.7 Crime and disorder**

There are no crime and disorder implications arising directly from this report.

## **2.8 Environment and sustainability**

Management of the Carbon Net-Zero 2030 corporate risk has a direct impact on the environmental sustainability of the Authority's operations and the Borough.