



Council

North Tyneside Council

To All Members of the Council

Wednesday, 18 September 2019

You are hereby summoned to attend the Meeting of the Council of the Borough of North Tyneside to be held in **Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY at 6.00 pm on Thursday, 26 September 2019** for the transaction of the following business.

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1. **Apologies**

2. **To receive any Declarations of Interest**

You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.

Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.

You are also invited to disclose any dispensation from the requirement to declare any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.

3. **Minutes of the meeting held on 25 July 2019**

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4. **Annual Audit Letter - 2018-19**

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To receive the 2018/19 Annual Audit Letter from the Authority's appointed auditors, Ernst Young.

Members of the public are entitled to attend this meeting and receive information about it.

North Tyneside Council wants to make it easier for you to get hold of the information you need. We are able to provide our documents in alternative formats including Braille, audiotape, large print and alternative languages.

For further information please call 0191 643 5358.

Contact Officers

David Brown (0191) 643 5358

Paul Wheeler (0191) 643 5318

**Agenda
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5. Review of Polling Places and Polling Districts

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To consider the results of the Review of Polling Places and Polling Districts.

6. Common Seal

To agree the Common Seal being affixed to all deeds and documents required for carrying into effect the various decisions of the Council made since its last meeting.

7. Chair's Announcements

To receive any announcements by the Chair of Council.

8. Elected Mayor's Announcements

To receive any announcements by the Elected Mayor.

9. Questions by Members of the Council

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One valid question on notice has been received from Members of the Council for a response at this meeting.

Yours faithfully



Chief Executive

Local Government Act 1972

Borough of North Tyneside

Thursday, 25 July 2019

At the meeting of the Council of the Borough of North Tyneside duly convened and held on Thursday, 25 July 2019 at 6.00 pm in Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY at which a quorum of Members were present, that is to say: -

Present

Councillor W Lott (Chair)

Councillor J Allan	Councillor A Austin
Councillor G Bell	Councillor T Brady
Councillor S Brockbank	Councillor J Cassidy
Councillor D Cox	Councillor S Cox
Councillor N Craven	Councillor E Darke
Councillor L Darke	Councillor C Davis
Councillor S Day	Councillor D Drummond
Councillor P Earley	Councillor R Glindon
Councillor S Graham	Councillor J Harrison
Councillor John Hunter	Councillor C Johnson
Councillor J Kirwin	Councillor K Lee
Councillor F Lott	Councillor G Madden
Councillor M Madden	Councillor T Mulvenna
Councillor A McMullen	Councillor M Hall
Councillor J Mole	Councillor A Newman
Councillor J O'Shea	Councillor P Oliver
Councillor K Osborne	Councillor A Percy
Councillor S Phillips	Councillor B Pickard
Councillor M Rankin	N Redfearn
Councillor M Reynolds	Councillor W Samuel
Councillor M Thirlaway	Councillor J Walker
Councillor J Wallace	Councillor L Bartoli
Councillor L Miller	Councillor P Richardson
Councillor M Wilson	

Apologies: Councillor L Bell, Councillor B Burdis, Councillor C Burdis, Councillor K Clark, Councillor M Green, Councillor Janet Hunter, Councillor N Huscroft, Councillor P McIntyre, Councillor J Stirling, Councillor F Weetman, Councillor K Barrie, Councillor J Cruddas and Councillor E Parker-Leonard

C19/19 Minute's Silence

A minute's silence was observed in respect of the passing of former Councillor Julia Macaulay who had represented Collingwood Ward from 2004 to 2011.

C20/19 Public Questions

1. Question to the Elected Mayor by Ms Graham of North Shields

As part of the government's strategy to clean up the high street (in an announcement made on 16 March this year) £35,844.00 was allocated to North Tyneside Council from central government.

The government's intention was that councils, in partnership with existing community groups, will be able to use this one-off funding to support volunteers.

As a resident of North Tyneside with a keen interest in the environment, I would like to know how the council intends to use this extra funding.

Councillor C Johnson responded on behalf of the Elected Mayor as follows:

Thank you for this question.

While we welcome this funding, it is important to note that this is a relatively small amount of money. Therefore in my role as Cabinet Member for Environment and Transport, I have been working closely with the officer team to develop options to maximise the impact of this grant, at the same time developing more of a community-led approach to cleaning up our high streets.

Some of the initiatives we are looking at include:

- Purchasing two new state of the art mobile CCTV cameras so that we can work with communities to monitor litter hotspots in and around our town centres.
- Purchasing tools such as litter pickers, gloves and brushes for those volunteers who are keen to get involved in clean ups.
- Working with schools on an exciting new project involving the design and implementation of unique litter and recycling bins for our town centres.
- Promoting positive behaviours and educating communities on environmental issues which are important to them such as littering, dog fouling and fly tipping.

I hope this gives you a feel for some of the initiatives we'll be introducing with this funding.

2. Question to the Elected Mayor by Mr Wynn of North Shields

Why is North Tyneside Council not making provision for electric charging points to be installed in council run independent living apartments? I asked this question of the housing officer 6 months ago and was told nothing was planned for this. The government is banning petrol and diesel cars in 2035; surely steps should be taken now to install charging points so that residents can start planning for electric cars only?

Councillor C Johnson responded on behalf of the Elected Mayor as follows:

I would like to thank Mr Wynn for this very important question.

This Council is certainly committed to expanding the provision of public Electric Vehicle (EV) charging points to support the shift to electric vehicles. In fact we are currently working with other authorities in the North East to examine bidding opportunities and other potential means to expand EV infrastructure.

However, I think it's important to highlight the EV charging infrastructure required to achieve this shift cannot be the sole responsibility of the Council. Whilst we will continue to expand our public charging estate, we expect individual residents and tenants living in the borough who are making the shift to electric vehicles to ensure that domestic charging arrangements are considered at the point of vehicle purchase.

This will also require the vehicle owner to pay for the electricity they use to charge their vehicle.

I do know that the government offer a grant, which is available from the Office for Low Emission Vehicles towards the cost of purchasing and installing a home charging point. I believe up to £500 is available. I'm sure your electric vehicle dealer will be able to point you in the right direction.

In relation to our North Tyneside Independent Living schemes where car parking is of a shared nature, we are more than happy to work with tenants to explore potential solutions for the location of their charging points.

We will continue to explore options to support the introduction of public charging points across the Borough as we are well aware the demand for electric vehicle charging points will continue to increase.

C21/19 To receive any Declarations of Interest

Councillor S Graham declared a registerable personal interest in relation to item C25/07/19 - 2018/19 Annual Financial Report - as she has a family member who works for Ernst and Young, the Authority's external auditors

C22/19 Minutes of the meeting held on 16 May 2019 (previously circulated)

Resolved that the minutes of the Annual Council meeting held on 16 May 2019 be confirmed and signed by the Chair.

C23/19 2018/19 Annual Financial Report

A report was considered seeking Council's approval of the 2018/19 Audited Annual Financial Report in accordance with Section 9 (2) of the Accounts and Audit Regulations 2015.

Councillor R Glindon, Cabinet Member for Finance and Resources, welcomed Mr S Kenny from Ernst and Young, the Authority's external auditors, who presented the Audit Results Report.

This was the first year that the Authority's audit had been undertaken by Ernst and Young. The audit of the 2018/19 accounts was substantially complete and an unqualified audit opinion on the financial statements and value for money conclusions was expected to be

issued. The Audit Results Report in respect of the 2018/19 Annual Financial Report had been presented to the Audit Committee on 24 July 2019. No material errors had been identified in the financial statements.

A number of disclosure errors had been identified during the audit and the majority had been corrected and were reflected in the Annual Financial Report. The significant adjustments required related to the following items and were described in more detail in the Audit Results Report:

- (a) the removal of trust schools from the Authority's balance sheet;
- (b) changes required to IAS19 pension liabilities following the recent McCloud judgement;
and,
- (c) the revised valuation for Newcastle International Airport.

It was noted that the adjustments did not impact on the Authority's reserves and balances.

Members were given the opportunity to ask questions of Mr Kenny and Councillor Glindon, which were responded to appropriately.

It was moved by Councillor R Glindon and seconded by Councillor C B Pickard that:

- (1) the Audit Results Report, submitted by the Authority's external auditors Ernst and Young, be approved and the draft Letter of Management Representation be agreed;
and
- (2) the 2018/19 Audited Annual Financial Report be approved.

The Motion, on being put to the meeting, was approved by 43 votes to 5 votes.

C24/19 Climate Emergency Declaration

Cabinet had received a progress report in June 2019 on the Authority's Low Carbon Plan, which summarised the progress being made to reduce the carbon footprint of the Authority and the Borough. Whilst Cabinet had recognised excellent progress was being made against original targets and had paid credit to the leadership shown on this issue by the Youth Council, they had requested that a Climate Emergency should be declared by Full Council along with the steps the Authority proposed to take in response to this emergency.

A report was considered by Council which set out the national and international context in tackling climate change and outlined local policy and performance.

It was moved by the Councillor C Johnson and seconded by Councillor J Kirwin that:

Council:

- (1) notes the significant progress made to date by the Authority in reducing carbon dioxide emissions;
- (2) agrees that the Authority:
 - a. declares a climate emergency;
 - b. seeks to halve the Authority's and the Borough's carbon footprint by 2023, four years ahead of the current target; and
 - c. commits that itself and the Borough will be carbon neutral by 2050 in line with the national target;

- (3) notes that Cabinet will receive an update report within six months; and
- (4) requests the Elected Mayor to instruct the Head of Environment, Housing and Leisure, in consultation with the Cabinet Member for Environment and Transport, to:
- a. publish an annual report on the Authority's website that details performance against carbon reduction targets;
 - b. include young people in the development, delivery and review of actions, ensuring that they have a voice in shaping the future;
 - c. work with partners across the Borough and region to deliver this new goal through all relevant strategies and plans;
 - d. call on Central Government to provide powers and resources to reduce carbon emissions;
 - e. ensure that all strategic decisions, budgets and approaches to planning decisions are in line with this climate emergency declaration; and
 - f. ensure that the Authority's Senior Leadership Team embed carbon reduction work across the Authority and take responsibility for reducing, as rapidly as possible, the carbon emissions resulting from the Authority's activities.

The Motion, on being put to the meeting, was unanimously approved.

C25/19 Common Seal

Resolved that the Common Seal be affixed to all deeds and documents required for carrying into effect the various decisions of the Council made since its last meeting.

C26/19 Chair's Announcements

The Chair announced the charities she would be supporting during her tenure and asked for Members' support, these being the Great North Air Ambulance and Operation Veteran.

She had attended a number of award ceremonies, such as football, Rotary Club and badminton presentations. She made particular reference to her attendance at the Friendship Games held in the twin town of Oer-Erkenschwick in Germany. She paid credit to the young competitors who had represented both North Tyneside and the UK and had competed against teams from Germany, Slovenia, Poland and Serbia.

The Chair encouraged Members to attend Citizenship Ceremonies, and she made special mention of the award of the British Empire Medal to an 85 year old lady from Wallsend who had worked tirelessly for over 25 years going into school to read with the children

C27/19 Elected Mayor's Announcements

The Elected Mayor began by thanking everyone who had participated in the recent Peer Review Challenge. The Peer Review Team had included the Chief Executive of Salford City Council, the Director of Finance and Performance and Procurement of West Sussex County Council, the Director of Regeneration and Growth at Sandwell Metropolitan Council, the Chief Executive of Blackpool Coastal Housing and LGA Programme Manager and the Elected Mayor and Leader of Doncaster Metropolitan Council who had provided some useful pointers about what the Authority should think about next.

She looked forward to receiving the final report that would help in planning for the future and its findings would be shared with Members in the near future.

The Elected Mayor congratulated the following who had all received the Queens Award for Voluntary Service:

- Walking With North Tyneside
- The Volunteers at St. Bernadette's Church, North Shields
- The Friends of Red House Ramblers and
- Collingwood Bowling Club

She acknowledged this was a fantastic achievement for those organisations and hoped that their efforts would inspire many more people across North Tyneside.

The Elected Mayor reported that seven of the borough's parks had made it onto this year's list of Green Flag Award winners, which had been announced on 16 July by Keep Britain Tidy, and she thanked the staff who worked so hard to maintain these standards. The Rising Sun Country Park, Benton Quarry Park, Marden Quarry Nature Reserve, Killingworth Lakeside Park, Wallsend Parks and Northumberland Park had again been recognised as being among the nation's finest parks and green spaces.

The Mouth of the Tyne Festival had again been a resounding success and had sold out in record time. More than 100,000 people had attended the festival, bringing an estimated £1 million boost for the local economy. The Elected Mayor thanked everybody who had been involved in making the festival such a success.

The prestigious Tour of Britain Cycle Race would be passing through the Borough on 9 September and many schools, businesses and residents were eager to be involved. The Elected Mayor thanked the Cabinet Member for Culture and Leisure, Councillor Day and officers who had organised 17 cycling events across the borough over the summer.

The Elected Mayor finally reported that since the last Council meeting, the Spanish City had won an award for the Best Change of Use of an existing building and had been shortlisted for a Best Commercial Project and Best Public Service Building.

C28/19 Questions by Members of the Council

1. Question to the Elected Mayor by Councillor S Brockbank

Given the flooding on Bromley Avenue in my ward in mid-June, does the Elected Mayor share the concerns of residents about the increased pressure on infrastructure of the proposed development in the Local Plan?

Councillor C B Pickard responded on behalf of the Elected Mayor as follows:

Thank you, I'll deal with the issues raised by the question.

First of all, flooding is taken very seriously by the Council and in addition to the two major flood alleviation schemes just completed at Fairfield Green and Briarville, Officers have sound contingency plans in place to deal with these issues.

The Local Plan is underpinned by a comprehensive strategic flood risk assessment. Specifically, flooding on the Murton Gap site was considered in our Local Plan and the inspector stated 'flood risk is a significant local concern following the storm event of Thunder Thursday. The frequency and intensity of such climate related incidents are projected to

increase but I'm satisfied that the various strategic flood risk work takes this into account. The absence of objections from the Environment Agency, Northumbrian Water and other authorities provides additional confidence that surface and foul water can be appropriately drained from this site'.

Additionally, as I'm sure Councillor Brockbank is aware, planning applications are required to provide a detailed flood risk assessment that is reviewed by the Environment Agency, Northumbrian Water and the Council before any planning permission is granted for development.

I fully understand the residents' concerns and I am confident this Council has put in place through the Local Plan policy framework the right policies to ensure their concerns will be addressed, that developer proposals are progressed and the developers are required through the planning process to provide full flood mitigation measures on their site.

If we now look to address the Local Plan because Councillor Brockbank has consistently tried to make political capital by statements that he is against the Local Plan. I had at first put this down to naivety; however he has had this situation explained a number of times yet he continues with his misleading simplified slogans of opposition to the Local Plan but as yet failed to answer how he would resolve the disastrous consequences of following his policy.

Let me reiterate what those consequences are. First of all the Local Plan is a requirement of his Conservative Government and if we don't have a plan we will be subject to government intervention. No plan means developers can submit planning applications at will and in the past a number of proposals which were not supported by the Council were allowed on appeal. Do you honestly believe that developers would not welcome this situation and pile in with unrestricted development plans for Murton Gap possibly increasing from 3000 to what developers originally wanted - 5000 houses - on that particular site?

Your policy replacing the Local Plan and your published statement to oppose all building on Murton Gap site will require you to find sites for an additional 6592 houses above the present number. I explained this at a past Council meeting how that was arrived at. If you preserved the green belt then there are two alternative strategies, either to build on brownfield sites or on the greenfield sites.

Does he propose that the extra 6592 houses will be built on brownfield sites? If he does then he could not have read the plan he proposes to get rid of because the Government Inspector stated 'the Council has undertaken a thorough exercise which has considered a vast array of brownfield sites including those suggested in representations. Where suitable and achievable for housing they are already accounted for in the Plan. There is no compelling evidence that a significant brownfield site has been overlooked. The finite capacity of brownfield sites in North Tyneside would not meet all the housing, employment and service needs over the period to 2032. Consequently, this would not be a reasonable alternative spatial strategy, therefore green land is required'.

So if you rule out brownfield sites and still take out Murton Gap, where will the greenfield sites be for the additional 6592 houses? Once again he won't provide any alternatives and he won't tell us or the residents of the borough where he proposes to build these houses.

Once again the government inspector states 'the spatial strategy of the Plan seeks to secure sustainable development to meet the identified development needs while simultaneously protecting the green belt and significant areas of identified green

infrastructure. Given the character and relatively small size of the Borough, balancing these factors is not without challenges but it also means that there are few, if any, reasonable alternatives to the spatial strategy’.

So if there are fewer alternative ways to protect the green belt, and Councillor Brockbank has failed to identify a single alternative site for his additional 6592 houses, then he must be considering building on the green belt.

The consequences of this would be in the words of the government inspector, ‘I am not persuaded that any alternative sizable green belt options are available that would not harmfully result in unrestricted urban sprawl, coalescence of settlements or encroachment into the countryside’.

So I’ll finish by saying the alternative is clear, support our Local Plan to give us the tools to control development and protect the green belt or go with the political posturing of the Conservatives and end up with uncontrolled development and unrestricted urban sprawl.

Councillor Brockbank asked the following supplementary question

I would invite you to look at comments by residents in Bromley Avenue who have been affected by this. Could I invite the Cabinet member to depart from the scripted speech for a change and respond to those residents who have been on to me in droves, to give 100% guarantee the next time there is a downpour in Bromley Avenue that they will not be subject to flooding. A simple question yes or no?

Councillor Pickard responded as follows:

Once again there are two different issues because I thought you would have done your homework and found out from the officers what the problems are in Bromley Avenue.

I have already stated that the significant action that would be taken on the site would not have an effect on Bromley Avenue because all the off flow from that site would be contained within the development needed. At the moment the reason it is flooding is because the water is coming straight off the site. But even when it gets there, there would still be an issue in the surrounding area because of historical development in that particular area.

And I could perhaps invite you to meet with the officer responsible and try and find out the facts of the case before you start winding people up and giving false hope.

2. Question to the Elected Mayor by Councillor L Miller

Will the Elected Mayor join me in welcoming the opening of a brand new, state of the art Ambulatory Care Centre at the Northumbria Specialist Emergency Care Hospital, thus enhancing the first class NHS provision our residents already receive?

Councillor M Hall responded on behalf of the Elected Mayor as follows:

Of course we are delighted to welcome the opening of the new purpose built, state of the art Ambulatory Care Centre at the Northumbria Specialist Emergency Care Hospital.

The Ambulatory Care Centre will allow North Tyneside residents to have timely access to urgent care services, which will hopefully alleviate the demand placed on the emergency

department. Just in case anyone is not familiar with the name ambulatory care it just means you're able to get there to the centre by your own resources.

However, many of our residents do not feel that they receive first class NHS provision and still have lots of concerns, which are shared with the Cabinet and myself. There is no A & E provision in North Tyneside and our residents have to go to either A & E in Newcastle at the Royal Victoria Infirmary (RVI) or Cramlington at the Northumbria Specialist Emergency Care Hospital.

What we do not welcome are the long waits some residents have to see a GP. Often the reason why people resort to attend A & E and urgent care departments is because they cannot get access to their GPs.

It is hoped however, that the new centre will enable 150 patients each day to be assessed, treated and discharged home on the same day basis, avoiding unnecessary admission to hospital. Their care will be delivered in a purpose built building that has been designed to be a relaxed and comfortable environment for patients.

Whilst struggling with waiting lists to keep to an 18 week standard, delays in ambulance handovers and over 4 hour waits in A&E, Northumbria Healthcare got an outstanding CQC rating. The staff in the hospital are rated against the best in the country. All the staff are dedicated to giving the best service.

I end this answer by hoping that no one here has to use its wonderful facilities especially this summer.

3. Question to the Elected Mayor by Councillor J Wallace

Can the Elected Mayor assure me that when a school is oversubscribed, the address of every applicant is properly verified before any places are granted?

Councillor P Earley responded on behalf of the Elected Mayor as follows:

Yes I can confirm that in 2014, during our administration, a system was introduced to verify the addresses of applicants for schools that are oversubscribed against Council Tax records. If there are any discrepancies with the records the Local Authority writes out to parents to request that they provide supplementary documentation to prove that they are residing at the address on their application form.

Such supplementary documentation can include household bills, driving licence and payslips.

Of course if Councillor Wallace or indeed any other Councillor has concerns about instances of fraudulent misuse of the admissions system they should report that to the admissions team.

Councillor Wallace asked the following supplementary question:

As many children in my ward within the catchment area of Whitley Lodge First School didn't get places at their first, second or third choice school, and I understand that this has happened in other wards in previous years, does that verification extend to all the neighbouring schools which parents may have selected so that all those choices are verified or all those applicants are verified and how many cases of fraudulent applications have

been detected this summer?

Councillor Earley responded as follows:

It extends to those schools that are oversubscribed and in terms of the number of cases where there were allegations raised that is less than 5.

North Tyneside Council Report to Council Date: 26 September 2019

ITEM 4

2018/19 Annual Audit Letter

Portfolio(s): Elected Mayor Finance and Resources	Cabinet Member(s): Norma Redfearn Councillor Ray Glindon
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Report from Service Area: Finance

Responsible Officer: Janice Gillespie, Head of Resources Tel 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 The purpose of the report is to present to Council the Annual Audit Letter (“the Letter”) from the Authority’s appointed auditors, Ernst Young.

1.1.2 The Letter summarises many of the points raised in the Audit Results Report which was presented to Council on 25 July 2019 and the Audit Committee on 24 July 2019.

1.1.3 The Letter will be presented by Ernst Young at Council on 26 September 2019.

1.2 Recommendation(s):

It is recommended that Council notes the contents of the Annual Audit Letter.

1.3 Forward plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 17 June 2019.

1.4 Council plan and policy framework:

The Annual Audit Letter covers all the service responsibilities as identified within the Our North Tyneside Plan.

1.5 Information:

1.5.1 The full Letter is attached as **Appendix A** to this report. The letter covers the period 1 April 2018 to 31 March 2019.

1.5.2 The Letter covers:

- The overall conclusion in respect of the Authority's Financial Statements which includes the annual governance statement;
- The assessment of arrangements to achieve value for money in the Authority's use of resources;
- Future challenges facing the Authority; and
- Fees payable to Ernst Young for 2018/19.

1.5.3 Ernst Young issued an **unqualified opinion** on the Authority's accounts for 2018/19. In this context unqualified means that the Auditor was satisfied with the quality of the Authority's accounts which is a positive outcome for the Authority.

1.5.4 The Audit Results Report presented to Council on 25 July 2019 and to the Audit Committee on 24 July 2019 includes more detailed information in respect of the findings of the audit of the 2018/19 Annual Financial Report. No material errors were identified in the financial statements.

A number of disclosure errors were identified during the audit and these have been corrected and are reflected in the Annual Financial Report. The significant adjustments that were required related to the following items:

- a) the removal of trust schools from the Authority's balance sheet;
- b) changes required to IAS19 pension liabilities following the recent McCloud judgement; and
- c) the revised valuation for Newcastle International Airport.

It should be noted that these adjustments had no impact on the Authority's reserves and balances.

1.5.5 Ernst Young issued an **unqualified Value for Money conclusion**, confirming that the Authority had adequate arrangements in place for securing economy, efficiency and effectiveness in its use of resources.

1.6 Decision options:

Council is recommended to note the contents of the Annual Audit Letter. Alternatively it could request further information.

1.7 Reasons for recommended option:

Under the Authority's Constitution, it is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, that it safeguards and properly accounts for public money and that proper arrangements are in place to secure value for money. The Accounts and Audit Regulations 2015

require a meeting of the Council to receive, consider and publish the Annual Audit Letter received from the external auditor.

1.8 Appendices:

Appendix A: Annual Audit Letter 2018/19

1.9 Contact officers:

Janice Gillespie, Head of Resources, Tel 643 5701
Claire Emmerson, Senior Manager Financial Strategy and Planning, Tel 643 8109
Cathy Davison, Principal Accountant, Tel 643 5727

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a) 2018/19 Audit Results Report
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/5c.%20Appendix%20B%20Final%20Audit%20Results%20Report.pdf>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications arising from this report. Where any of the individual actions require financing, this will be reported separately to Cabinet and /or Council as appropriate.

2.2 Legal

The Accounts and Audit Regulations 2015 require a meeting of the Council to receive, consider and publish the Annual Audit Letter received from the external auditor.

2.3 Consultation/community engagement

2.3.1 Internal Consultation has taken place with the Mayor, the Cabinet Member for Finance and Resources, the Senior Leadership Team and relevant officers of the Authority.

2.3.2 External Consultation/engagement has taken place with Ernst Young.

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are direct no equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

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

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy and Customer Service

North Tyneside Council

Annual Audit Letter for the year
ended 31 March 2019

August 2019

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

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Focused on Your
Future



As part of the Auditor Engagement process, we have agreed with you the respective responsibilities of auditors and audited bodies and these are contained within our engagement letter.

The Terms and Conditions of our appointment are contained within the Engagement Letter and set out any additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature. This Annual Audit Letter is prepared in the context of the Engagement Letter. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary

Executive Summary

We are required to issue an Annual Audit Letter to North Tyneside Council (“the Council”) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the financial statements.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ▶ Consistency of Annual Governance Statement	The Annual Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA)	We have not yet completed our procedures in relation to WGA. These procedures will be completed before the deadline of 13 September 2019.

Executive Summary (continued)

As a result of the areas on the previous page, we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit	Our Audit Results Report for the Council was presented to the Audit Committee on 24 July 2019 and to the meeting of the Council on 25 July 2019.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice	We have not as yet issued our audit completion certificate. We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

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Stephen Reid

Partner

For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit of the Council in our 2018/19 Audit Results Report to the 24 July 2019 Audit Committee and the meeting of the Council on 25 July 2019, who represent those charged with governance. As a result, we do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work was undertaken in accordance with the Audit Planning Report that we issued in March 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

Expressing an opinion:

- ▶ On the 2018/19 financial statements; and
- ▶ On the consistency of other information published with the financial statements.

Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.

Reporting by exception:

- ▶ If the Annual Governance Statement is misleading or not consistent with our understanding of the Council;
- ▶ Any significant matters that are in the public interest;
- ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
- ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. We have not yet completed our procedures in relation to WGA. These procedures will be completed before the deadline of 13 September 2019.

Responsibilities of the Council

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office, and issued an unqualified audit report on the Council's Statement of Accounts on 31 July 2019.

Our detailed findings relating to the Council's Statement of Accounts audit were reported to the 24 July 2019 Audit Committee and the meeting of the Council on 25 July 2019.

The key issues identified as part of our audit were as follows:

Significant Risks

Risk of fraud in revenue and expenditure recognition identified in auditing standards, there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Local authorities have a statutory duty to balance their annual budget and are operating in a financially challenged environment with reducing levels of government funding and increasing demand for services. Achievement of budget is critical to minimising the impact and usage of the Council's usable reserves and provides a basis for the following year's budget. Any deficit outturn against the budget is therefore not a desirable outcome for the Council and management, and therefore this desire to achieve budget increases the risk that the financial statements may be materially misstated.

Conclusion

We performed the following testing in relation to this risk:

- We reviewed and tested revenue and expenditure recognition policies, including consideration of the recognition of grant income;
- We reviewed, discussed with management, and tested (where appropriate) any accounting estimates on revenue or expenditure recognition, such as manual debtors and expenditure accruals, for evidence of bias;
- We tested grant income with terms and conditions attached to ensure that where management judgements had been made relating to the recognition of the income, all terms and conditions had been achieved;
- We tested capital expenditure incurred during the year to ensure that it was correctly classified as capital expenditure and should not instead have been included as revenue; and
- We reviewed a sample of transactions recorded in the ledger and payments made from the bank account post year-end and confirmed that the associated income and expenditure has been recorded in the correct period.

Our testing did not identify any material misstatements relating to revenue and expenditure recognition.



Financial Statement Audit (continued)

Significant Risks

Conclusion

Misstatements due to fraud or error

As identified in auditing standards, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We performed the following testing in relation to this risk:

- We identified fraud risks during the planning stage of our audit;
- We developed our understanding of the oversight given by those charged with governance over management's processes over fraud;
- We considered the effectiveness of management's controls designed to address the risk of fraud;
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- We reviewed accounting estimates for evidence of management bias (as noted above relating to revenue and expenditure recognition); and
- We evaluated the business rationale for any significant unusual transactions.

Our testing did not identify any material misstatements due to fraud or error in the Council's financial statements.

Valuation of land and buildings

The value of land and buildings represents a significant balance in the Council's financial statements and is subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgements in respect of key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

We performed the following testing in relation to this risk:

- We considered the work performed by the Council's valuer, Capita, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- We sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- We engaged our internal valuers to review the valuation of the Spanish City and Swan Hunter sites;
- We considered the annual cycle of valuations to ensure that assets have been valued within a five year rolling programme as required by the CIPFA Code;
- We reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base was not materially misstated;
- We considered changes to useful economic lives as a result of the most recent valuation; and
- We tested accounting entries to ensure they have been correctly processed in the financial statements.

Our testing did not identify any material misstatements relating to the valuation of land and buildings in the Council's financial statements.



Financial Statement Audit (continued)

Other Key Findings	Conclusion
<p>Implementation of new accounting standards</p> <p>The CIPFA Code of Practice adopted two new accounting standards for 2018/19:</p> <p>IFRS 9 – financial instruments. This new accounting standard changed:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets is calculated; and • The disclosure requirements for financial assets. <p>IFRS 15 – revenue from contracts with customers. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p>	<p>We performed the following testing in relation to this risk:</p> <ul style="list-style-type: none"> • We reviewed the Council’s assessment of the expected impact of the standards on the financial statements; • We reviewed the accounting policies amended as part of the implementation to ensure compliance with the requirements of the CIPFA Code of Practice; and • We reviewed the additional disclosure requirements to ensure that they have been included in the financial statements. <p>During our review of IFRS 9 we identified that the valuation of the Council’s shares in Newcastle International Airport Limited (NIAL) was materially understated. This valuation was provided by an external expert to the Council. An amendment to the valuation was therefore made which resulted in a £5.2m increase in the valuation between that presented in the draft financial statements and the final valuation.</p>
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and accounting standards (IAS 19) require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Tyne and Wear Pension Fund.</p> <p>The Council’s pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council’s Balance Sheet. The information disclosed is based on the IAS 19 report issued by the Council’s actuary.</p> <p>Accounting for this scheme involves significant estimation and judgement, and therefore management engages an actuary to undertake the calculations on their behalf. Auditing standards require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We performed the following testing in relation to this risk:</p> <ul style="list-style-type: none"> • We liaised with the auditor for Tyne and Wear Fund, to obtain assurances over the information supplied to the actuary in relation to the Council; • We assessed the work of the Pension Fund actuary including the assumptions they used by relying on the work of the Consulting Actuaries commissioned by PSAA for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; • We liaised with the Council and our actuarial team to assess reasonableness of additional pension liabilities recognised in the accounts this year, arising as a result of the McCloud judgement and Guaranteed Minimum Pension equalisation; and • We reviewed and tested the accounting entries and disclosures made within the Council’s financial statements in relation to IAS19. <p>During the audit period, a material adjustment relating to the McCloud judgement was identified, which has impacted upon all Local Government Pension Scheme Scheduled Bodies. The Council instructed their actuary to revisit the pension liability values previously provided to include the impact of both the McCloud judgement and Guaranteed Minimum Pension. The revised pension values provided by the actuary saw the pension liability increase by £28 million between the draft and final financial statements.</p>



Financial Statement Audit (continued)

Other Key Findings	Conclusion
<p>Opening Balances</p> <p>2018/19 is the first year that we have completed the audit of the Council's financial statements, and as such the requirements of ISA (UK) 510 apply.</p> <p>The basic objectives of an initial audit are similar to those of any audit engagement. However, when performing an initial audit, we report on the current period's assets, liabilities and reserves, which are dependent upon the appropriateness of the opening balances.</p> <p>Therefore, we are required to perform additional procedures in order to gain assurance that the opening balances were free from material misstatement. These procedures cover all balance sheet items, including for example key judgement areas and Private Finance Initiative (PFI) assets and liabilities.</p>	<p>We performed the following procedures in this area:</p> <ul style="list-style-type: none">• Reviewed the work of the predecessor auditor, to identify any issues identified that may impact upon the opening balances;• Reviewed the work of the predecessor auditor to ensure the audit has been completed to an appropriate standard to allow us to place reliance on their audit opinion; and• Substantively tested all opening balances to ensure that they agree both to the prior year audited financial statements and closing trial balance. <p>We also reviewed significant judgements that have been taken in preparing the financial statements in previous years. As part of this review we assessed how the Council accounted for Schools on their Balance Sheet and how the Council accounted for the prepayment of pension deficit funding payments made in 2017/18.</p> <p>Accounting for Schools</p> <p>Following our review we identified that Foundation Schools were included on the Council's Balance Sheet. However, legal ownership of these assets transferred to the School Trustee's in previous years. Under the CIPFA Code this does not automatically mean that the assets should be removed from the Council's Balance Sheet. Instead, if it can be demonstrated that the Council still has "control" over the assets then it may be acceptable to include them on the Council's Balance Sheet.</p> <p>After detailed discussions with management it was identified that the School Trustees' now make all significant decisions regarding the School assets and as a result it was not possible for the Council to demonstrate that they had "control" over these assets.</p> <p>It was therefore agreed that these assets should be removed from the Council's Balance Sheet and a prior period adjustment was made to reflect the fact that a similar situation was also in place in previous years. This adjustment reduced the Property, Plant and Equipment Net Book Value by £336 million between the draft and final financial statements in 2018/19. The adjustment in 2017/18 reduced the Net Book Value of Property, Plant and Equipment by £281 million.</p> <p>Pension Prepayment</p> <p>In 2017/18, the Council entered into an arrangement with Tyne and Wear Pension Fund whereby they prepaid the pension deficit funding payments for 2018/19 and 2019/20. The total value of this prepayment was £17.6 million. On review of the accounting for this transaction we identified that no prepayment had been recognised in debtors in either the 2017/18 or 2018/19 financial statements. Instead, the Council included the prepayment in their pension liability.</p> <p>This was discussed with management who agreed that a prepayment should be recognised in both 2017/18 and 2018/19 and therefore both prepayments and the pension liability were increased by £17.6 million in 2017/18 and £8.8 million in 2018/19.</p>

Financial Statement Audit (continued)

Other Key Findings	Conclusion
<p>Group Financial Statements</p> <p>In previous years, the Council has not produced group financial statements on grounds of materiality. However, due to increasing activity in the Council's subsidiaries, we considered that it was important for the Council to reassess their group boundary and the need to potentially produce group financial statements in 2018/19.</p>	<p>We reviewed the detailed quantitative assessment, which focussed on the values that would be included in group financial statements if they were prepared, as well as the qualitative assessment, which focussed on the other factors, such as whether the Council is exposed to any commercial risk through its involvement with group entities. This review included:</p> <ul style="list-style-type: none"> • Agreeing all values included in the quantitative assessment back to audited financial statements; • Assessing the qualitative assessment based on our knowledge of the Council and the wider sector; and • Detailed review of the CIPFA Group Accounting guidance to ensure that all required elements had been considered. <p>Following our review we were satisfied that group financial statements are not required for the Council for 2018/19. However, this assessment will be required again in 2019/20.</p>

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Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £6.2 million (2017/18: £6.6 million), which is 2% of gross expenditure on the provision of services reported in the financial statements.</p> <p>We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.29 million (2017/18: £0.198 million).



04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We identified one significant risk in relation to these arrangements. The table on the following page presents the findings of our work in response to the risk identified. We have performed the procedures outlined in our Audit Plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work. The table below presents the findings of our work in response to the risk areas in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>Financial Sustainability</p> <p>The Council continues to operate in a challenging financial environment. The main risks to the Council’s finances are reductions in central government funding, increased reliance on locally raised taxes, increased budget pressures and demand for services.</p> <p>At the end of November 2018, the Council was forecasting a pressure against budget of £3.5 million. This pressure was largely due to significant overspends in Health, Education, Care and Safeguarding. In addition, over the next four years the Council estimates it is required to make £26.9 million of savings. There is therefore significant pressure on the Council’s finances over the coming years.</p>	<p>Deploy resources in a sustainable manner</p>	<p>We completed the following work in this area:</p> <ul style="list-style-type: none"> • We selected a sample of savings plans and assessed their reasonableness, including testing of the assumptions used; • We discussed the specific plans in place for Health, Education, Care and Safeguarding to understand how the Council plans to control the overspends in this area; • We reviewed the level of reserves to ensure they are sufficient to cover the Council’s assessment of the minimum required to provide its statutory services; and • We reviewed the Medium Term Financial Plan (MTFP) and tested the reasonableness of a sample of the assumptions used. <p>Our testing identified that the Council delivered an underspend of £1.03 million against budget in 2018/19. However, during the year the Council did not achieve all of its proposed in year savings of £11.2 million and has therefore rolled forward some of this savings target into 2019/20.</p> <p>The Council has created detailed savings plans for 2019/20 to ensure that they can achieve a balanced outturn. We have reviewed these savings plans to ensure that they are reasonable and we are satisfied that the assumptions used are appropriate and that the Council has a system for monitoring and challenging the savings delivery plan in 2019/20. We have also reviewed the MTFP and are satisfied that the Council has been prudent in its use of assumptions, in particular around income streams.</p> <p>During June 2019, the Council received a Corporate Peer Challenge Review. This identified no fundamental weaknesses in the Council’s financial sustainability. However, some recommendations were made in relation to linking the strategy and the MTFP better in future years. Based on the testing performed we concluded that there is no impact upon our VFM conclusion from this risk.</p>



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts (WGA) purposes. We have not yet completed our procedures in relation to WGA. These procedures will be completed before the deadline of 13 September 2019.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendations that require the Council to consider them at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Other Reporting Issues (continued)

Independence

We communicated our assessment of independence for the Council in our Audit Results Report to the Audit Committee on 24 July 2019 and to the meeting of the Council on 25 July 2019. In our professional judgement, the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

Control Themes and Observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

We identified one control observation relating to the Council's whistleblowing policy. This is because the policy has not been formally updated since 2011. We have therefore recommended that the Council formalises its approach to review and approval of policies on a periodic basis, including arrangements to ensure that all policies remain up to date with changes in legal and regulatory requirements.



06 Focused on Your Future



Focused on Your Future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard, IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none"> • new definitions of assets, liabilities, income and expenses; • updates for the inclusion of the recognition process and criteria and new provisions on derecognition; • enhanced guidance on accounting measurement bases; and • enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The Conceptual Framework is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards.</p> <p>However, an understanding of concepts and principles can be helpful to preparers of Local Authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>



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07 Audit Fees

Audit Fees

Our base audit fee for 2018/19 is as agreed with you in our Engagement Letter and reported in our 2018/19 Audit Results Report.

	Final fee 2018/19	Planned fee 2018/19	Final fee 2017/18
		£	£
Total Fee – Code work	85,200	85,200	135,765
Total Fee – Code work (Fee Variation)	TBC	-	-
Total Audit Fee	85,200	85,200	135,765
Non audit work – Housing Benefit Certification work	TBC	6,500	16,970
Non-audit work – Grant Certification	TBC	7,387	8,300
Total Fee	85,200	99,087	161,035

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 In our Audit Results Report, dated July 2019, we noted the planned fee required variation to account for audit scope variation in respect of a number of matters during 2018/19 audit, including the implementation of the new accounting standards IFRS 9 and IFRS 15; the revaluation of the Council's shares in Newcastle International Airport Limited; our assessment of the Council's group accounts considerations; additional work required in relation to the accounting for LGPS net liability following the judgements around McCloud and GMP; additional use of EY property valuation specialists to review the valuation of the complex assets held by the Council; and the treatment of the two prior period adjustments relating to Foundation schools and a pension prepayment. We are currently in the process of agreeing the value of this fee variation with management and will report back to those charged with governance when the fee is agreed.

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ED None

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North Tyneside Council Report to Council Date: 26 September 2019

ITEM 5

Title: Review of Polling
Places and Polling
Districts

Portfolio(s): Elected Mayor

Cabinet Member(s): Mrs Norma Redfearn

Service Area: Law and Governance

Responsible Officer: Bryn Roberts, Head of Law and Governance (Tel: 643 5339)

Wards affected: All

PART 1

1.1 Executive Summary:

The Representation of the People Act 1983 (as amended by the Electoral Registration and Administration Act 2013) introduced a duty for all parliamentary polling districts and polling places to be reviewed every five years.

The latest review was required to be undertaken between October 2018 and January 2020. The review that has been undertaken meets this requirement.

This report sets out the Returning Officer's final proposals for polling districts and polling places as a result of this review, in the light of any responses received during the review process.

Council is required to formally consider the results of the Statutory Review of Polling Places and Polling Districts and to publish its findings by 31 January 2020.

1.2 Recommendation(s):

It is recommended that Council:

1.2.1 Note the outcome of the Statutory Review of Polling Places and Polling Districts and either:

- (a) approve the Returning Officer's proposals as set out in Appendix 1; Or
- (b) approve the Returning Officer's proposals, as modified by the proposed change following the receipt of representations in relation to Riverside Ward, as set out in Appendix 1; and

1.2.2 Authorise the Returning Officer to publish the Review of Polling Places and Polling Districts as agreed by Council at Quadrant, The Silverlink North, Cobalt Business Park, NE27 0BY, in at least one place within the constituencies and on its website.

1.3 Forward Plan:

This report first appeared on the Forward Plan that was published on 2 August 2019.

1.4 Council Plan and Policy Framework:

This report does not relate to any of the priorities contained in the Our North Tyneside Plan.

1.5 Information:

1.5.1 Background

The Electoral Registration and Administration Act 2013 introduced a change to the timing of compulsory reviews of UK Parliamentary polling districts and polling places. This compulsory review must now be started and completed between 1 October 2018 and 31 January 2020 (inclusive). Further reviews must be undertaken at least every five years.

All electors should have reasonable facilities in which to vote. The Electoral Commission has identified various factors to be considered when reviewing existing polling places or when assessing new polling places, including:

- The location: is it readily accessible within the polling district? Does it avoid barriers for the voter such as steep hills, major roads, rivers, etc? Are there any convenient transport links?
- Size: can it accommodate more than one polling station if required? If multiple polling stations are required, is the polling place capable of accommodating all voters going into and out of the polling stations, even where there is a high turnout?
- Availability: is the building readily available in the event of any unscheduled elections? Is there any possibility that the building may be demolished as part of a new development?
- Accessibility: Is the building accessible to all those entitled to attend the polling place?

1.5.2 The Process

A public notice advising North Tyneside residents of the details of the review was published on the Authority's website and at the Authority's Offices, and was followed by an initial public consultation exercise during the period 2 October – 7 December 2018.

Any elector in the constituency may make representations on the designation of polling places. Representations were also specifically requested from Members of Parliament, all Councillors, the Elected Mayor and political parties. By doing so, key stakeholders involved in the electoral process have been given the opportunity to participate.

In reviewing polling places, representations were actively sought from such persons or organisations considered to have particular expertise in relation to the access to premises and facilities for persons who have different forms of disability. Assistance was sought from the North Tyneside Disability Forum to assist in the fulfilment of this requirement.

Following the initial consultation, the Returning Officer produced a set of proposals for consideration and again sought the views of those stakeholders referred to above who were initially invited to submit representations. The Returning Officer's submission was published on the Authority's website on 8 August 2019 and made available at the

Authority's offices. After taking into account any representations received as part of this exercise, the Returning Officer has produced a final set of proposals, which is attached in Appendix 1.

The Returning Officer's proposals are based on experience and feedback from recent elections and investigation into the availability of premises for the next elections - for that reason, these proposals are recommended for approval. In relation to Riverside Ward (polling district FH), a representation has been received to propose an alternative polling station – a temporary station in Upper Elsdon Street to replace the polling station at The Parks – for the Council's consideration.

Any changes made by Council to polling districts will be incorporated in the new Register of Electors, due to be published on 1 December 2019. Any amendments agreed to the proposed list of polling places will be introduced at elections held after that date.

It should be noted that polling places and polling districts adopted for parliamentary elections will also be effective for local government elections; in addition for some considerable time, polling places have been reviewed by the Returning Officer following each election. The Returning Officer reviews the location, suitability and condition of polling places as a result of comments and suggestions received from election candidates, election agents, polling staff and voters.

Following the current review, details of the new polling districts and polling places must be made available to the public. These will be made available at the Authority's offices, in at least one conspicuous place in the constituency, and on the Authority's website.

Together with the reasons for the final decision of the review, the following must also be published:

- all correspondence sent to the Returning Officer in connection with the review;
- all correspondence sent to any person whom the authority contacted because they had particular expertise in relation to access to premises or facilities for disabled people;
- all representations made by any person in connection with the review;
- the minutes of any meeting held by the authority to consider any revision to the designation of polling districts or polling places within its area as a result of the review;
- details of the designation of polling districts or polling places within its area as a result of the review; and
- details of the places where the results of the review have been published.

1.5.3 Publication of New Polling Districts and Polling Places

Following the conclusion of the review, certain persons have a right to make representations to the Electoral Commission. Section 18D (1) of the Representation of the People Act 1983 sets out who may make representations to the Electoral Commission, namely:

- any parish council (North Tyneside does not have any);
- 30 or more registered electors in a constituency (although electors registered anonymously cannot make a representation);
- a person who made representations to the authority when the review was being undertaken; and

- a non-electoral who the Commission determines has a sufficient interest or expertise in relation to the accessibility of disabled persons to the polling stations.

All representations made to the Commission must be in writing, either by post, email or fax. The representations must be as specific as possible and should clearly state the manner in which it is alleged that the local authority has failed to properly conduct the review. These are:

- the Authority has failed to take into account the reasonable requirements of the electors in the constituency
- the Authority has failed to take sufficient account of accessibility to disabled persons of the polling station(s) within a polling place.

Representations based on any other premise will not be considered. The Commission will set out in writing its conclusions and the reasons for its decision and may direct the Authority to consider any alterations to the polling places that the Commission deem necessary under the review. After two months, if the Authority has failed to make the alterations, the Commission can itself make the alterations as if the Authority had implemented them.

1.6 Decision options:

Option 1: To receive and agree the changes to the Polling Districts and Polling Places as set out in Appendix 1 attached to this report, either as originally proposed or subject to the modification suggested in respect of Riverside Ward; or

Option 2: To request that officers undertake further work to identify alternative proposals to those submitted to Council and report back to the next Council meeting.

1.7 Reasons for recommended option:

Option 1 is the recommended option as these proposals are in accordance with the Electoral Commission guidelines for identifying polling places and, further, the proposals have been prepared taking into account the consultation responses received through the consultation exercise referred to in the report.

1.8 Appendices:

Appendix 1: Review of Polling Districts and Polling Places - Returning Officer's Final Proposals for Agreement.

1.9 Contact officers:

Dave Brown, Senior Manager Democratic and Electoral Services (643 5358)
Jan Peirs, Team Leader, Electoral Services (643 5995)
Claire Emmerson, Senior Manager Financial Strategy and Planning (643 8109)

1.10 Background information:

The following background papers have been used in the compilation of this report and are available for inspection at the offices of the author

(1) Circular EC19/2010 – The Electoral Commission – Review of polling districts, polling places and polling stations.

- (2) Responses to consultation on the Returning Officer's draft proposals
- (3) Election results including, numbers of electorate and turnout 2014 – 2018
- (4) The Representation of the People Act 1983
- (5) Electoral Registration and Administration Act 2013
- (6) Equality Impact Assessment August 2019

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The cost of any additional temporary polling stations will be approximately £1,000 per unit. Any additional costs arising from the Polling Places review will be met from within existing resources.

2.2 Legal

Under Sections 18A to 18E of the Representation of the People Act 1983 as amended by the Electoral Registration and Administration Act 2013, an authority is required to keep the designation of polling places and polling districts under review. The Electoral Registration and Administration Act 2013 requires the Authority to carry out a review of Polling Districts and Polling Places on a regular five yearly cycle. This compulsory review must now be started and completed between 1 October 2018 and 31 January 2020 (inclusive). Failure to meet this requirement will result in a breach of the Authority's statutory duty.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Elected Mayor and all Councillors were invited to submit representations on polling places and polling districts during the initial consultation period between 2 October and 7 December 2018 and also following the submission of the Returning Officer's draft proposals published on 8 August 2019. A Members' briefing was held on 4 and 5 September 2018 to inform Members about the review. Information has also been obtained from Polling Station Inspectors and Polling Station Officers.

2.3.2 External Consultation/Engagement

An initial public consultation exercise was undertaken during the period 2 October – 7 December 2018, and a further consultation undertaken in relation to the Returning Officer's draft proposals which were published on 8 August 2019. This was open to all North Tyneside residents, Members of Parliament, Political Parties and North Tyneside Disability Forum.

2.4 Human rights

This report supports Protocol 1 Article 3 of the Human Rights Act, which provides a right to free elections.

2.5 Equalities and diversity

The proposals support the Authority's equality and diversity policies by seeking to provide all electors with reasonable and practicable facilities to vote. An Equality Impact Assessment has been undertaken and monitored throughout the review. Changes to the current polling place and district proposals will be subject to further equality impact assessments as they arise.

2.6 Risk management

The relevant risks have been assessed with the Senior Risk Advisor and will be added to the risk register if appropriate.

2.7 Crime and disorder

There are no implications arising from this report.

2.8 Environment and sustainability

There are no implications arising from this report.

PART 3 - SIGN OFF

- Chief Executive

- Head of Service

- Mayor/Cabinet Member(s)

- Chief Finance Officer

- Monitoring Officer

- Head of Corporate Strategy
and Customer Service

Review of Polling Districts and Polling Places – Returning Officer’s Final Proposals for Agreement

WARD	RETURNING OFFICER’S PROPOSALS	REPRESENTATIONS RECEIVED
WEETSLADE	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
LONGBENTON	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
KILLINGWORTH	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
BENTON	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
RIVERSIDE	Boundary change to move St John’s Green from District FE to FD. Split district FF and create new polling district (FH) to incorporate new development at Smiths Dock with station at The Parks. The Royal Quays Community Centre to become the polling station for district FF.	Representations have been received in relation to polling district FH to replace the polling station at The Parks with a temporary polling station in Upper Elsdon Street in order to be more convenient to local electors.
BATTLE HILL	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
WALLSEND	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
HOWDON	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
TYNEMOUTH	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
WHITLEY BAY	Boundary between districts RB and RC to move to incorporate Elmwood Grove and a small number of houses at the end of Marine Avenue into RC where they would better fit.	Details of any representations received are available upon request

CAMPERDOWN	Districts BA and BB to merge with station at Jubilee Court Recreation Rooms(current station for BA is Jubilee Court and BB is Fordley Primary School). The move from Fordley Primary is to resolve the issue of having to use the foyer in the school which is not an ideal location.	Details of any representations received are available upon request
NORTHUMBERLAND	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
VALLEY	Districts KC and KG to merge with the station remaining at Eccles Grange. Move KB station (previously St Oswalds Hospice Shop) to Backworth Park Primary School. St Oswalds was always intended to be a temporary measure until the school relocated and became available again.	Details of any representations received are available upon request
CHIRTON	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
COLLINGWOOD	Move MB station (previously New York Primary School) to Phoenix Court Supported Housing Development. This is to resolve some ongoing issues around unsuitable locations having to be used within the school.	Details of any representations received are available upon request
PRESTON	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
CULLERCOATS	Move PD station (previously Cullercoats library) back to Cullercoats Primary School. The move to the library was always intended to be temporary while the school was refurbished.	Details of any representations received are available upon request
MONKSEATON SOUTH	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
MONKSEATON NORTH	No proposed change to polling districts, places or stations	Details of any representations received are available upon request
ST MARYS	No proposed change to polling districts, places or stations	Details of any representations received are available upon request

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ITEM 9

**Questions by Members
of the Council**

Notice has been received of the following questions from Members of the Council to be put to the Council meeting.

1. Question to the Elected Mayor by Councillor Ken Barrie

Can the Mayor tell me what the current quality of water levels are within Cullercoats Harbour?

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