

Audit Committee

Wednesday, 25 September 2024

Present: Dr S Green (Chair)
Councillors A Spowart, T Bailey, J Bartoli, J Sharp,
J Webster and Sproats

Apologies: Councillors L McMullen and J Montague

AC12/24 Appointment of Substitute Members

In accordance with the Council's Constitution the following Substitute member was reported.

Councillor John O'Shea for Councillor Jim Montague.

AC13/24 Declarations of Interest

There were no declarations of interest reported.

AC14/24 Minutes

Resolved that the minutes of the meeting held on Wednesday 29 May 2024 be confirmed as a correct record and signed by the Chair.

AC15/24 Special Educational Needs and Disability (SEND) Corporate Risk

Consideration was given of a report providing the Committee with information on the Special Education Needs and Disability (SEND) Corporate Risk. The Dedicated Schools Grant (DSG) includes four funding blocks and one of these, the High Needs Block (HNB) funds Special Educational Needs and Disability (SEND) provision for children and young people 0-25 years in the borough of North Tyneside.

In July 2022, the Authority were invited by the Department for Education (DfE) to join the safety valve intervention programme, with the aim of agreeing a package of reform that would bring the HNB back into an in year balance by 2027-28. In that year the 2022-23 outturn deficit position on the HNB was £17.391m.

The programme required the Authority to develop a DSG management plan which described how the Authority would reform its high needs system. Where the Authority could demonstrate sufficiently that the DSG management plan created lasting sustainability and was effective in meeting the needs of children and young people, including reaching an in-year balance on the HNB by 2027-28, the DfE would enter into an agreement with the Authority.

The Authority's submission was successful, joining the safety valve intervention programme in April 2023. Subject to full compliance, including reaching an in year balance by 2027-28, the DfE set out in their safety valve agreement that they would pay the Authority a total of £19.5m to eliminate the cumulative deficit on the HNB. The DfE also awarded the Authority a £4.681m capital grant allocation.

This risk within the Corporate Risk Register is owned by the Director of Children's Services (DCS). The report presented provided an overview of progress made since joining the safety valve intervention programme, a programme which is also driving forward the controls set out in the Corporate Risk Register.

It was queried whether there was a push to move children who are currently in a special school into mainstream. It was noted that this wouldn't be the case unless their needs were able to be met and it would be a graduated process.

It was queried whether the academisation of schools had a financial impact. It was noted that this was a needs led service and was undertaken in partnership with school and children were prioritised.

A query was made about accountability and the inspection framework and whether people were able to be held to account. It was noted that there was a fiscal deficit and that this work means that the risk is taken away from the general fund.

It was queried whether the Council has a statutory duty of provision for those with SEN. It was confirmed that based on an assessment of needs then yes it would be provided. It was noted that this scheme was about trying to reduce an overspend. It was queried whether this was about rationing support. It was confirmed that we do not want to ration support it was noted that the more that is done earlier for a child the less likely that a special school place is needed. It was noted that it is about diverting spend in the right way to avoid having a deficit.

It was requested that a remodelled DSG Management Plan be brought back to members of the Committee.

It was noted that the next report will be submitted to the DfE in November.

Resolved that a) the comments of the Committee be noted; and b) the Committee noted the work that has been undertaken to respond to and mitigate risks associated with SEND as outlined in the report.

AC16/24 External Audit Update - 2022/2023 and 2023/24

The Committee received an update from the external auditors on the current position with regards to the audit of the financial statements for 2022/23 and 2023/24. It was noted that the current backlog is a national issue rather than there being any specific concerns relating to the Authority, and this has been compounded due to significant delays in the agreement and publication of guidance.

The Committee were advised that Ernst and Young (EY) are our appointed external auditors to deliver the external audit for 2022/23 and it will then transfer to Forvis Mazars (FM) from 2023/24 onwards who have been appointed by the Public Sector Audit Appointments (PSAA) arrangement.

The committee were advised that whilst EY have undertaken some work on the 2022/23 financial statements, including Value for Money, they intended to disclaim the audit given this would not be completed by the backstop dates agreed nationally. It is expected that a final report will be available to November committee.

The Committee expressed their disappointment and frustration at the position, given the Authority had undertaken all of the work that was expected in readiness for the audit process, and noted that whilst the delay was a national issue, the response of specific audit firms seemed to vary and other Authorities have had their work concluded.

It was queried whether the fact the 2022/23 Accounts have not been signed off would pose a risk the Authority. It was noted that no risk had been identified and that the reporting would make it clear that this is as a result of a national issue, rather than being Authority specific.

EY highlighted the delays in the Government providing guidance which was published was at a very high level and has still had to be interpreted. The guidance on rebuilding assurance following a disclaimed opinion is also still outstanding.

As a result of EY's 2022/23 position and the lack of guidance on rebuilding assurance, coupled with the backstop date for 2023/24 audits being brought forward, FM confirmed that they too would now be unable to complete their audit work in time so would need to issue a disclaimed opinion on the 2023/24 Accounts and FM have now re-allocated the resources originally booked to undertake the 2023/24 audit.

It was noted that it was hoped that further clarification could be provided by November, subject to the receipt of the detailed guidance. The Audit team will continue to work with officers at North Tyneside to gather the information required. It was noted that the work for North Tyneside Council will be undertaken as soon as possible. It was queried what the impact of this would be on Local Authority staff. It was noted that North Tyneside have a good team with the necessary skills and the audit working papers had already been prepared for

both 2022/23 and 2023/24 Accounts.

Resolved – a) that the information presented be noted, b) that the Committee be updated as soon as possible on any new risk emerging and c) that clarity is provided on an approach towards the 24/25 Audit.