

Audit and Standards Committee

16 September 2025

(10.00am)

Meeting held in: Armstrong/Stephenson Room, Civic Centre, Newcastle upon Tyne

Minutes

Present: Dave Willis OBE (Chair)
Councillor Jill Green
Councillor Ged Bell
Councillor Tracy Dodds
Councillor John Harrison
Councillor David Herbert
Councillor Martin Jackson
Councillor Angela Lamonte
Councillor Mark Mitchell
Councillor Tommy Mulvenna
Councillor Ian Patterson
Councillor Alison Smith
Councillor Mark Swinburn
Eric Richards (Independent Person - Standards)

ASC15/9/25 Apologies for Absence

Apologies for absence were received from:

Councillor Ken Dawes (Councillor Angela Lamonte was present as substitute)

Councillor Frank Lott (Councillor Tommy Mulvenna was present as substitute)

Councillor Adrian Schulman and his substitute members Councillors Andrew Eales and Brian Quirey.

ASC16/9/25 Declarations of Interest

There were no declarations of interest.

ASC17/9/25 Minutes

Resolved that the minutes of the previous meeting held on 8 July 2025 be confirmed as a correct record and signed by the Chair.

ASC18/9/25 Internal Audit Plan 2025/26 Quarterly Update

The Chief Internal Auditor presented details of the progress against the 2025/26 Internal Audit Plan. The report set out the current status and indicative start date for each engagement within the Plan. Delivery was currently progressing as expected in line with indicative start dates agreed with the Authority's management.

Resolved that the progress towards delivery of the Internal Audit Plan 2025/26 be noted.

ASC19/9/25 Strategic Risk Review (6 monthly update)

The Committee were presented with a 6-monthly update on the North East CA's strategic risks in line with the governance and risk management arrangements established within its Risk Management Framework. The Senior Leadership Team, supported by risk officers, had completed the latest, formal, quarterly review of strategic risk and opportunities. Details of each strategic risk, risk owners, previous and current risk scores, direction of travel, target score, controls and management actions being undertaken were presented to the Committee.

The key changes since the last report were the closure of four strategic risks associated with transport funding and scale, transport operational, inclusive growth and net zero. Three new risks had been raised in relation to policy and partnerships, securing funding and reputation.

The Committee was invited to consider and provide comment on the current strategic risks and any feedback would be reported to the next formal Cabinet review on 23 September 2025 and also considered at the next quarterly risk review by Senior Leadership Team in October.

During the Committee's examination of the risks, members:

- a) commented that the strategic risks relating to policy and partnerships (St009) and securing funding to deliver objectives (St010) were outside the control of the Authority. It was suggested that the risk register needed to be clearer on what was and what was not within the Authority's control. If matters were not within the Authority's control, then the register should be clear on what the Authority would do if the risk materialised.
- b) examined the rationale for closing service specific strategic risks in relation to transport funding and scale (St001) and transport operational (St002). Members queried whether the raising of new broader cross cutting strategic risks may lead to a loss of detail and focus. Officers indicated that the changes to the strategic risks better reflected the cross-cutting nature of the Authority's missions and strategies and would involve all directorates and programmes. The closed strategic risks would continue to be managed at a directorate level and the Authority would seek to strengthen the controls in place for specific programmes and priorities. The Chair suggested that the Committee ought to allow time for the changes to the strategic risks to have effect before reviewing the risk narratives and scores again in March 2026.
- c) suggested that the risk register ought to include reference to the Authority's contingency plans should it receive a lower integrated financial settlement than anticipated (St008), and how these plans would provide mechanisms for prioritising investment decisions linked to the Authority's missions.
- d) queried the current scoring of the integrated settlement risk (St008) which did not appear to be consistent with the risk narrative.
- e) explored how the closed strategic risk in relation to net zero (St004) would now be managed at a directorate and programme level. Officers undertook to provide members of the Committee with supplementary information in relation to Authority's net zero ambitions and targets.

Resolved that the Committee's comments as set out above be referred to the Cabinet to be taken into account as part of its review of the strategic risks at its meeting on the 23 September 2025 and to the Strategic Leadership Team to be taken into account as part of its quarterly risk review.

ASC20/9/25 Strategic Risk Deep Dive: Organisational Capacity

The Committee undertook another in a series of 'deep dives' to review, in detail, each of the strategic risks, and test that planned controls and target risk scores were appropriate and achievable. On this occasion members considered the strategic risk St006 in relation to organisational capacity. The risk was that the North East CA may not have appropriate capability, capacity, culture and processes to deliver its missions and objectives, i.e. making appropriate choices in terms of how funding is allocated, the project/initiatives where these limited resources are targeted and then delivering successfully for impact.

The Director of Finance and Investment, on behalf of the risk owner, the Director of Operations, presented details of the risk, the progress made to date in putting in place risk controls and the plans to develop future key controls.

The Committee asked questions and made comments when the following issues were considered in more detail:

- a) how the culture of the Authority had been shaped by a range of factors including the structured approach to bringing five different regional organisations together as one, the harmonisation of employees' terms and conditions, feedback from staff surveys and the establishment of the senior leadership team.
- b) the capability of the organisation to adapt to changes in its operation for example if in the future it were required to deliver bus franchising.
- c) the Authority's approach to managing the competency and performance of its workforce and the extent to which this was guided by national and/or professional standards. Officers undertook to provide members of the Committee with supplementary information in relation to how the organisation reviewed the performance of its staff.
- d) the support to be offered for personal professional development as part of the Talent Framework.
- e) how changes in programme funding awarded to the Authority could have an impact on its organisation and capacity.
- f) confirmation that the Authority did commission short term specialist capacity and capability from external providers when necessary.

Resolved that the Strategic Risk St006 Organisational Capacity, including the description, scoring and proposed management actions associated with the risk be noted.

ASC21/9/25 Draft Statement of Accounts 2024/25

The Head of Finance presented the unaudited Statement of Accounts for the year ended 31 March 2025 for review. The accounts explained in detail how the North East CA used its resources, the net value of the Authority (in terms of its assets, liabilities and reserves) and an indication of its overall financial health. The accounts had been published on 14 July 2025 and had been subject to a public inspection period up until 26 August 2025. No enquiries or objections were raised during this period.

An external audit of the accounts by Forvis Mazars LLP had commenced and was scheduled for completion in January 2026. The final audited accounts were scheduled for consideration by the Committee at its meeting on 27 January 2026 and for consideration and approval by the Cabinet on 3 February 2026. The Committee were invited to raise any issues or comments so that they could be taken into consideration when the audited accounts were published.

In reviewing the accounts members of the Committee:

- a) noted that, in accordance with a request by the Committee at its previous meeting, additional evidence had been included in Section C of the Annual Governance Statement to demonstrate how the principles of good governance were applied by the Authority in defining its desired outcomes and benefits as set out in its Corporate Plan.

- b) queried the rationale for the level of general fund balances and noted that the level would be subject to annual review.
- c) examined how the Authority worked in conjunction with the Tyne and Wear Pension Fund to monitor performance of the fund.
- d) requested supplementary information to provide a detailed breakdown of the £281,917,000 of "Other service expenses" included in Note 02a of the Statement of Accounts.

Resolved that the unaudited Statement of Accounts for the year ended 31 March 2025 be received.

ASC22/9/25 Integrated Settlement

The Director of Finance and Investment presented an update on the Authority's readiness for an integrated settlement which would provide the Authority with greater flexibility on how funding could be used. It would also change the way the Authority would be held to account by Government, based on a series of agreed outcomes, indicators and targets contained in an outcomes framework. Members were provided with details of the process and timeline for agreeing an outcomes framework.

To provide assurance to central government, and to help the Authority prepare for the integrated settlement, the Ministry for Housing, Communities and Local Government (MHCLG) would seek confirmation of the Authority's readiness via a "readiness check". Members were provided with details of the readiness criteria determined by MHCLG, the outcomes of a self-assessment against the criteria which had been externally reviewed and an overview of the priority actions identified as requiring attention ahead of April 2026 and contained within a programme plan.

The Committee discussed with officers the level and detail of accountability to government and the shift towards agreed outcomes. Members considered the capacity of the whole organisation to prepare for, and adapt to, an integrated settlement and the opportunity to learn from other combined authorities who had received integrated settlements in 2025/26.

Resolved that:

- 1. the update on the Authority's readiness for an integrated settlement be noted; and
- 2. the Director of Finance and Investment provide further updates to the Committee as and when further information becomes available.

ASC23/9/25 Appointment of Standards Subcommittee

At its previous meeting the Committee had considered options for the appointment of a subcommittee to conduct standards hearings and grant dispensations. Since then and in accordance with the Committee's request, the Assistant Director Legal and Governance had consulted with members in formulating proposals for a Standards Subcommittee on the basis that:

- a. the subcommittee would comprise the independent Chair of this Committee plus an elected member from each local authority who was also a member of this Committee;
- b. the subcommittee would reflect political balance across the region as far as possible;
- c. the quorum for the subcommittee would be 5 voting elected members (in line with this Committee's quorum requirement of 2/3 of the elected membership).

The Assistant Director Legal and Governance reported on the outcomes of the consultation and presented a possible model for the operation of a subcommittee and allocation of seats reflecting the current political balance across the region as follows:

Durham	1 Reform
Gateshead	1 Labour or 1 Lib Dem
Newcastle	1 Labour or 1 Lib Dem
North Tyneside	1 Labour

Northumberland	1 Conservative
South Tyneside	1 Labour
Sunderland	1 Labour

The Chair proposed that the Committee approve the appointment of a subcommittee on the basis of the proposals set out above and that individual members be appointed to the subcommittee as and when the subcommittee was required to meet. It was also noted that the proposed allocation of seats to political parties would be subject to review to ensure that the membership of the subcommittee continued to reflect the political balance across the region following elections.

Resolved that a Standards Subcommittee should be established on the basis set out in the report and individual members be appointed to the subcommittee as and when the subcommittee was required to meet.

ASC24/9/25 External Audit Progress Report 2025/26

The Authority's External Auditors, Forvis Mazars LLP, presented information about progress in delivering the audit for the year ending 31 March 2025 and provided information on national publications and technical updates. Whilst still early in the audit process with the bulk of work being later in the year, the report indicated that at this stage, there were no changes to the planned approach set out in the Audit Strategy Memorandum.

Resolved that the External Audit Progress Report 2025/26 be noted.

ASC25/9/25 Date and Time of Next Meeting

It was noted that the next scheduled meeting would be held on Tuesday 27 January 2026 at 10.00am and a development workshop for members and substitute members would be held on Tuesday 18 November 2025 at 10.00am.