South Tyneside Council

item 2

Audit Committee
20th July 2026

Audit Committee Minutes

9 March 2026

Present: Councillors Davies (Chair), Dawes, Guy, Porthouse and S. Dean.

Stuart Reid (Director of Business and Resources), John Gettins (Assurance and Risk Manager), Joanne Williamson (Principal Auditor), Claire Mellons (EY) and Emma Purvis (Senior Democracy Support Officer).

There was one member of the press and one member of the public also present.

1. **Declarations of Interest**

   Cllr Dawes declared a non-pecuniary interest in item 10 as a member of the Pensions Committee. He remained in the meeting while the item was being discussed.

2. **Minutes 24 November 2025**

   Agreed: That the minutes of the meeting held on 24 November 2025 be approved.

3. **Chair's Urgent Items**

   There were no chair's urgent items.

4. **Budget Monitoring Report Qtr. 2 2025/26**

Submitted: Report of Director of Business and Resources

The report formed part of the Council's regular quarterly financial monitoring cycle and set out projections for General Fund revenue, capital expenditure and the Housing Revenue Account (HRA) for 2025/26, together with reserve positions and actions being taken to manage spending pressures.

It was noted that the General Fund revenue forecast showed an overall projected overspend of £12.944m, which reflected increased inflationary pressures, the 2025/26 pay award and significant demand-led pressures carried forward from 2024/25. These pressures were principally within Children's Social Care, Education, SEND and Inclusion, Adult Social Care, Highways, Infrastructure and Project Delivery, Operations, as well as Legal and Governance.

Members were advised that robust financial management arrangements had enabled pressures to be identified early, allowing mitigating action to be taken. Actions implemented included enhanced corporate oversight of high-cost children's placements, reductions in agency staffing, vacancy management, reductions in discretionary spend, tightening of capital spend forecasts, bringing forward increases in fees and charges, maximising income and grant utilisation, and accelerating delivery of in-borough accommodation for looked-after children.

It was highlighted that delivery of a balanced position by year-end remained challenging, and that significant in-year management action would be required to avoid a detrimental impact on reserves. The Medium-Term Financial Plan (MTFP) provided the longer-term framework for addressing these pressures, though in-year risks remained high.

In relation to capital expenditure, it was noted that the General Fund capital programme was forecasting a minor overspend of £0.010m, while Housing capital was forecasting a cost pressure of £1.639m, largely due to demand for social housing disabled adaptations. Capital receipts were forecast to be in line with budget.

The Housing Revenue Account was reported as forecasting a £0.448m overspend, mainly driven by increased repairs costs and capital contributions, partially offset by additional rental and service charge income.

It was noted that reserves remained in line with the Council's reserves policy, though continued pressures and the scale of demand presented ongoing risk.

The report also discussed the continuing financial risks, particularly demand pressures within social care and SEND, increasing transport costs, and uncertainty ahead of the Government's forthcoming local government funding reforms.

A Member asked if there were any pressures associated with capital finance, but the Officer confirmed that they were in line with what was expected, with the spend usually lower than what was forecast.

Agreed: That the report be noted.

Reason for recommendation: *To comply with the Council's statutory duties in relation to financial management.*

5. Report on Members Usage of First Class Travel

Submitted: Report of Director of Business and Resources

The report presented the findings of an Internal Audit review of the control framework for elected Members' travel, undertaken at the request of Audit Committee following questions raised about the volume of first-class travel identified in the 2024/25 Members Conference Attendance records.

It was noted that Members' travel and subsistence entitlements were set out within the Members Allowance Scheme, which formed part of the Council's Constitution. While the Constitution stated that Members would normally travel standard class and that first-class travel was not an automatic right, it did not expressly preclude first-class travel where appropriate justification existed.

Members were advised that Internal Audit's review focused on the processes for approving, processing, paying and publishing Members' travel costs. It was confirmed that a previous audit in 2023/24 had provided substantial assurance, with one recommendation relating to procedural guidance.

The Committee noted that total costs for the Members Allowance Scheme in 2024/25 were £830,782, of which £17,967 related to Members' travel. Testing undertaken by Internal Audit confirmed the completeness and accuracy of the reported figures, with no significant issues identified.

In respect of conferences, training and external events, it was noted that during 2024/25 14 Members attended 35 events, resulting in 63 individual instances of travel. Total travel costs associated with these events were approximately £11,900. First-class travel was used on 53 occasions at a cost of around £10,100. Standard class travel was used on 6 occasions, personal mileage on 1 occasion, and flights on 6 occasions.

Members were informed that attendance at conferences and events was consistently supported by completed and appropriately authorised Members Conference Attendance Forms, including approval by Political Group Leaders, relevant officers and the Cabinet Member.

However, it was noted that older versions of the Conference Attendance form had been used on occasion, which did not require a clear written justification for first-class travel. While first-class travel preferences were recorded on all form versions, the rationale was not always well explained.

Internal Audit noted that Members often cited health requirements, seating availability or the need to sit together for discussions as reasons for first-class travel. These justifications were not challenged by audit, but it was acknowledged that such circumstances may be reasonable in certain cases. The scrutiny role of officers was confirmed to be operating effectively, with forms frequently annotated where further clarification was required.

It was also noted that some roles, such as that of Council Leader, naturally involve increased travel, including attendance at national bodies, where travel costs may be shared with external organisations.

The report noted the significant degree of transparency, with Members' travel costs published annually, and that the average cost per trip was approximately £200.

The report concluded that, while the Constitution outlined using standard class as the preferred option, it did not preclude first-class travel, and the existing governance and control framework were operating as designed. Any changes to Members' travel arrangements or the Members Allowances Scheme would be a matter for the Constitution Committee and Full Council.

A Member thanked the officers for looking into this and was glad to hear that there wasn't any first-class travel that hadn't been recorded. They suggested that more could be done in relation to transparency and publishing. They noted that the Constitution should be clear that Members should travel in standard class and should be reviewed.

Another Member stated that the Council was under budgetary pressures and should be always looking to deliver value for money.

One Member pointed out that some Members were able to save money using their personal rail cards and it could be difficult to find a seat on some trains, which was a problem for disabled Members and for people who needed to read papers before a meeting.

Another Member highlighted that the job of Audit had been done as no rules had been broken, however they acknowledged that as it stood in the Constitution, they were relying on people's integrity to only travel first class when necessary. As it stood, the onus for signing off first class travel lay with officers who were not medically trained, and not all disabilities were visible.

A Member pointed out that not many of the requests for first class travel included justification of lack of seats or being cheaper than standard class. They noted that officers had pushed back on some occasions, for example a justification where a Member needed to make a confidential phone call which was not acceptable in a public place.

Agreed: That the report be noted.

6. Report on usage of Civic Car

Submitted: Report of Director of Business and Resources

The report presented the findings of an Internal Audit review of the control framework for elected Members' use of the Civic Car; following queries raised after publication of journeys undertaken during 2024/25.

It was noted that Members' travel arrangements, including use of the Civic Car, were governed by the Members Allowance Scheme, which formed part of the Council's Constitution. The Constitution permitted use of the Civic Car where a business case demonstrated it as more cost-effective than public transport or private travel, and where requests are authorised by the budget holder and Monitoring Officer following a comparison of costs.

Members were advised that Internal Audit's review focused on the processes in place for authorising, recording, costing and publishing Civic Car usage by Members when undertaking official business.

The report noted that civic vehicles (excluding use by the Mayor and Deputy Mayor) were used on 28 occasions by 5 Members during 2024/25. The total cost attributed to Members was £1,060, which was included in the published Members Travel Expenses for 2024/25. Testing confirmed the accuracy and completeness of the published data.

It was noted that while the 2024 Constitution introduced strengthened controls, including the requirement for business cases and formal authorisation, these revised requirements had not been fully implemented during 2024/25. As a result:

- Business cases comparing costs with alternative travel methods were not submitted;
- Individual journeys were not authorised by the budget holder and Monitoring Officer as required;
- Existing practices based on earlier versions of the Constitution continued to be followed.

Members were informed that the delay related to the time taken to develop and implement new procedures aligned to the revised constitutional requirements.

The report concluded that while the Civic Car was not widely used by Members outside ceremonial roles, the control framework set out in the revised Constitution was not fully complied with during 2024/25. Assurance was provided that updated procedures had now been developed and implemented to ensure appropriate controls were in place for 2025/26 onwards.

A Member expressed concern that the relevant team had failed to implement the recommended changes in a timely manner. The Officer assured that the process had now been embedded.

Another Member raised that the constitution had been breached consistently and stressed that the car should only be used by the civic party and not members of the public or other Members. They expressed concerns around governance and suggested that improper use of the car sent the wrong message in the wake of job losses.

The Director of Business and Resources noted that it was a matter for Members to determine the Constitution and procedures which put officers in a grey area, making it harder to follow procedure. It was suggested that the Constitution could be made clearer.

A Member asked if Internal Audit were consulted when changes were proposed amongst the Constitution Committee. It was confirmed that this was not the case but the Team were asked to review the Constitution as part of the annual review. In relation to the particular issue of the Civic Car, Internal Audit were consulted on the new process which ensured the Constitution was complied with, and without excessive additional administrative burden. Members suggested that the Monitoring Officer could be invited to attend an Audit Committee in the new municipal year to look at the relationship between Internal Audit and Governance.

Agreed: That the report be noted.

7. Verbal Discussion of items for consideration in 2026/27 Internal Audit Plan

Submitted: Report of the Assurance and Risk Manager

The report presented the draft approach to developing the Internal Audit Plan for 2026/27, within the context of the agreed three-year strategic audit plan approved by Audit Committee in July 2025.

Members were advised that Internal Audit work plans were primarily risk-based and aligned to Council priorities, directorate risk registers and known areas of assurance requirement. As part of the process for finalising the 2026/27 plan, the Assurance and Risk Manager sought comments and views from Members on any additional areas or priorities which they felt warranted inclusion.

A Member asked if the time allocated to work was linked to the risk register. The Officer highlighted that the team was spread thin, but the plan was risk based and also incorporated the views of Council directors and stakeholders. They advised that it was better to do fewer but deeper dives to balance the workload.

A Member observed that there was a national issue around Freedom of Information (FOI) requests as AI had become more accessible and was recommending more people to submit FOIs in response to queries. The Officer noted that the Team would be looking at processes to identify bottlenecks and signpost people to FAQs.

A Member asked if the adult social care agenda was being looked at since the Council were still awaiting the CQC's decision. The Internal Audit team had allocated ten days for the CQC follow up, with a fluid plan to spend more time if needed.

A Member also asked if grant certified work was aligned with the Internal Audit agenda. The Officer acknowledged that the Team was more reactive when it came to signing off grants as Government funding was frequently changing.

A Member also suggested expanding work around air quality.

Agreed: That Members' comments and observations be taken into account in the development of the 2026/27 Internal Audit Plan.

8. Review of Councils Counter Fraud Strategy

Submitted: Report of the Assurance and Risk Manager

This report was presented to enable the Audit Committee to review and approve the Council's updated Counter Fraud Strategy, together with the associated Fraud Response Plan and Prosecution / Recovery Policy, and to provide an update on the Council's anti-fraud and corruption arrangements.

It was noted that the Council required Members and staff to act with honesty and integrity to safeguard public resources. Fraud remained an ongoing risk, and the Counter Fraud Strategy set out the Council's approach to the prevention, detection and investigation of fraud and corruption, and the action to be taken where fraud is established.

Members were advised that the Strategy was regularly reviewed to ensure it remained fit for purpose. The latest review, undertaken by the Assurance and Risk Manager in consultation with the Director of Business and Resources and the Monitoring Officer, resulted in no significant changes. Minor updates related to formatting, alignment with the Council's PROUD values, and updates to officer job titles.

The report noted recent counter-fraud activity during 2025/26, including:

- A small number of cases where Internal Audit supported investigations arising from whistleblowing or alleged fraud, none of which resulted in proven employee fraud;
- Extensive work with Children's Services and Adult Social Care to address duplicated or suspected misuse of Direct Payment funds, with recovery action underway and improvements to controls in development;
- Support provided to the Strategic Housing Team in developing a new Tenancy Fraud Policy, approved in October 2025;
- Introduction of a Fraud Report Portal, through which over 100 allegations had been received by February 2026, resulting in cancelled single person discounts and referrals to the DWP;
- Ongoing participation in the National Fraud Initiative, which had resulted in the cessation of 92 pension payments by the Tyne and Wear Pension Fund and recovery of approximately £240,000, along with identification of Council Tax irregularities.

A Member asked about the Team's welfare and the Officer confirmed that they will be able to deliver the plan, however when something big required their attention they needed to flex and push things back.

A Member asked how widely publicised the Fraud Portal was and how easy it was to find. It was said that if someone were to search for fraud on the Council website it would be easy to find. They were also working with other Local Authorities around Fraud Awareness Week.

A discussion was also had around fraud relating to SEND transport and the claiming of transport allowance as well as the DWP (Department for Work and Pensions) grant. It was confirmed that the legislation did allow for that, but work was being done to incentivise personal transport which came at a cheaper cost.

Agreed: That the report be noted.

9. Exempt Information

Agreed: That the press and public be excluded from the meeting for the remainder of the agenda items as they involve exempt information as defined in paragraphs 1 or 11 of Schedule 12a of the Local Government Act 1972.

Minute no's	Items	Exempt category nos.	"public interest" test - reason for exempting
10, 11	9, 10	3	The report contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

10. Risk Update Report, February 2026

Submitted: Report of the Assurance and Risk Manager

This report provided Audit Committee with an update and assurance on progress in identifying and managing the Council's strategic risks. This report contributed directly to supporting Audit Committee to meet matters within its terms of reference as detailed within the Constitution.

Agreed: That the report be noted.

11. Internal Audit Progress Report, Feb 2026

Submitted: Report of the Assurance and Risk Manager

This report provided Audit Committee with an update on delivery of the Internal Audit Plan for 2025/26 and progress towards implementing recommendations made by Internal Audit during the course of their work. This report contributed directly and indirectly to supporting Audit Committee to meet the matters within its terms of reference as detailed within the Constitution.

Agreed: That the report be noted.