

# CABINET AGENDA

Tuesday, 23 March 2021 at 10.00 am. The meeting to be held virtually.

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From the Chief Executive, Sheena Ramsey

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Item	Business
1	<b>Apologies for absence</b>
2	<b>Minutes</b> (Pages 3 - 16)  Cabinet is asked to approve as a correct record the minutes of the last meeting held on 23 February 2021  <b>Recommendations to Council</b>
3	<b>Treasury Policy Statement and Treasury Strategy 2021/22 to 2025/26</b> (Pages 17 - 50)  Report of the Strategic Director, Resources and Digital
4	<b>Localism Act 2011 - Pay Accountability Pay Policy Statement 2021-22</b> (Pages 51 - 70)  Report of the Strategic Director, Corporate Services and Governance
5	<b>Calendar of Meetings 2021/22</b> (Pages 71 - 90)  Report of the Strategic Director, Corporate Services and Governance  <b>Non Key Decisions</b>
6	<b>Response to Consultation - National Planning Policy Framework and National Model Design Code</b> (Pages 91 - 102)  Report of the Chief Executive
7	<b>Rent Arrears for Former Tenants &amp; Sundry Account Debts – Transfer of Uncollectable Amounts</b> (Pages 103 - 108)  Report of the Strategic Director, Housing, Environment and Healthy Communities
8	<b>Miscellaneous Income - Transfer of Uncollectable Amounts</b> (Pages 109 - 112)  Report of the Strategic Director, Resources and Digital

**9 Gateshead Health & Care System Alliance Agreement (Pages 113 - 134)**

Report of the Strategic Director, Children, Adults and Families

**10 Petitions Schedule (Pages 135 - 140)**

Report of the Strategic Director, Corporate Services and Governance

**11 Exclusion of the Press and Public**

The Cabinet may wish to exclude the press and public from the meeting during consideration of the following item(s) on the grounds indicated:

Item	Paragraph of Schedule 12A to the Local Government Act 1972
12	3
13	3
14	1
15	1

**Key Decisions**

**12 Public Sector Decarbonisation Scheme - Grant 2 (Pages 141 - 150)**

Report of the Strategic Director, Economy, Innovation and Growth

**13 Supplier Relief Claim for Gateshead Energy Company (Pages 151 - 156)**

Report of the Strategic, Economy, Innovation and Growth

**14 Review of Print Point (Pages 157 - 188)**

Report of the Strategic Director, Corporate Services and Governance

**15 Review of the School Music Service (Pages 189 - 206)**

Report of the Strategic Director, Children, Adults and Families

Contact: Kevin Ingledew Email: [kevingledew@gateshead.gov.uk](mailto:kevingledew@gateshead.gov.uk), Tel: 0191 4332142,  
Date: Monday, 15 March 2021

## GATESHEAD METROPOLITAN BOROUGH COUNCIL

### CABINET MEETING

Tuesday, 23 February 2021

**PRESENT:** Councillor M Gannon

Councillors: C Donovan, J Adams, M Brain, A Douglas,  
L Green, G Haley, J McElroy, M McNestry and B Oliphant

Also in attendance: Councillors R Beadle, S Gallagher, K  
McClurey and JC Wallace

C87 **MINUTES**

The minutes of the last meeting held on 19 January 2021 were agreed as a correct record and signed by the Chair.

C88 **ENERGY TARIFFS FOR GATESHEAD HEIGHTS PROJECT**

Consideration has been given to energy tariffs for High Rise Energy Infrastructure for Gateshead Housing Tenants (HEIGHTs) project residents for 2020/21.

The alternative options considered, but which were discounted, included setting higher or lower tariffs.

- RESOLVED -
- (i) That the following heat tariffs for residents as indicated be approved and applied for the period 1 April 2021 – 31 March 2022:
    - 3.638p/kWh for Regent Court residents (a decrease of 12%)
    - 7.833p/kWh for Harlow Green residents (an increase of 3%)
  - (ii) That the following electricity tariffs for residents at Barford and Stretford Courts be approved and applied for the period 1 April 2021 – 31 March 2022:
    - Standing charge: 18.51p/day (no change)
    - Unit rate: 13.31p/kWh (no change)
  - (iii) That the communication of the revised tariffs to HEIGHTs residents be approved.

The above decisions have been made for the following reasons:

- (A) To comply with heat and electricity supply agreements in place with customers.
- (B) To ensure the HEIGHTs scheme recovers its operating and construction costs over its lifetime.

- (C) To ensure HEIGHTs customers continue to pay fair and market reflective prices for their heating and electricity.

C89

## **CONTRACT FOR SOLAR PHOTOVOLTAIC DESIGN AND INSTALLATION SERVICES**

Consideration has been given to tenders received for the contract for Solar Photovoltaic Design and Installation Services.

- RESOLVED -
- (i) That the tender received from Solar Advanced Systems Ltd be accepted for the contract for Solar Photovoltaic Design and Installation Services, subject to no challenge being received during the statutory standstill period.
  - (ii) That the Strategic Director, Economy, Innovation and Growth be authorised to agree and approve the final contract sum within the budget allocation of £4.3m, and the scope and terms of the contract with Solar Advanced Systems Ltd, following consultation with the Strategic Director, Corporate Services and Governance and the Strategic Director, Resources and Digital.

The above decisions have been made because following a comprehensive evaluation of the tenders received, the tender from Solar Advanced Systems Ltd passed all the required evaluation criteria and achieved the highest combined score of the three tenders received.

C90

## **DEPARTMENT FOR WORK AND PENSIONS' RESTART PROGRAMME**

Consideration has been given to the Council appraising opportunities to deliver the Department for Work and Pensions' (DWP) 'Restart' employment programme as a subcontractor.

- RESOLVED -
- (i) That the Strategic Director, Economy, Innovation and Growth, following consultation with the Strategic Director, Resources & Digital and Strategic Director, Corporate Services & Governance appraises subcontracting opportunities arising from the Restart mini-competition.
  - (ii) That the Strategic Director, Economy, Innovation and Growth, following consultation with the Strategic Director, Resources & Digital and Strategic Director, Corporate Services & Governance be authorised to agree the terms of a resulting subcontract with prime provider(s) and provide an update to Cabinet on the outcome.

The above decisions have been made for the following reasons:

- (A) To pursue opportunities to deliver the DWP Restart programme as part of the Council's employment response to COVID 19.

- (B) To pursue opportunities to directly influence the local delivery of the national Restart programme to help make Gateshead a place where everyone thrives.
- (C) To ensure that the Council is able to meet the requirements of the procurement timetable set by the DWP.

C91

## **HOUSING REVENUE ACCOUNT (HRA) AND HOUSING CAPITAL PROGRAMME**

Consideration has been given to the proposed Housing Revenue Account (HRA) budget for 2021/22, the proposed Housing Capital Programme for 2021/22 and the indicative programme for the period 2022/23 – 2025/26.

RESOLVED - That the Council be recommended to approve:

- (i) The Housing Revenue Account (HRA) for 2021/22 as set out in appendix 2 to the report.
- (ii) The Housing Capital Programme for the five years 2021/22 to 2025/26 as set out in appendix 3 to the report.

The above decisions have been made for the following reasons:

- (A) To set a Housing Revenue Account for 2021/22 that is not in debit as required under the Local Government and Housing Act 1989 (Part VI).
- (B) To realise the Council's policies and objectives in relation to the Housing Strategy in order to maintain and enhance Council Housing provision in Gateshead.
- (C) To assist in the delivery of the Council's vision for Gateshead as set out in Making Gateshead a Place where Everyone Thrives.

C92

## **CAPITAL PROGRAMME 2021/22 TO 2025/26**

Consideration has been given to the proposed Capital Programme for the next five years to continue to provide significant levels of strategic investment to help maintain and deliver financial sustainability and support the Council's strategic approach to Making Gateshead a Place Where Everyone Thrives.

RESOLVED - That the Council be recommended to approve the following:

- (i) The Capital Programme for 2021/22 and the provisional programmes for 2022/23 to 2025/26, as set out in appendix 2 to the report, subject to external funding approvals being received.
- (ii) The provisional capital financing for the programme, as set out in appendix 3 to the report, and to delegate authority to the

Strategic Director, Resources and Digital to enter prudential borrowing which is consistent with the requirement of the Capital Programme and the Council's Treasury Management Strategy.

The above decisions have been made for the following reasons:

- (A) To continue to provide significant strategic investment to deliver the Council's priority outcomes.
- (B) To assist with the medium- and longer-term financial sustainability of the Council.
- (C) To maximise resources available within the Council's capital programme to assist in the delivery of the five key priority areas which underpin the thrive agenda.
- (D) To assist the Council's response and recovery following the global pandemic.

C93

#### **FEES AND CHARGES 2021/22**

Consideration has been given to fees and charges for 2021/22.

- RESOLVED - That the Council be recommended to approve the following:
- (i) The fees and charges for 2021/22 as set out in appendix 2 to the report.
  - (ii) Authorisation for the Strategic Director, Resources and Digital to make any necessary adjustments to correct any errors in the schedule of Fees and Charges.

The above decisions have been made for the following reasons:

- (A) To ensure that Fees and Charges are set in accordance with Council priorities.
- (B) To support the delivery of the Council's budget and the strategic approach to making Gateshead a place where everyone thrives.

C94

#### **BUDGET AND COUNCIL TAX LEVEL 2021/22**

Consideration has been given to recommending to Council the proposed Budget and Council Tax Level for 2021/22 and the prudential indicators and Minimum Revenue Provision (MRP) Statement as set out in the report.

RESOLVED - That the following recommendations be made to the Council:

- (1) That Gateshead's Band D council tax for 2021/22 is increased by 4.99% (including a 3% adult social care Government Charge) to

£1,914.92.

- (2) The revenue estimates of £238.758 million for 2021/22 are approved.
- (3) The extension of a council tax hardship scheme into 2021/22 using £2.779 million of support grant as set out in the report.
- (4) The budgeted use of £29.106 million Earmarked Reserves in 2021/22 be approved (includes £26.564 million ringfenced covid support to retained business rates).
- (5) That the indicative schools funding presented in appendix 2 be agreed.
- (6) To note the conclusions of the Strategic Director, Resources and Digital in respect of the robustness of estimates and adequacy of reserves.
- (7) That the Prudential and Treasury Indicators set out in appendix 6 to this report be agreed.
- (8) That the method of calculating the Minimum Revenue Provision (MRP) for 2021/22 as set out in appendix 7 be approved.
- (9) That the initial proposed areas of priority investment and savings included in the budget in appendix 2 be agreed with further specific consultation and reporting to Cabinet to take place throughout the year as required.
- (10) That the outcome of initial budget consultation outlined in appendix 3 be noted.
- (11) That it be noted that at its meeting on 19 January 2021, Cabinet calculated the following amounts for the year 2021/22 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
  - (a) **52,483.9** being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its Council Tax base for the year;
  - (b) **1,198.4** for Lamesley Parish being the amount calculated by the Council, in accordance with regulation 6 of the Regulations, as the amount of its Council Tax base for the year for dwellings in those parts of its area to which special items relate.
- (12) That the following amounts be now calculated by the Council for the year 2021/2 in accordance with Sections 31A,31B and 34 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011 ('the Act'): -
  - (a) **£604,606,039** being the aggregate total of the expenditure amounts, which the Council estimates for the items, set out in Section 31A(2) of the Act taking into account the precept issued by Lamesley Parish Council
  - (b) **(£504,901,243)** being the aggregate total of the income amounts,

which the Council estimate for the items, set out in Section 31A(3) of the Act

- (c) **£100,514,796** being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year including Lamesley Parish Council
- (d) **£1,915.1549** being the amount at (c) above, all divided by the amount at (11)(a) above, calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year including Lamesley Parish Council
- (e) **£12,105.00** being the aggregate amount of all special items (Lamesley Parish Council) referred to in Section 34(1) of the Act
- (f) **£1,914.9243** being the amount at (d) less the result given by dividing the amount at (e) above by the amount at (11)(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Lamesley Parish Council) relates
- (g) Part of the Council's area: Lamesley Parish  
**£1,925.0253** being the amounts given by adding to the amount at (f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (11)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items (Lamesley Parish Council) relate.
- (h)

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	6.73	1,276.62
B	7.86	1,489.38
C	8.98	1,702.15
D	10.10	1,914.92
E	12.34	2,340.46
F	14.59	2,766.00
G	16.83	3,191.54
H	20.20	3,829.84

being the amounts given by multiplying the amounts at (f) and (g) above

by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (13) That it be noted that for the year 2021/22, the Police and Crime Commissioner for Northumbria, and Tyne and Wear Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority £
A	95.89	57.09
B	111.88	66.61
C	127.86	76.12
D	143.84	85.64
E	175.80	104.67
F	207.77	123.70
G	239.73	142.73
H	287.68	171.28

- (14) That, having calculated the aggregate in each case of the amounts at (12)(h) and (13) above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2021/22 for each of the categories of dwellings shown below: -

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	1,436.33	1,429.60
B	1,675.73	1,667.87
C	1,915.11	1,906.13
D	2,154.50	2,144.40
E	2,633.27	2,620.93
F	3,112.06	3,097.47
G	3,590.83	3,574.00
H	4,309.00	4,288.80

- (15) That under section 52ZB of the Local Government Finance Act 1992 (as amended by the Localism Act 2011), the Council's relevant basic amount of

council tax for 2021/22 is not excessive in accordance with the principles determined under section 52ZC of the Act.

The above decisions have been made to fulfil the Council's statutory duty to set the Budget and Council Tax for 2021/22.

C95

## **GOVERNANCE OF HOUSING SERVICES**

Consideration has been given to the proposed arrangements for the governance of the Council's housing functions and responsibilities from the 1<sup>st</sup> April 2021.

The alternative option to those being recommended, but which was discounted, was to limit involvement in decision making to the Cabinet exclusively through the current executive and overview and scrutiny model.

- RESOLVED -
- (i) That the Council be recommended to approve the establishment of a new formal advisory committee, to be called the Strategic Housing Board, which will advise the Council or Cabinet on any matter relating to the discharge of their respective housing functions.
  - (ii) That the Council be recommended to approve a membership of the Strategic Housing Board comprising of 15 elected members, plus the respective Chairs of the Health and Wellbeing Board and Community Safety Partnership, 3 tenant representatives and 3 partner representatives.
  - (iii) That the Council be recommended to approve a change in the title of the Communities and Place Overview and Scrutiny Committee to the Housing, Environment and Healthy Communities Overview and Scrutiny Committee.
  - (iv) That the Council be recommended to approve a change in the scope of responsibility of the Communities and Place Overview and Scrutiny Committee particularly to enable the inclusion of tenant observers and their scrutiny of services and buildings compliance.
  - (v) That the establishment of a new informal Housing Providers Partnership, and a new Private Landlords Forum, to enable the effective engagement and involvement of key stakeholders and partners be approved.

The above decisions have been made for the following reasons:

- (A) To ensure the effective governance and democratic accountability of key strategic and operational housing functions, services and priorities for the Council.
- (B) To ensure compliance with the Regulator of Social Housing's requirements for tenant involvement and engagement.
- (C) To enable the engagement of key stakeholders and partners in

wider housing strategy and policy discussion.

C96

## **GATESHEAD CLIMATE CHANGE EMERGENCY AND ENVIRONMENTAL AUDIT**

Consideration has been given to an update of activity in response to the Climate Emergency Declaration made by Council on 23 May 2019.

- RESOLVED -
- (i) That the findings of the independent environmental audit of the Council's activities, including the Council being awarded the silver level accreditation using the Investors in the Environment assessment framework be noted.
  - (ii) That the Council be recommended to approve the Environmental Policy as set out in appendix 5 to the report.
  - (iii) That the publication of the Audit report and a Council Action Plan setting out the actions necessary for the Council to meet zero carbon be approved.
  - (iv) That the development of a programme of community and business engagement that may be implemented when conditions allow be approved.

The above decisions have been made for the following reasons:

- (A) To recognise the significant progress made by the Council in minimising its carbon emissions and environmental impact, and the opportunities for further improvement.
- (B) To establish an up-to-date and comprehensive environmental policy that reflects the Council's ecological and climate change ambitions, and guides the actions taken in response to the Climate Emergency.
- (C) To provide transparency to the public on the Council's actions being taken to meet zero carbon.
- (D) To support engagement with our partners and the wider community that will ensure a Gateshead-wide approach is taken.

C97

## **APPRENTICESHIP LEVY**

Consideration has been given to establishing a Gateshead Apprenticeship levy fund and transferring money from the Council's apprenticeship levy fund to local employers to support them to increase the uptake of apprenticeships and to an amendment to the Council's Constitution to grant the Strategic Director Resources and Digital delegated authority to award funds from the Council's apprenticeship levy pot to individual businesses in Gateshead.

The alternative option to that being recommended, but which was discounted, was for all requests to transfer the levy to other organisations to be approved by Cabinet.

- RESOLVED -
- (i) That the proposal to make available on an annual basis up to 25% (approximately £165k) from Gateshead Council's levy pot for the development of a Gateshead apprenticeship levy fund so that money from this fund can be transferred to local businesses be approved.
  - (ii) That the Council be recommended to approve the proposed delegation to the Strategic Director, Resources and Digital to enable funds to be awarded from the Council's apprenticeship levy pot to individual local businesses and to agree an amendment to Part 3, Schedule 5, of the Council's Constitution (Delegations to the Strategic Director, Resources and Digital) accordingly.

The above decisions have been made to ensure that money can be transferred to other businesses in the borough to support them with the cost of apprenticeship training and assessment and increase the number of local people in sustainable employment.

C98

## **HOUSING REVENUE ACCOUNT (HRA) ASSET MANAGEMENT STRATEGY**

Consideration has been given to progress in developing a new Housing Revenue Account (HRA) asset management strategy.

- RESOLVED -
- (i) That progress in developing a new Housing Revenue Account (HRA) asset management strategy and the timeline for its final drafting and subsequent consideration for approval later in the year be noted.
  - (ii) That a programme of consultation and awareness raising activities with members, tenants and leaseholders as to the emerging strategy and the resultant potential future investment priorities for the Council's housing stock be approved.
  - (iii) That the commencement of a detailed appraisal of options for the future investment and management of identified currently uneconomic and low demand homes be approved.

The above decisions have been made for the following reasons:

- (A) To set a Housing Revenue Account that is not in debit as required under the Local Government and Housing Act 1989 (Part VI) and is able to meet its short- and long-term investment requirements.
- (B) To realise the Council's policies and objectives in relation to the Housing Strategy in order to maintain and enhance Council Housing provision in Gateshead.
- (C) To assist in the delivery of the Council's vision for Gateshead as set out in Making Gateshead a Place where Everyone

Thrives.

C99 **GATESHEAD LOCAL PLAN - PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT (SPD) - SECOND REVIEW**

Consideration has been given to the Planning Obligations Supplementary Planning Document, second review, for adoption and which follows the adoption of Making Spaces for Growing Places Local Plan document by full Council on 21 January 2021.

RESOLVED - That the Planning Obligations Supplementary Planning Document Second Review as set out in appendix 2 to the report be approved for adoption by full Council.

The above decision has been made to effectively deliver the Local Plan.

C100 **PROPOSED LEASE OF THE FORMER LLOYDS BANK, 19-21 DERWENT STREET, CHOPWELL**

Consideration has been given to a lease of the property known as the former Lloyds Bank, 19-21, Derwent Street, Chopwell.

The alternative option to that being recommended, but which was discounted, was to retain the property.

RESOLVED - That the Strategic Director, Corporate Services and Governance be authorised to grant a 35-year lease at a nil rent pursuant to the Council's Community Asset Transfer policy to the Chopwell Generation Community Interest Organisation.

The above decision has been made to manage resources and rationalise the Council's assets in line with the Corporate Asset Strategy and Management Plan.

C101 **PRIMARY COMMUNITY CONTROLLED SCHOOL ADMISSIONS ARRANGEMENTS AND CO-ORDINATED ADMISSION SCHEMES FOR PRIMARY AND SECONDARY SCHOOLS FOR 2022/23**

Consideration has been given to the Gateshead school admissions arrangements and the co-ordinated schemes for primary and secondary schools for 2022/23.

- RESOLVED -
- (i) That the Community and Voluntary Controlled Primary Admissions Policy, set out in appendix 2 to the report, be adopted for September 2022.
  - (ii) That Community Secondary School Admissions Policy, set out in appendix 2 to the report be adopted for September 2022.
  - (iii) That the approved admissions policies for September 2021 are used, as a basis for consultation, if necessary, with schools and others for formulating the relevant

admissions policies from September 2021/22 onwards.

- (iv) That the approved two co-ordinated admission schemes for secondary, infant junior and primary schools, set out in appendix 3 to the report, be adopted for September 2022.
- (v) That it be noted that the planned admission numbers, set out in appendix 3 to the report, for all community primary schools will need to be adopted by the governing bodies of each school.

The above decisions have been made to enable the Council to comply with statutory legislation as it relates to school admission policies, admission arrangements and co-ordinated admission arrangements.

## C102 **NOMINATION OF LOCAL AUTHORITY GOVERNORS**

Consideration has been given to the nomination of a local authority school governor.

RESOLVED - That the nominations as set out below be approved for a period of four years from the date indicated in accordance with the Schools' Instrument of Government:

<b>School</b>	<b>Nomination</b>	<b>Date from</b>
Parkhead Community Primary	Cllr J Simpson	16 April 2021
The Dryden Hill Top Federation	Cllr D Bradford	19 June 2021
St Joseph's Federation	Mrs J Carruthers	9 March 2021
Bede Community Primary	Mrs S Hingley	16 March 2021

The above decision has been made to ensure School Governing Bodies have full membership.

## C103 **SCHOOLS FORUM CONSTITUTION**

Consideration has been given to a new constitution for the Schools Forum under the Schools Forums (England) Regulations 2012.

RESOLVED - That the new constitution for the Schools Forum from 1 March 2021 as set out in the report be approved.

The above decision has been made for the following reasons:

- (A) To ensure that the Council complies with its statutory requirement to constitute the Schools Forum.
- (B) To ensure that Schools Forum has a balanced representation and that all sectors and phases of schools are represented.
- (C) To enable recruitment of members into the vacant positions.

C104 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED - That the press and public be excluded from the meeting during consideration of the remaining business in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972.

C105 **NHS ENGLAND CAPITAL GRANT TO FACILITATE HOSPITAL DISCHARGE**

Consideration has been given to the acceptance of NHS grant funding to enable the purchase and adaptation of a residential property to support a hospital discharge.

- RESOLVED -
- (i) That the acceptance of the grant from NHS England to facilitate the purchase and adaptation of the property as set out in the report be approved.
  - (ii) That the Strategic Director, Corporate Services and Governance be authorised to undertake any final negotiation and approval of the final terms and conditions of the grant funding agreement.

The above decisions have been made for the following reasons:

- (A) To enable the Council to provide a statutory duty of care for residents in need of support.
- (B) To support the delivery of an accessible and adaptable home.
- (C) To deliver the objectives of the Housing Strategy 2019-30, including to improve the quality, condition and management of housing so that all residents benefit from safe, healthy, energy efficient and well-managed homes and neighbourhoods, to meet identified housing need and supported housing requirements in Gateshead.

C106 **DISPOSAL OF LAND AT CHARLTON WALK, TEAMS**

Consideration has been given to the disposal of land at Charlton Walk, Teams, direct to St Chads Community Project at less than the best consideration that can reasonably be obtained, for residential development.

RESOLVED - That the sale of the subject land to St Chads Community Project, at less than best consideration that can reasonably be obtained, in accordance with the provisions of the General Disposal Consent (England) 2003, as set out in the report be approved.

The above decision has been made for the following reasons:

- (A) To facilitate a community led housing regeneration scheme.

- (B) To enable the provision of new residential dwellings at an affordable rent tenure to which the Council will have initial and subsequent nomination rights.

(Councillor J Adams declared a personal and non pecuniary interest in the above matter because he is a member of the St Chad's Management Committee and took no part in the discussion or voting there on).

**C107 DISPOSAL OF LAND AT PORTLAND STREET, PELAW**

Consideration has been given to the disposal of land at Portland Street, Pelaw to the charity, Fighting All Cancers Together (FACT) at less than best financial consideration.

RESOLVED - That the sale of the subject site to FACT, at less than the best consideration that can reasonably be obtained, in accordance with the provisions of the General Disposal Consent (England) 2003, as set out in the report be approved subject to the receipt of planning permission.

The above decision has been made for the following reasons:

- (A) To help bring a vacant site back into use.
- (B) To enable the Council to maximise its land holdings to provide support for vulnerable individuals from across the Borough.

Copies of all reports and appendices referred to in these minutes are available online and in the minute file. Please note access restrictions apply for exempt business as defined by the Access to Information Act.

The decisions referred to in these minutes will come into force and be implemented after the expiry of 3 working days after the publication date of the minutes identified below unless the matters are 'called in'.

Publication date: 26 February 2021

**Chair.....**

**Title of report: Treasury Policy Statement and Treasury Strategy 2021/22 to 2025/26**

**Report of: Darren Collins – Strategic Director, Resources and Digital**

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### **Purpose of the Report**

1. Cabinet is asked to recommend that Council approve the attached Treasury Policy Statement and Treasury Strategy for 2021/22 to 2025/26.

### **Background**

2. To provide a framework for the Strategic Director, Resources and Digital to exercise his delegated powers, the Council agrees a five-year Treasury Management Policy and Treasury Strategy which is reviewed at the start of each financial year.
3. The attached Treasury Policy and Treasury Strategy have been prepared considering the Local Government Act 2003, Ministry of Housing, Communities and Local Government 's (MHCLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Code of Practice on Treasury Management (2017).
4. The Audit and Standards Committee reviewed the Treasury Policy Statement and Treasury Strategy on 8 March 2021 and raised no comments for submission to Cabinet.

### **Proposals**

5. Cabinet is asked to recommend that Council approve the Treasury Policy and Treasury Strategy attached at Appendix 2 and Appendix 3, to ensure that the Council fully complies with the requirements of good financial practice in Treasury Management.

### **Recommendation**

6. Cabinet is asked to agree the Treasury Policy Statement attached at Appendix 2 of this report and the Treasury Strategy as attached at Appendix 3 and recommend them for approval to Council.

For the following reason:

To ensure that the Council fully complies with the requirements of good financial practice in Treasury Management.

**Policy Context**

1. The proposals in this report are consistent with Council priorities and in particular they ensure that effective use is made of the Council's resources to ensure a sustainable financial position. The Council has approached the budget consultation for 2021 within a framework for achieving the Council's strategic approach 'Making Gateshead a Place Where Everyone Thrives'. The Council recognises there are huge financial pressures on not just council resources, but those of partners, local businesses and residents. To deliver on the strategic approach over the next five years, the Council will need to be resolute in its determination to make Gateshead a place where everyone thrives. This means the Council's decision-making will be policy and priority led and driven.

**Background**

2. The Prudential Code plays a key role in capital finance in local authorities. Local authorities determine their own programmes for capital investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
3. In December 2017 CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code (the Code) which represents best practice. The Council fully complies with the Code and this contributes towards achieving good practice.
4. Part 1 of the Local Government Act 2003 specifies the powers of a local authority to borrow for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs. Borrowing is linked to the CIPFA Prudential Code for Capital which sets out a range of prudential and treasury indicators that must be calculated to ensure borrowing is affordable, prudent and sustainable. The Prudential Code refers to the need for a clear and integrated treasury strategy.
5. In addition, under Section 15 of the Local Government Act 2003, authorities are required to have regard to the MHCLG's guidance on Local Government Investments. This document stipulates the requirement for an annual investment strategy to be integrated into the Council's Treasury Strategy.
6. MHCLG introduced revised investment guidance which was effective for financial years commencing on or after 1<sup>st</sup> April 2018. The revised guidance focuses on non-financial asset investments, for example investment in commercial property.
7. Under Part 4 of the Council's Constitution the Strategic Director, Resources and Digital will produce a Treasury Policy Statement annually, setting out the general policies and objectives of the Council's treasury management function.
8. The Council also provides a treasury management service to the Gateshead Housing Company through a Service Level Agreement.

## **Treasury Policy**

9. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Council.
10. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
11. CIPFA's Treasury Management Code requires the setting out of responsibilities and duties of councillors and officers to allow a framework for reporting and decision making on all aspects of treasury management. To achieve this CIPFA has recommended the adoption of 13 treasury management practices (TMPs).
12. These principles are intended to provide a working document that forms a detailed framework for treasury management activities. The policy fully encompasses CIPFA's Code of Practice. In addition, the policy fully takes account of the requirements of the Prudential Code for Capital Finance in Local Authorities and the guidance issued by the MHCLG supporting Part 1 of the Local Government Act 2003 in respect of local authority investments. The Treasury Policy is attached at Appendix 2.

## **Treasury Strategy**

13. The Treasury Strategy for 2021/22 to 2025/26 is attached at Appendix 3. This covers the specific activities proposed for 2021/22 to 2025/26 in relation to both borrowing and investments and ensures a wide range of advice is taken to maintain and preserve all principal sums, whilst obtaining a reasonable rate of return, and that the most appropriate borrowing is undertaken. The primary objective of the investment strategy is to maintain the security of investments at all times.
14. The term "investments" used in the definition of treasury management activities also covers non-financial assets which the Council may hold primarily for financial returns. The control of risk and optimising returns on these more commercial investments is consistent with the Council's risk appetite.
15. Under the requirements of the Prudential Code and Treasury Management Code of Practice the Council have adopted prudential indicators (detailed in Appendix 4). Details of investment types, minimum credit ratings, circumstances of use and maximum investment period are shown in Appendix 5.
16. The Council have reviewed the maximum maturity periods and amounts which can be invested with counterparties outlined in Appendix 6. In ensuring that these limits meet our requirements an assessment of risk has been undertaken and advice obtained from Link Asset Services.
17. The Council has produced the Treasury Strategy to comply with the requirements of the Code, the Prudential Code for Capital Finance in Local Authorities (2017) and Part 1 of the Local Government Act 2003. The Council considers that compliance with the above ensures that best practice is followed.

## **Consultation**

18. Consultation on the production of the Treasury Policy Statement, including the Treasury Strategy for 2021/22 to 2025/26, has taken place with the Council's treasury advisers (Link Asset Services). The outcome of the consultation process, along with guidance issued by CIPFA and the MHCLG, has informed the format and content of the policy and strategy statements.
19. The Leader of the Council has been consulted on the contents of this report.

## **Alternative Options**

20. There are no alternative options, as the Treasury Policy and Strategy reports recommended for approval are required in order to comply with CIPFA's Code of Practice on Treasury Management (2017), the Local Government Act 2003 and MHCLG Guidance on Local Government Investments.

## **Implications of recommended options**

### **21. Resources:**

- a) **Financial Implications** - The Strategic Director, Resources and Digital, confirms that the financial implications are set out in this report. There are no additional financial implications associated with the report itself.
- b) **Human Resources Implications** - There are no human resources implications arising from this report.
- c) **Property Implications** – There are no property implications arising from this report.

### **22. Risk Management Implications**

The Treasury Policy and Treasury Strategy which informs activity in this area were prepared with the primary aim of minimising risk to ensure that the Council's principal sums are safeguarded. Maximising income is considered secondary to this main aim.

### **23. Equality and Diversity Implications**

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

### **24. Crime and Disorder Implications**

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

### **25. Health Implications**

There are no health implications arising from this report.

### **26. Sustainability and Climate Emergency Implications**

There are no sustainability and climate emergency implications arising from this report.

27. **Human Rights Implications**

There are no human rights implications arising from this report.

28. **Ward Implications**

There are no direct area and ward implications arising from this report.

29. **Background Information:**

The following documents have been used in preparation of the report:

- Local Government Act 2003
- MHCLG Guidance on Local Government Investments
- CIPFA's Prudential Code for Capital (2017)
- CIPFA's Code of Practice on Treasury Management (2017)

## Treasury Policy 2021/22 to 2025/26

### 1. Approved Activities of the Treasury Management Operation

- 1.1 In December 2017 CIPFA published a revised Code of Practice on Treasury Management in the Public Services (the Code), which represents best practice. Treasury management activities are defined by CIPFA as:

“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 1.2 The term “investments” used in the definition of treasury management activities includes all financial assets of the organisation, as well as other non-financial assets which the Council may hold primarily for financial returns. The control of risk and optimising returns on these more commercial investments is also consistent with the Council’s risk appetite.
- 1.3 The Council currently provides a treasury management service to the Gateshead Housing Company through a Service Level Agreement. This service will cease on 31<sup>st</sup> March 2021 when the Gateshead Housing Company is integrated back into the council.

### 2. Formulation of the Treasury Strategy

- 2.1 The formulation of a Treasury Strategy involves determining the appropriate borrowing and investment decisions with the prime objective of safeguarding the Council’s assets and secondary objectives of obtaining a reasonable rate of return on investments and minimising the costs of borrowing. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Council and ensure robust due diligence procedures cover all treasury and non-treasury investments.
- 2.2 The Treasury Strategy encompasses the requirements of CIPFA’s Treasury Management Code of Practice, Prudential Code for Capital and the MHCLG Guidance on Local Government Investments.
- 2.3 The Strategy for 2021/22 to 2025/26 is attached at Appendix 3.

### 3. Prudential and Treasury Indicators

- 3.1 Under Part 1 of the Local Government Act 2003 the Council may borrow money
- (a) for any purpose relevant to its functions under any enactment, or
  - (b) for the purposes of the prudent management of its financial affairs.

3.2 Under the requirements of the Prudential Code and Treasury Management Code of Practice the Council have adopted prudential indicators (detailed in Appendix 3, section 1.4).

#### **4. Annual Investment Strategy**

4.1 The MHCLG has issued guidance to supplement the investment regulations contained within the Local Government Act 2003. It is also referred to under Section 15 (1) of the 2003 Local Government Act which requires authorities to “have regard (a) to such guidance as the Secretary of State may issue and (b) to such other guidance as the Secretary of State may by regulations specify”. The guidance encourages authorities to invest prudently but without burdening them with the detailed prescriptive regulation of the previous regime.

4.2 Central to the guidance and the Code is the need to produce an Annual Investment Strategy. This is included as Section 6 of the Treasury Strategy in Appendix 3.

4.3 The Annual Investment Strategy document will include:

- The Council’s risk appetite in respect of security, portfolio liquidity and return;
- The definition of ‘high’ and ‘non-high’ credit quality to determine what are specified investments and non-specified investments;
- Which specified and non-specified instruments the Council will use, dealing in more detail with non-specified investments given the greater potential risk;
- The categories of counterparties that may be used during the course of the year e.g. foreign banks, nationalised/part nationalised banks, building societies;
- The types of investments that may be used during the course of the year;
- The limit to the total amount that may be held in each investment type;
- The Council’s policy on the use of credit ratings, credit rating agencies and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list and how the Council will deal with changes in ratings, rating watches and rating outlooks;
- Limits for individual counterparties, groups and countries;
- Guidelines for making decisions on investments and borrowing; and
- The Council’s policy on commercial investments held for return.

#### **5. Policy on Interest Rates Exposure**

5.1 The use of any financial instruments, such as derivatives, to mitigate interest rate risks will be considered on an individual basis and the Strategic Director, Resources and Digital, will obtain approval from the Council prior to entering into any arrangement of this nature.

#### **6. Policy on Delegation, Review Requirements and Reporting Arrangements**

6.1 It is the Council’s responsibility under the Code to approve a Treasury Policy statement.

6.2 The Council delegates the review of the policy and monitoring of the performance of the treasury management function to Cabinet, the scrutiny of treasury management strategy and policies to the Audit and Standards Committee, and the execution and administration of treasury management decisions to the Strategic Director, Resources and Digital, who will act in accordance with the organisations policy

statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management. Any proposals to approve, adopt or amend policy require the consent of the Council and are matters for the Council to determine.

- 6.3 Treasury Strategy (Appendix 3, Section 1.3) outlines the Council's arrangements for reporting on Treasury Management.
- 6.4 As from 1<sup>st</sup> April 2019, CIPFA required all local authorities to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -
  - a) a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
  - b) an overview of how the associated risk is managed; and
  - c) the implications for future financial sustainability.
- 6.5 The aim of this report is to ensure that all elected members of the Council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.
- 6.6 The Capital Strategy 2021/22 to 2025/26 was approved by Cabinet on 17<sup>th</sup> November 2020.

**Treasury Strategy 2021/22 to 2025/26**

**1. Introduction**

1.1 The CIPFA Code of Practice on Treasury Management 2017 (the Code) emphasises a number of key areas including the following:

- a) All authorities must formally adopt the Code.
- b) The strategy report will affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities.
- c) The Council's appetite for risk, including the appetite for any use of financial instruments in the prudent management of those risks, must be clearly identified within the strategy report and will affirm that priority is given to security and portfolio liquidity when investing treasury management funds and explain how that will be carried out.
- d) Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation.
- e) Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support.
- f) Councils need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits.
- g) Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities.
- h) The main annual treasury management reports must be approved by full Council.
- i) There needs to be a mid-year review of Treasury Management Strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
- j) Each council must delegate the role of scrutiny of Treasury Management Strategy and policies to a specific named body.
- k) Treasury Management performance and policy setting should be subjected to prior scrutiny.
- l) Councillors should be provided with access to relevant training as those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
- m) Responsibility for these activities must be clearly defined within the organisation.
- n) Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council (this will form part of the Treasury Management Practices).
- o) "Investments" covers the financial and non-financial assets which the organisation holds primarily for financial returns. This will include investments which are not managed as part of the normal treasury management delegations.

1.2 This Strategy has been prepared in accordance with the Code.

1.3 The Council will adopt the following reporting arrangements in accordance with the requirements of the revised Code:

<b>Area of Responsibility</b>	<b>Council/ Committee/ Officer</b>	<b>Frequency</b>
Treasury Management Policy & Strategy / Annual Investment Strategy	Council approval with review delegated to Cabinet/ Audit and Standards Committee	Annually before the start of the year or where a material change is proposed
Annual Report on borrowing and investment activity	Council with review delegated to Cabinet/ Audit and Standards Committee	Annually by 30 September after the end of the year
Scrutiny of treasury management performance via mid-year report	Council approval with review delegated to Cabinet / Audit and Standards Committee	Mid-Year
In year changes to agreed Treasury Management Policy & Strategy / Annual Investment Strategy / Prudential and Treasury Indicators	Cabinet	By exception
Scrutiny of treasury management Policy, Strategy and procedures	Audit and Standards Committee	Annually before the start of the year
Treasury Management Monitoring Reports	Strategic Director, Resources and Digital	Bi-Monthly/Weekly
Treasury Management Practices	Strategic Director, Resources and Digital	Monthly

1.4 Given the link to the revenue budget and capital programme, the following indicators were approved by the Council on 25 February 2021 as part of the Budget and Council Tax Level 2021/22 report. For completeness, the approved indicators are attached at Appendix 4:

- Actual and estimates of financing costs to net revenue stream;
- Estimates of capital expenditure;
- Actual capital expenditure;
- Estimate of Capital Financing Requirement;
- Actual Capital Financing Requirement;
- Authorised limit;
- Operational boundary;
- Actual external debt;
- Gross debt and Capital Financing Requirement;
- Upper and lower limit of maturity structure of borrowing fixed and variable; and
- Upper limit on principal sums invested for periods of over 365 days.

- 1.5 In addition to the above indicators, local indicators showing the level of reserves which are backed by cash in the bank and internal borrowing as a percentage of the capital financing requirement are included in this report. Also, where there is a significant difference between the net and the gross borrowing position the risk and benefits associated with this strategy will be clearly stated in the annual strategy. This is highlighted within the main borrowing strategy outlined in Section 4.6 below.
- 1.6 The Strategy covers:
- Prospects for interest rates;
  - Treasury limits in force which will limit the treasury risk and activities of the Council, including prudential and treasury indicators;
  - The borrowing strategy;
  - Sensitivity forecast;
  - External and internal borrowing;
  - Debt rescheduling;
  - Policy on borrowing in advance of need;
  - The investment strategy; and
  - The policy on the use of external service providers.

## 2. Prospects for Interest Rates

- 2.1 The table shown below outlines the Council's view of anticipated movements in interest rates, based on guidance received from the Council's treasury management advisers Link Asset Services as at 8<sup>th</sup> February 2021.

	March 2021	June 2021	Sept 2021	Dec 2021	March 2022	March 2023	March 2024
<b>Bank Rate</b>	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
<b>5 yr PWLB</b>	0.90%	0.90%	0.90%	0.90%	1.00%	1.10%	1.20%
<b>10 yr PWLB</b>	1.30%	1.30%	1.30%	1.30%	1.40%	1.50%	1.60%
<b>25 yr PWLB</b>	1.90%	1.90%	1.90%	1.90%	2.00%	2.10%	2.20%
<b>50 yr PWLB</b>	1.70%	1.70%	1.70%	1.70%	1.80%	1.90%	2.00%

### Interest Rates

- 2.2 The coronavirus outbreak has caused huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 4<sup>th</sup> February 2021. The Governor of the Bank of England has made it clear that more quantitative easing is favoured if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected as economic recovery is expected to be only gradual and, therefore, prolonged.

### Long Term Interest Rates

- 2.3 Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

## 3 Treasury Limits for 2021/22 to 2025/26 including Prudential Indicators

- 3.1 It is a statutory requirement of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 31(a), as amended by the Localism Act 2011, requires a local authority to calculate its budget requirement

for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from increases in interest charges and increases in running costs from new capital projects are limited to a level, which is affordable within the projected income of the Council for the foreseeable future. This is reported within the Council's Medium-Term Financial Strategy.

- 3.2 It is a statutory duty under Section 3 of Part 1 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the Affordable Borrowing Limit. The Authorised Limit represents the legislative limit specified in the Act.
- 3.3 The Prudential Code for Capital Finance in Local Authorities is a professional code that sets out a framework for self-regulation of capital spending, in effect allowing councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable. The Code requires that treasury management decisions be taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Council. The Council will take into account its arrangements for the repayment of debt and consideration of any impact, on the authority's overall fiscal sustainability.
- 3.4 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires the Council to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and housing rent levels is affordable.
- 3.5 To facilitate the decision-making process and support capital investment decisions the Prudential Code and the Treasury Management Code require the Council to agree and monitor a minimum number of prudential indicators which were approved by Council on 25 February 2021 as attached at Appendix 5.
- 3.6 The Strategic Director, Resources and Digital, will ensure systems are in place to monitor the treasury limits and will report to Council instances where limits are breached, with the exception of short-term breaches of the Operational Boundary. The Operational Boundary is set so that if breached it acts as an early warning of the potential to exceed the higher Authorised Limit and as such temporary breaches due to debt restructuring and temporary borrowing are acceptable, providing they are not sustained.

#### **4 Borrowing Strategy**

- 4.1 The Local Government Act 2003 does not prescribe approved sources of finance, only that borrowing may not, without the consent of HM Treasury, be in other than Sterling.
- 4.2 The main options available for the borrowing strategy for 2020/21 are PWLB loans, market loans, capital market loans and the Municipal Bond Agency. The interest rate applicable to either PWLB or markets loans can be fixed or variable.
- 4.3 Variable rate short term borrowing is expected to be cheaper than long term fixed borrowing and therefore may be considered throughout the financial year. Due to the expectation that interest rates will rise, the risk of the potential increase in interest rates will be balanced against any potential short-term savings.

- 4.4 There are different types of market loans available, including forward starting, at variable and fixed interest rates. It is not usual practice to agree forward starting loans, but their use may be considered to avoid the 'cost of carry' – the difference between borrowing costs and investment returns. These loans generally would have to be offered at rates below the current or future PWLB forecast rates to make them an attractive option and considered as a means of mitigating future interest rate movements if the opportunity arose, i.e. where the Council can agree an interest rate ahead of when it would actually be required to draw down the funds.
- 4.5 To mitigate this interest rate risk a limit is placed on the total level of borrowing that can be taken as variable interest rate loans. To provide scope to utilise new market products should they become available as well as minimise the cost of borrowing and increase the diversification of the debt portfolio it is proposed that the limit on variable rate loans should be 40% of total borrowing in 2021/22.
- 4.6 The main strategy is therefore:
- Current (February 2021) long term PWLB rates (50 years) are around 2.00%. It is forecast that there will be little upward movement in PWLB rates over the next two financial years, being 1.70% Q1, 1.70% Q2, 1.70% Q3 and 1.80% Q4. Should interest rates fall below these targets borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity, this may include Local Infrastructure Rate borrowing. The average interest rates forecast across this financial year for various borrowing periods are as follows: -
    - 10 years – 1.32%
    - 25 years – 1.92%
    - 50 years – 1.72%
  - Whilst monitoring borrowing interest rates if there appears to be an upward trend then it may be considered prudent to lock into rates which exceed those outlined in paragraph 4.6 above, to minimise interest rate risk.
  - The use of short-term borrowing (6 months to 18 months) will also be considered with the aim of minimising borrowing costs. This short-term borrowing will be replaced with longer term loans when rates are preferable.
  - External borrowing rates currently far exceed the return that is available for investments, meaning savings can be achieved by borrowing internally from reserves in the short term. The current policy of internal borrowing will continue to be followed as a short-term funding option serving to minimise overall cost.
  - Consideration will be given to borrowing market loans which are at least 20 basis points below the PWLB target rate.

### **Sensitivity of the forecast**

- 4.7 The Council, in conjunction with Link Asset Services, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to any changes. The main sensitivities of the forecast are likely to be the two scenarios below:
- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

4.8 Against this background, caution will be adopted in the management of the 2021/22 treasury operations. The Strategic Director, Resources and Digital, will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances having delegated powers to invest and manage the funds and monies of the Council.

### **External and Internal Borrowing**

4.9 As at 30 November 2020 the Council had net debt of £554.617m; this includes total borrowing of £664.206m and investments of £109.589m.

4.10 Investment returns are likely to remain exceptionally low during 2021/22 with little change in the following two years but on a rising trend over the next few years.

4.11 Borrowing interest rates fell to historically very low levels as a result of the covid pandemic and the quantitative easing operations of the Bank of England. The policy of avoiding new borrowing by running down spare cash balances has served the Council well over recent years. The Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Although short-term interest rates are cheapest, longer-term borrowing could also be undertaken for the purpose of certainty.

4.12 There remains a cost of carry, (the difference between higher borrowing costs and lower investment returns) to any new long-term borrowing that causes a temporary increase in cash balances as this position will most likely incur a revenue cost.

### **Borrowing in advance of need**

4.13 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure that it is in line with the projected capital financing requirement and prudential indicators and that the Council can demonstrate value for money and ensure the security of the funds.

4.14 In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow; and
- consider the alternative forms of funding.

## **Municipal Bond Agency**

4.15 The Municipal Bond Agency UK are now established and began offering bonds to local authorities from March 2020. The initial bond issue offered a competitive rate compared to borrowing rates offered by the Public Works Loan Board (PWLB). The Council may consider this as an additional source of borrowing as and when appropriate.

## **5. Debt Rescheduling**

5.1 Any rescheduling opportunities will be considered in line with procedures approved under the Council's Treasury Management Practice Statements and will include a full cost/benefit analysis of any proposed variations. Any positions taken via rescheduling will be in accordance with the strategy position outlined in Section 4 above and will also take into account the prudential and treasury limits.

5.2 The reasons for any proposed rescheduling will include:

- the generation of cash savings at minimum risk;
- help to fulfil the treasury strategy; and
- in order to amend the maturity profile and/or the balance of volatility in the Council's borrowing portfolio.

5.3 The Strategic Director, Resources and Digital, in line with delegated powers outlined in the approved Treasury Management Practice Statement, will approve all rescheduling.

5.4 The Council has examined the potential for undertaking early repayment of external PWLB or LOBO debt in order to reduce the difference between its gross and net debt positions. The significant difference between early redemption rates and interest rates payable on new debt means that large premiums are likely to be incurred by such action. This situation will be monitored in case the differential is narrowed by changes in current borrowing rates.

5.5 Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short-term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in the light of premiums that may be incurred by such a course of action and other financial considerations.

5.6 All rescheduling will be reported to Council in the mid-year and annual reports.

## **6. Investment Strategy 2021/22 to 2025/26**

### **Introduction**

6.1 The Council has regard to the MHCLG's Guidance on Local Government Investments and CIPFA's Code of Practice. The Council must produce a strategy on an annual basis which covers the subsequent five years.

6.2 The CIPFA definition of "investments" covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations.

- 6.3 This annual strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the categories of **specified investments** and **non-specified investments**.
- Specified investments are those with a high-level credit quality and subject to a maturity limit of one year.
  - Non-specified investments are those with less high credit quality, may be for periods in excess of one year and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- 6.4 Both specified and non-specified investment types currently utilised by the Council are detailed in Appendix 6, along with approved limits. These limits reflect the Council's investment requirements whilst assessing risk and obtaining advice from Link Asset Services.
- 6.5 In addition to these, numerous other investment options are available for use and these may be considered suitable for use in the future. Should this be the case then the option will be evaluated in line with the procedures contained within the approved Treasury Management Practice Statement.

### **Investment Objectives**

- 6.6 All investments will be in Sterling.
- 6.7 The Council's primary investment objective is the security of the capital investment. The Council will also manage the investments to meet cash flow demands and to achieve a reasonable return commensurate with the proper levels of security and liquidity. The risk appetite of the Council is low in order to give priority to security of its investments.
- 6.8 The borrowing of monies purely to invest is unlawful and the Council will not engage in such activity.

### **Creditworthiness Policy**

- 6.9 The Council applies the creditworthiness service provided by Link Asset Services. The service uses a sophisticated modelling approach with credit ratings from the three main rating agencies - Fitch, Moody's and Standard and Poor's. This service uses a scoring system to ensure that it does not give undue consideration to just one agency's ratings. It does not rely solely on the current credit ratings of counterparties but also uses the following information as overlays which are combined in a weighted scoring system:
- Credit watches and credit outlooks from credit rating agencies;
  - Credit Default Swap spreads, financial agreements that compensate the buyer in the event of a default, which give an early warning of likely changes in credit ratings; and
  - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 6.10 The end product of this modelling system which indicate the relative creditworthiness of counterparties. The Council is satisfied that this service gives the required level of

security for its investments. It is also a service which the Council would not be able to replicate using in-house resources.

The minimum credit rating criteria the Council use will be a Short-Term rating (Fitch or equivalents) of F1 and a long-term rating of A. In circumstances where ratings from all three agencies are not available, two acceptable ratings will be deemed as sufficient.

Where three ratings are published and all three do not meet our minimum criteria the counterparty will not be used until such a time as all three ratings meet the minimum criteria or the lowest rating is withdrawn.

6.11 The credit ratings will be monitored as follows:

- All credit ratings are reviewed weekly. The Council has access to Fitch, Moody's and Standard and Poor's credit ratings and is alerted to changes through its use of the Link Asset Services creditworthiness service. Ongoing monitoring of ratings also takes place in response to ad-hoc e-mail alerts from Link Asset Services.
- If a counterparty's or deposit scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/deposit scheme as a new deposit will be withdrawn immediately.
- If a counterparty is upgraded so that it fulfils the Council's criteria, its inclusion will be considered for approval by the Strategic Director, Resources and Digital.

6.12 Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and information on government support for banks and the credit ratings of government support.

6.13 The Council has determined the minimum long term and short-term ratings it deems to be "high" for each category of investment. These "high" ratings allow investments of 365 days or less to be classified as **specified investments**. The Council's approved limits for this "high" credit rating for deposit takers is as follows:

High Rated	Fitch	Moody's	Standard & Poor's
Short Term (ability to repay short term debt)	F1	P1	A1
Long Term (ability to repay long term debt)	A	A2	A

6.14 In addition to the above specified investments, the Council has also fully considered the increased risk of **non-specified investments** and has set appropriate limits for non-high rated deposit takers. These are as follows:

Non- High Rated	Fitch	Moody's	Standard & Poor's
Short term	F1	P1	A1
Long term	A-	A3	A-

The selection of counterparties with an acceptable level of creditworthiness will be achieved by selecting institutions down to a minimum durational band within Link Asset Services weekly credit list of worldwide potential counterparties. The maximum maturity periods and amounts to be placed in different types of investment instruments are detailed in Appendix 6.

- 6.15 UK Government nationalised/part nationalised banks will have a maximum limit of 40% or £20m of total investment, all other counterparties will not exceed a maximum limit equal to 20% of total investments or £15m. Unless there are major changes in the level of investment balances throughout the year this limit will be reviewed prior to the commencement of each financial year.
- 6.16 Where more than one counterparty from a group is included on the counterparty list the group in total will be controlled by the above limits with the maximum limit being that of the parent company. Within the group each counterparty/subsidiary will have individual limits based on their creditworthiness although the total placed with the subsidiaries will not exceed the limit of the parent company. Subsidiaries that do not satisfy the minimum credit criteria will not be included.
- 6.17 A number of counterparties are also approved by the Strategic Director, Resources and Digital for direct dealing. These counterparties are included on the approved list and dealing will be within agreed limits. Direct dealing with individual counterparties must be approved by the Strategic Director, Resources and Digital prior to investments being placed.

### **UK Banks - Ring Fencing**

- 6.18 The largest UK banks were required by UK law to separate core retail banking services from their investment and international banking activities by 1 January 2019. This is known as “ring-fencing”.
- 6.19 Ring-fencing is a regulatory initiative created in response to the global financial crisis which improves the resilience of banks by changing their structure. In general, simpler, lower risk activities will be offered by a ring-fenced Bank (RFB), whilst more complex and riskier activities will sit within a non-ring-fenced bank (NRFB).

### **Foreign Banks**

- 6.20 The Council will continue to use UK banks irrespective of the UK sovereign rating, however non-UK banks domiciled in countries with a minimum sovereign rating of AA+ will be considered for inclusion on the approved list, they must also meet the high rated lending criteria and have operations based in the UK. Limits will be prescribed by the Link Asset Services creditworthiness list and limited to 365 days or less. Each country will be limited to the maximum investment limit of £15m or 20% of the Council’s total investments. A list of those countries with a minimum sovereign rating of AA+ is shown in Appendix 7.

## Local Authorities

- 6.21 The Council invests with other Local Authorities on an ad hoc basis; each investment is considered on an individual basis and agreed by the Strategic Director, Resources and Digital, prior to funds being placed. Limits are detailed at Appendix 7.

## Investment balances / Liquidity of investments

- 6.22 Creditworthiness of counterparties is considered prior to depositing funds. The maximum term for investments is 3 years. Longer term deposits will continue where the counterparty is deemed to be a low credit risk to ensure a good rate of return is maintained in the current market conditions. Deposits beyond 365 days will only be considered when there is minimal risk involved. With deposits of this nature there is an increased risk in terms of liquidity and interest rate fluctuations. To mitigate these risks a limit of £15m (20% of total investments whichever is the higher) has been set and a prudential indicator has been calculated (See Appendix 4). Such sums will only be placed with counterparties who have the highest available credit rating or other local authorities.
- 6.23 Deposits for periods longer than 365 days are classed as **non-specified investments** and this will increase the total limit of overall deposits in this classification to 25%.

## Non-Treasury Investments

- 6.24 The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under the Local Government Act 2003. Such investments will have to be funded out of capital or revenue resources and will be classified as '**non-specified investments**'.
- 6.25 A loan or grant by the Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by the Council. It is therefore important for the Council to clearly identify if the loan was capital expenditure or if it is an investment made primarily to generate a financial yield. The latter will be assessed using the Council's Investment Framework.
- 6.26 The Council will ensure that all the organisation's investments are covered in either the Capital Strategy or Investment Strategy, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.
- 6.27 To date the Council have not entered into any non-treasury investments which are purely to generate a commercial return, neither are there any plans to consider entering into non-treasury investments solely or primarily to obtain a revenue return. However, if an opportunity to do so arose the long-term financial impact and the risks inherent to the scheme would be assessed as part of the due diligence process. Where the size of the investment or the risk of the investment required external advice, this will be obtained. Any potential investment entered for a commercial return will require prior Cabinet approval.
- 6.28 The Council does not invest for solely commercial reasons or to generate income to support the revenue budget. Any capital investment entered into to deliver service

objectives and/or the placemaking role of the local authority is monitored and reported in line with the Capital Strategy. Capital investments are assessed in terms of their contribution to deliver the following objectives:

- Health and Housing
- Economy
- Poverty and Equality
- Climate Change
- Transport

Further information can be obtained from the Council's Capital Strategy at the following link: [Capital Strategy 2021/22 to 2025/26](#)

- 6.29 The Council maintains a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure, which is attached at Appendix 8.

### **Internal Investment Strategy**

- 6.30 The Strategic Director, Resources and Digital will monitor the interest rate market and react appropriately to any changing circumstances.
- 6.31 The Council takes the view that bank rate is forecast to remain the same over the next few years. Bank rate forecasts for financial year ends are 2020/21 0.10%, 2021/22 0.10% and 2022/23 0.10%.
- 6.32 The overall balance of risks to economic growth in the UK are probably weighted to the upside. This will be from stronger than currently expected economic recoveries in UK and/or other major developed economies and if The Bank of England is too slow in its pace and strength of increases in Bank Rate, therefore allowing inflationary pressures to build up too strongly within the UK economy, necessitating a later rapid series of increases in Bank Rate faster than we currently expect.
- 6.33 The balance of risks to increases or decreases in Bank Rate and shorter term PWLB rates are also weighted to the upside.

### **Investment Risk Benchmark**

- 6.34 The Council will use an investment benchmark to assess the investment performance of its investment portfolio against the 3-month London Interbank Bid Rate (LIBID) annualised. The Council is also a member of the Link Asset Services investment benchmarking Group who meet semi-annually. As a member, quarterly reports on comparative performance with other members of the group and the wider Link Asset Services client base are received. The benchmarking return for the group is a reasonable target for the Council, which allows the relative risk appetite to be considered as part of the benchmark.

### **End of year investment report**

- 6.35 By the end of September each year Council will receive a report from Cabinet on its investment activity as part of its annual treasury report.

## **Policy on use of external service providers**

- 6.36 The Council currently uses Link Asset Services as its external treasury management advisers.
- 6.37 It is recognised that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.
- 6.38 It is also recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## **Scheme of Delegation**

- 6.39 As required by the Guidance Notes for Local Authorities the Treasury Management Scheme of Delegation is detailed in Appendix 3, paragraph 1.3.

## **Role of the Section 151 Officer**

- 6.40 As required by the Guidance Notes for Local Authorities the role of the Section 151 Officer in relation to treasury management is detailed below:
- Recommending the Code of Practice to be applied, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
  - Submitting regular treasury management policy reports;
  - Submitting budgets and budget variations;
  - Receiving and reviewing management information reports;
  - Reviewing the performance of the treasury management function;
  - Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
  - Ensuring the adequacy of internal audit, and liaising with external audit; and
  - Arranging for the appointment of external service providers;
  - Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management;
  - Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
  - Ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
  - Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
  - Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
  - Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;

- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority; and
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above.

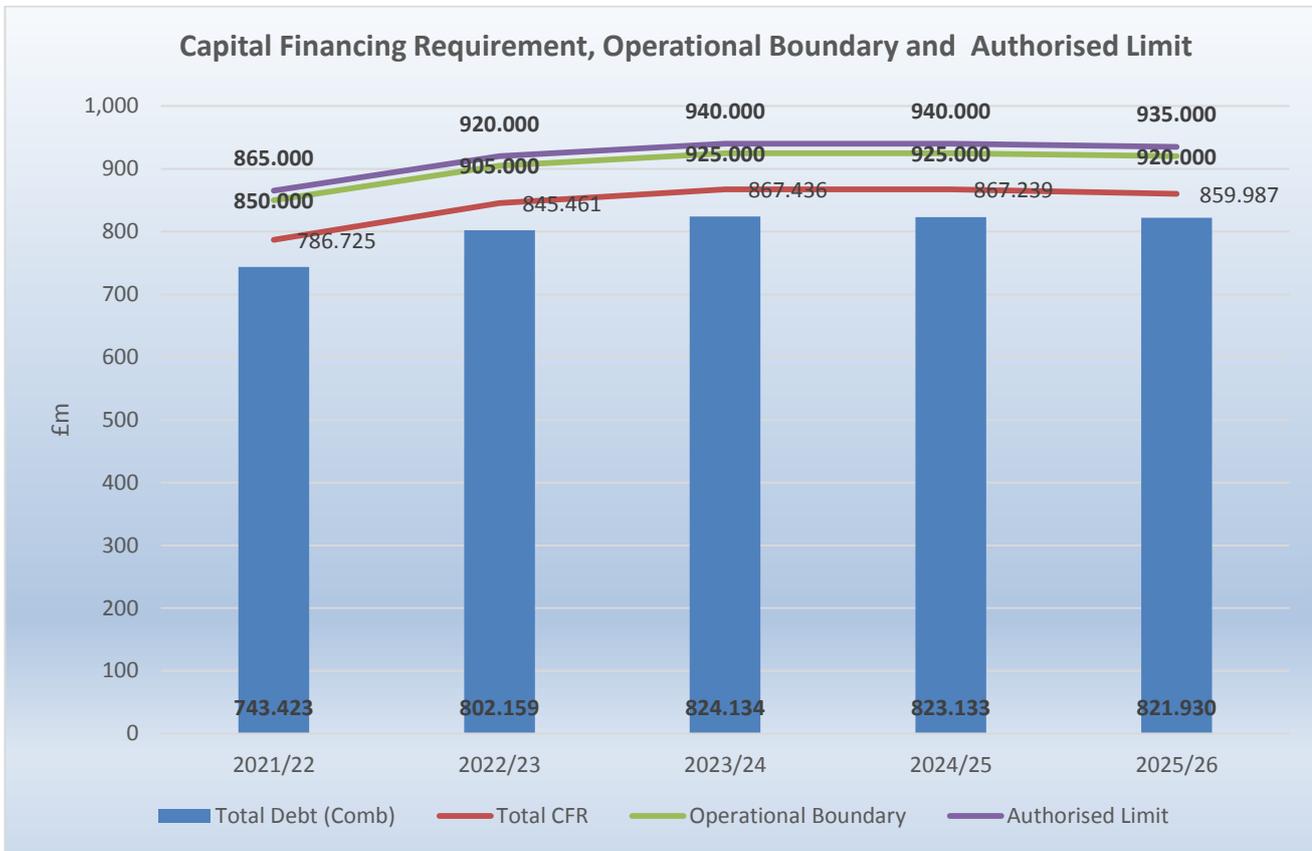
## Prudential Indicators – Treasury Management

<b>Authorised Limit for External Debt</b>					
	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Borrowing	865,000	920,000	940,000	940,000	935,000

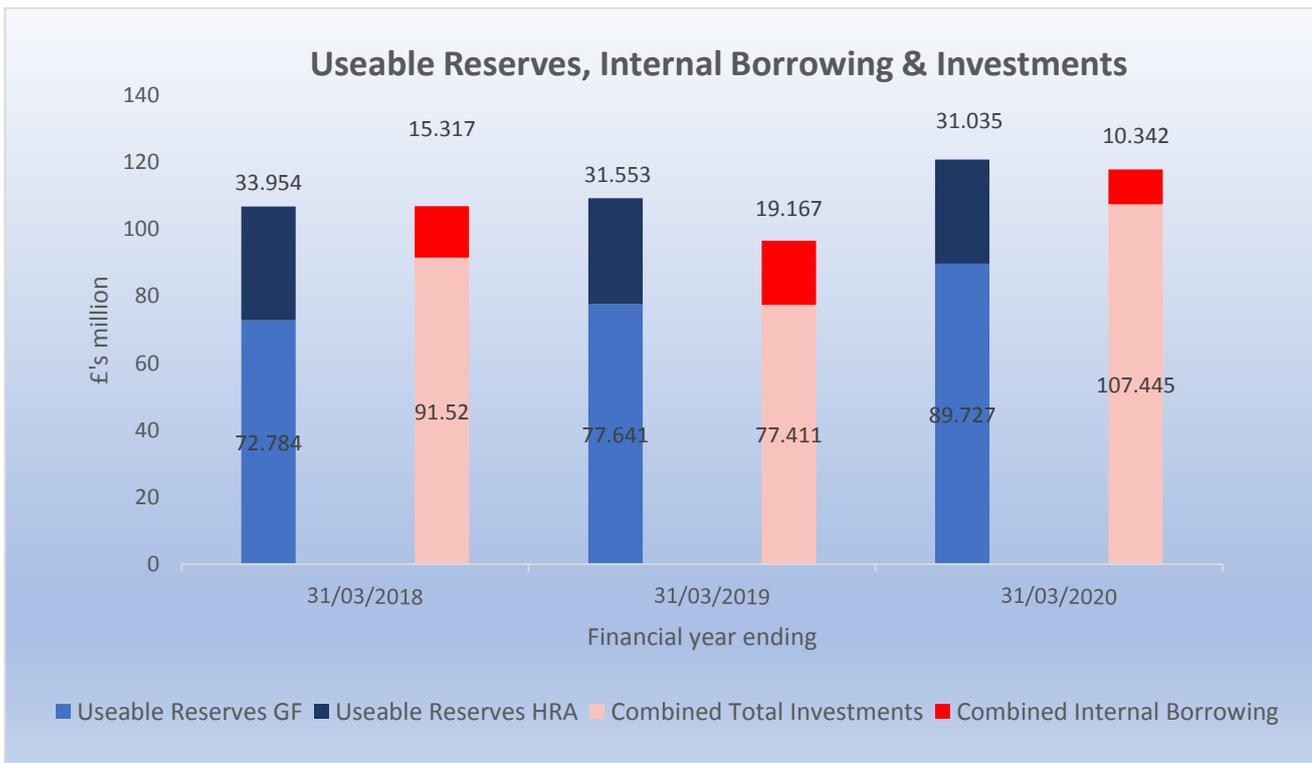
The Authorised Limit for External Debt sets the maximum level of external borrowing that the Council can incur. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the Council's expected maximum borrowing need with headroom for unexpected cashflow. The limit also provides scope for the Council to borrow in advance of need.

<b>Operational Boundary for External Debt</b>					
	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Borrowing	850,000	905,000	925,000	925,000	920,000

The Operational Boundary for External Debt is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an early warning indicator to ensure the authorised limit is not breached. Similar, to the authorised limit it also provides scope for the Council to borrow in advance of need.



Capital Financing Requirement (CFR) shows the Council’s capital borrowing requirement. Any gap between the CFR and the total debt highlights the potential to borrow further if the cashflow and treasury management position dictate.



The internal borrowing position represents the level to which reserves have temporarily been used to support funding of the capital programme.

### Internal Borrowing as a % of Capital Financing Requirement



Internal borrowing as a percentage of the Council’s underlying borrowing requirement reflects the Council’s exposure to interest rate movements and the element of borrowing that is being undertaken at variable rates (i.e. rates equivalent to the lost interest on investment income).

### Estimated Ratio of Financing Costs to Net Revenue Stream



Ratio of financing costs to net revenue stream – financing costs must be met before any services have been delivered. Higher financing costs leaves less available to provide services.

## Treasury Indicators

<b>Upper and Lower Limits for the Maturity Structure of Fixed Rate Borrowings</b>		
	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	20%	0%
12 months and within 24 months	19%	0%
24 months and within 5 years	21%	0%
5 years and within 10 years	27%	0%
10 years and within 20 years	22%	0%
20 years and within 30 years	18%	0%
30 years and within 40 years	44%	0%
40 years and within 50 years	46%	0%
50 years and above	16%	0%

<b>Upper and Lower Limits for the Maturity Structure of Variable Rate Borrowings</b>		
	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and within 20 years	20%	0%
20 years and within 30 years	20%	0%
30 years and within 40 years	20%	0%
40 years and within 50 years	20%	0%
50 years and above	20%	0%

<b>Upper Limit on Amounts Invested Beyond 365 Days</b>					
	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Investments	15,000	15,000	15,000	15,000	15,000

## Specified Investments (All Sterling Denominated)

Investment type	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum Credit Rating	Capital Expenditure	Circumstance of use	Maximum period
<b>Term deposits</b> with the UK Government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to 365 days.	No	Yes	High security although LA's not credit rated. <i>See appendix 3 Creditworthiness Policy</i>	No	In-house	365 days
<b>Term deposits</b> with credit-rated deposit takers (banks and building societies), including callable deposits with maturities up to 365 days.	No	Yes	Secure Varied minimum credit rating <i>See appendix 3 Creditworthiness Policy</i>	No	In-house	365 days

<p><b>Short Term Money Market Funds</b> The majority of these funds are instant access and therefore do not have a maturity date.</p>	No	Yes	Secure Varied minimum credit rating <i>See appendix 3 Creditworthiness Policy</i>	No	In-house	The investment period is subject to liquidity and cash flow requirements. It is assumed that funds are placed overnight and will be returned and reinvested the next working day (although no actual movement of cash may take place).
<p><b>Standard Money Market Funds and Ultra Short Duration Funds</b> <b>3-day notice cash plus fund</b> These funds require three-day notice for withdrawals and therefore do not have a maturity date.</p>	No	Yes	Secure Varied minimum credit rating <i>See appendix 3 Creditworthiness Policy</i>	No	In-house	The investment period is subject to liquidity and cash flow requirements. Notice required is three days, however it is the intention to leave these funds for terms longer than other money market funds to achieve greater returns.

### Non-Specified Investments (All Sterling Denominated)

Investment type	(A) Why use it (B) Associated risks	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum credit rating	Capital Expenditure	Circumstance of use	Max % of overall investments	Maximum maturity of investment
<b>Rated deposit takers (banks and building societies) which do not meet the Council's "high" credit rating</b>  Page 4 of 11	(A) To improve ability to place smaller amounts (B) Greater risk than "high" credit rating counterparties but advance warning by rating agency of potential problems. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	Yes	Secure Varied minimum Credit rating <i>Minimum: Long term A- Short term F1</i>	No	In-house	Total not high rated deposits as a proportion of total investments 25%	6 months (but set on an individual counterparty basis)
<b>Term deposits with UK Government, UK Local Authorities or credit rated banks and building societies, with maturities over 1 year</b>	A) To improve the ability to "lock in" at times of high interest rates to secure a higher return over a longer period should rates be forecast to fall. B) Lower liquidity and greater risk of adverse interest rate fluctuations. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	No	Secure Varied minimum credit rating	No	In-house	Total investment per Counterparty 20%	3 years

<b>Certificate of Deposits issued by banks and building Societies</b>	<p>A) Provides additional counterparties, as many banks do not want to take fixed term cash deposits.</p> <p>B) Credit risk could change but if adverse there is an option to sell onto a secondary market.</p> <p>The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.</p>	No	Yes	Secure Varied minimum Credit rating <i>Minimum:</i> <i>Fitch</i> <i>Long term</i> <i>A-</i> <i>Short term</i> <i>F1</i>	No	In-House	20%	12 months (but set on an individual counterparty basis)
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## Maximum Maturity Periods and Amounts

Organisation	Criteria	Max Amount*	Max Period
High Rated  (Specified Investments – High rated and up to 365 days see Appendix 5)	Minimum Fitch rating of F1 short term and A long term. Moody's minimum rating of P1 short term backed by A2 long term and S&P minimum rating of A1 short term and A long term.	£20m (Gov't Backed, otherwise £15m)	3 years
Foreign Banks	Must meet the minimum high rated criteria above and have a minimum sovereign rating of AA+	£15m country limit	365 Days
Non-High Rated	Minimum Fitch rating of F1 short term and A- long term. Moody's minimum rating of P1 short term backed by A3 long term and S&P minimum rating of A1 short term and A- long term.	£10m	6 months
UK Local Authorities	(i.e. local authorities as defined under Section 23 of the 2003 Act) Each investment is considered on an individual basis	£10m	3 years
Short-Term Money Market Funds (Same day settlement)	AAA mmf fund rating or equivalent with assets >£1bn	£10m	Overnight
Standard Money Market Funds and Ultra-Short Duration Funds (Trade plus 3-day settlement)	AAAf fund rating or equivalent, backed up with lowest volatility rating (S1) or equivalent with assets > £0.75bn	£10m ( excludes any compound interest)	3 days

\* Restricted to a maximum of either 40% if government backed or 20% of total investments if non-government backed counterparty.

## Foreign Banks

This list is based on those countries which have non-UK sovereign ratings of AA+ or higher at 20/01/2021.

### AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

### AA+

- Canada
- Finland
- U.S.A.

## Non-Treasury Management Investments

Investment	Latest Balance	Notes
Long term loans to Keelman Homes	£ 14,527,453.07	Loan Balance at 16/02/2021
SCAPE System Build Ltd	£ 784,000.00	17% Shareholding in SCAPE
Newcastle International Airport	£ 7,811,428.00	13.33% shareholding in Newcastle Airport
Hospital of King James	£ 65,929.18	Loan Balance at 16/02/2021
Loan to Citizens Advice Bureau	£ 512,141.70	Loan Balance at 16/02/2021
Loans to Trading Company	£ 2,637,863.04	Loan Balance at 16/02/2021
Newcastle International Airport Long Term credit notes	£ 9,424,660.89	Loan notes - interest paid bi annual - principal repayment due 2032
Soft Loans	£ 286,614.08	North Music Trust - Soft Loan
Loan to NE Credit Union	£ 100,993.22	Loan Balance at 16/02/2021
Loan to NGI	£ 230,355.11	Loan Balance at 16/02/2021

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**TITLE OF REPORT:** Localism Act 2011 – Pay Accountability  
Pay Policy Statement 2021-22

**REPORT OF:** Mike Barker, Strategic Director, Corporate Services &  
Governance

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### **Purpose of the Report**

1. To agree a revised pay policy statement, for approval by the Council, as set out in Appendix 2 to this report.

### **Background**

2. Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement. The policy must be approved by full Council before 31 March each year, but it may be amended by Council during the course of the year.
3. Whilst there is no set format to which the policy statement must conform, Chapter 8 of the Localism Act is prescriptive in determining the elements that must be included. It also provides for statutory guidance to be issued by the Secretary of State, to which authorities must have regard when preparing their policies.
4. The policy must be published on the Council's website and be applied particularly when the Council sets the terms and conditions for Chief Officers.
5. The Council's Pay Policy reflects the statutory requirements and in its development the guidance issued by the Department for Housing, Communities and Local Government under Section 40 of the Act has been duly considered. It has been reviewed and updated since first agreed by Council on 22 March 2012, with the last amendments approved on 24 March 2020.
6. Low pay continues to be a matter of focus and debate both nationally and regionally. It should be noted that with effect from 1 April 2021, the government has lowered the age at which the maximum National Living Wage rate applies from age 25 and over to age 23 and over. The statutory National Living Wage (NLW) for employees aged 23 and over will be £8.91 per hour with effect from 1 April 2021. The UK Living Wage, as promoted by the Living Wage Foundation, rose to £9.50 per hour outside London with effect from November 2020.
7. The Pay Policy also sets out the Council's approach to applying market supplements to address recruitment and retention issues to ensure they are appropriate to the circumstances and their necessity is evidenced.
8. The 2021 NJC pay agreement is yet to be agreed. At the time of reporting, no response to the national trade unions pay claim has been issued.

## **Proposal**

9. The Pay Policy as proposed in Appendix 2 covers all elements of the legislation set out under main headings that are intended to demonstrate the consistency in the Council's approach to pay across the workforce and to highlight any differences. Those main headings are:
- General principles regarding employee pay
  - Lowest paid employees and chief officers (and including the relationship between median pay and highest pay)
  - Governance arrangements and development of pay structures
  - Payment for additional duties and work outside the Council
  - Termination payments
10. As none of the relevant pay awards have been agreed at the time of publication of this report, the Strategic Director, Corporate Services and Governance, under his delegated powers within Schedule 2, Part 1, Section 2 (14) of the Council's constitution will apply any national agreements and further update the policy as required. This will be following consultation with the Leader of the Council and the Strategic Director, Resources and Digital. If more significant changes to the Pay Policy are proposed as a result of the various pay awards or otherwise, a further report will be brought to Cabinet for consideration.

## **Recommendation**

11. It is recommended that the attached draft policy is agreed by Cabinet and referred to the Council for approval at its meeting on 25 March 2021;

For the following reason:

To comply with the requirements of the Localism Act 2011.

## Policy Context

1. The annual publication of a pay policy statement is a requirement of Chapter 8 of the Localism Act 2011, which aims to bring greater transparency to pay in the public sector.

## Background

2. The Council's approach to pay has been determined by reference to collective bargaining structures, national and local agreements, and job evaluation in the context of its recruitment markets. The Pay Policy Statement 2021-22 incorporates the key principles which underpin these arrangements.

## Consultation

3. The Council's recognised non-teaching trade unions have been consulted on the Pay Policy. The trade unions have made representations about the application and review of recruitment and retention allowances, and the transparency of the job evaluation process for chief officer roles. They are also concerned that work on the pay spine has not progressed as anticipated to address pay progression for those lowest paid employees.

Management is of the view that robust processes have been followed both in relation to recruitment and retention allowances and job evaluation at all levels of the organisation. Furthermore, a working group has been set up to consider options for low pay taking into account the Council's current financial position and issues of affordability.

4. The Leader of the Council has been consulted on the Pay Policy Statement and is supportive of the recommendations.

## Alternative Options

5. The publication of a pay policy statement is a legal obligation under the Localism Act 2011.

## Implications of Recommended Option

6. **Resources:**

- a) **Financial Implications** – the Strategic Director, Resources & Digital confirms that any financial implications arising from the pay policy statement have been considered as part of revenue budget setting 2021/22 and cost implications will be further reviewed as part of the of the Medium-Term Financial Strategy
- b) **Human Resources Implications** – the Council's Pay Policy and practice is designed to recruit, reward, motivate and retain as necessary employees with the skills and attributes required to deliver Council services. It is part of the Council's overall human resources policy framework, through which it aims to be an exemplary employer.

- c) **Property Implications** – there are no property implications arising from the recommendations within this report.
7. **Risk Management Implications** - The changes in the Council's Pay Policy statement as recommended in the report are relatively minor and are not considered to introduce any new risk.
  8. **Equality and Diversity Implications** – Fair pay and reward are fundamental to the Council's approach to employment. The Council's use of equalities-tested job evaluation schemes, Trade Union representation in collective bargaining, and application of consistent pay principles throughout the organisational structure ensure that equality and diversity issues are properly taken into account.
  9. **Crime and Disorder Implications** – There are no crime and disorder implications.
  10. **Health Implications** - There are no health implications.
  11. **Climate Emergency and Sustainability Implications** - There are no climate emergency or sustainability implications.
  12. **Human Rights Implications** - There are no human rights implications.
  13. **Ward Implications** - There are no ward implications.
  14. **Background Information** - Gateshead Council's pay policies from 2013 to 2020/21.

# Pay Policy Statement 2021 - 22

## Links to Other Policies:

Redundancy Policy and Procedure

Retirement Policy

## Effective date:

1 April 2021

## Status:

This policy and procedure does not form part of any employee's contract of employment and the Council may amend it at any time.

## HR and Workforce Development Policy and Guidance in Gateshead Council

Gateshead Council's HR and Workforce Development policies take into account current legislation, rules, regulations and best practice guidance from a range of professional and public bodies, including the following:



UK Legislation



EU Legislation



ACAS



CIPD Best Practice

## **Gateshead Council**

### **Pay Policy Statement 2021/22**

#### **Introduction**

1. This document sets out Gateshead Council's pay policy in relation to the remuneration of its staff in accordance with section 38(1) of the Localism Act 2011. The policy reflects the Council's consideration of the Guidance issued by the former Department for Communities and Local Government under Section 40 of the Act and is subject to review and changes approved by the Council. The policy will be published on the Council's website as soon as reasonably practicable after approval or amendment.
2. The key principles of the Council's pay policy are set out below and are effective from 1 April 2021. The policy includes commentary upon:
  - The general principles that underpin the Council's approach to its pay policy;
  - Definitions of the 'lowest paid employees' and 'chief officers' for the purposes of pay comparison;
  - The relationship between the remuneration of chief officers, average pay, and the remuneration of the lowest paid employees; and
  - The re-employment of former employees who left the Council with enhanced retirement and redundancy benefits.
3. The policy also includes discretion for the Strategic Director, Corporate Services & Governance, in the interpretation and application of nationally agreed terms and conditions of employment to Gateshead Council employees.
4. The arrangements set out within this document do not extend to those members of staff who are employed within schools, which are matters for the schools' discretion.
5. The salaries quoted in the pay policy reflect the current NJC Green Book Pay Award which was implemented with effect from 1 April 2020 as the national pay awards for 2021 have yet to be determined. The Council's current pay scale is shown at Annexe 1.

#### **General principles regarding employee pay**

6. This pay policy provides a basis on which Gateshead Council can compete in labour markets at all levels and for all roles, enabling the Council to attract, retain, and fairly reward people with the knowledge, experience, skills and attributes that are essential to the effective delivery of services to residents, businesses, and other stakeholders in Gateshead.
7. Gateshead Council is mindful of its obligations as an equal opportunities employer, and wants to ensure that people are treated fairly and with respect in all its activities and processes. The Council aims to be an organisation that recruits and retains a diverse and skilful workforce from the local community and beyond, and its

approach to the pay and conditions of its workforce is intended to support this objective.

8. In supporting the aim of ensuring equality and transparency in its pay practices, the Council recognises the role of trade unions and employee representatives in consultation and negotiation within a process of free collective bargaining. It supports the national machinery for negotiation of terms and conditions of employment and applies the agreements reached in the various Joint Councils.
9. The Strategic Director, Corporate Services & Governance, following consultation with the Leader of the Council, the Strategic Director, Resources and Digital, and (if deemed appropriate by him/her) having taken advice from the LGA and/or Employers' Organisation, has the discretion to interpret and apply national agreements if the subject matter is not specifically covered by the pay policy.
10. Gateshead Council's main (NJC) pay and grading structure has been developed by creating grades around the national 'spinal column' of salary points. The grades allocated to particular posts in Gateshead Council are determined by job evaluation (JE) of the posts, with jobs of the same JE size being allocated to the same grade.
11. The Council's graded pay structures include scope for service-based incremental advancement in every case except for the Chief Executive, who is paid a spot salary of £172,635 (pay award pending), and employees at Grades A (SCP 2), B (SCP 3) and C (SCP 4), who are paid a spot salary of £18,198, £18,562 and £18,933 respectively (pay award pending). For all other employees, increments are paid on 1<sup>st</sup> April each year until they reach the top of their grade, subject to the following qualifications:
  - Increments may be accelerated within an employee's grade at the discretion of the authority (exercisable by the Strategic Director, Corporate Services & Governance at the request of the employee's Service or Strategic Director) on the grounds of special merit or ability, subject to the maximum of the grade not being exceeded.
  - An increment may be withheld by a Service Director following an adverse report on an employee. Any withheld increment may be paid subsequently if the employee's services become satisfactory.
  - Employees with less than six months' service in the grade by 1 April are granted their first increment six months after their appointment, promotion or re-grading: except where their salary on the 1 April would be less than one SCP in excess of the salary they would have received on that day had they remained on their previous grade, when they will be entitled to their increment on 1 April.
12. New appointments are subject to the Council's recruitment and selection policies and will generally be made at the bottom spinal column point of all pay bands unless there are special circumstances that objectively justify payment at a higher level within the grade, as determined by the Strategic Director, Corporate Services & Governance.
13. The Council operates a recruitment and retention allowances policy which is shown at annexe 2. This allows an additional supplement to be applied on top of basic salary in order to attract applicants of the right calibre, and to retain employees with necessary skills and experience. A recruitment and retention allowance or market

supplement can only be approved by the Strategic Director, Corporate Services & Governance. All such allowances are subject to review.

14. In the event of any employee securing a higher-graded post via internal promotion/recruitment and there being an overlap of spinal column points between their current post and bottom point of the newly secured position, the Council will generally pay salary on a higher spinal column point.
15. Arrangements exist to protect for a limited period the basic pay of employees who are appointed for various reasons to posts with a lower substantive salary. These arrangements are set out in the Council's policies covering redundancy, re-structuring, redeployment, ill health and disability, and bullying and harassment.
16. There may from time to time be situations where employees are transferred into the Council from other organisations which have different pay and conditions. The employees' terms and conditions on transfer may be subject to protection under TUPE or TUPE-like arrangements, and as such may be outside the Council's main pay structure until such time as it is possible for them to be integrated.
17. Various pay enhancement arrangements are in place to reflect non-standard working patterns at a local operational level or in recompense for taking on additional duties and responsibilities.
18. The Council does not operate performance bonus payment schemes at any level of the organisation.

#### **Minimum Wage, National Living Wage, UK Accredited Living Wage:**

19. The statutory Minimum Wage for employees aged 21 to 22 is £8.36 per hour; the statutory National Living Wage (NLW) for employees aged 23 and over is £8.91 per hour from 1 April 2021.
20. The Council's lowest grade (£9.43 per hour, pay award pending) is £0.07 less than the current UK Accredited Living Wage rate outside of London of £9.50 per hour; however, at the conclusion of the current pay negotiations pay awards will be backdated to 1<sup>st</sup> April 2020 and the lowest grade is again likely to exceed the UK Living Wage

#### **Lowest-paid employees:**

21. 'Lowest paid employees' is defined as those full-time employees in jobs paid at Grade A at spinal column point 2. It excludes apprentices, whose pay remains subject to other regulations or conditions, and has specific treatment under this policy.
22. Spinal column point 2, at £9.43 per hour from 1 April 2020 (pay award pending for 2021), is £0.52 per hour more than the National Living Wage and £0.07 per hour less than the UK Accredited Living Wage (outside London).
  - Annual salary at spinal column point 2 is currently £18,198 (pay award pending).

- The mode (i.e. most frequently used) salary for full-time employees falls within Grade D, the maximum of which is £19,698. The mode salary will be recalculated post pay award.
- The median salary for full-time employees, excluding overtime and any other additional payments, is £21,166. The median salary will be recalculated post pay award.

### **Chief Officers:**

23. 'Chief Officer' is defined in the Localism Act 2011 as:

- the head of the authority's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- the monitoring officer designated under section 5(1) that Act;
- any statutory chief officer mentioned in section 2(6) of that Act;
- any non-statutory chief officer mentioned in section 2(7) of that Act; and
- any deputy chief officer mentioned in section 2(8) of that Act.

Under the above provisions, 'statutory chief officer' includes:

- the person having responsibility, for all statutory purposes (inc. section 151 of the Local Government Act 1972), for the administration of the authority's financial affairs;
- the Director of Children's Services appointed under section 18 of the Children Act 2004;
- the Director of Adult Social Services appointed under section 6(A1) of the Local Authority Social Services Act 1970 (as amended by the Children Act 2004); and
- the Director of Public Health appointed under section 73A(1) of the National Health Service Act 2006.

'non-statutory chief officer' includes:

- a person for whom the head of the authority's paid service is directly responsible;
- a person who in relation to most of their duties is required to report direct or is directly accountable to the head of paid service and any person who similarly is required to report direct or is directly accountable to the authority or its committees.

24. The Council applies the terms and conditions of the Joint Negotiating Committee (JNC) for Chief Officers to all officers included in paragraph 23, above, and has therefore determined that the following roles identified in the Council's Constitution to be 'chief officers' for the purposes of this policy:

- the Chief Executive
- Strategic Directors
- the Director of Public Health and Wellbeing
- the Deputy Strategic Director, Children's Services
- Service Directors

25. The Chief Executive is paid on a fixed salary point of £172,635 p.a. (pay award pending)
26. The current ratio of lowest paid employee to highest paid employee is currently therefore slightly less than 1:10. The ratio will be recalculated post pay award.
27. Strategic Directors are all paid on the same pay band, which is:

Step1	Step 2	Step 3	Step 4	Step 5
£102,590	£107,866	£111,193	£116,916	£122,757

28. All other chief officer posts are paid on one of three pay bands which are:

	Step 1	Step 2	Step 3	Step 4	Step 5
Service Director Band 1	£83,135	£87,410	£91,908	£96,634	£101,603
Service Director Band 2	£68,342	£71,856	£75,553	£79,442	£83,527
Service Director Band 3	£60,126	£63,222	£66,476	£69,893	£73,488

29. Salaries in the pay bands at paragraphs 27 and 28 are subject to any general increase agreed at the JNC for Chief Officers, and in the case of the Chief Executive, the JNC for Chief Executives. The pay award for 2021 for Chief Executives and Chief Officers is yet to be determined.
30. General increases for other employees are mainly determined by the National Joint Council, although different national bargaining arrangements are in place for a small number of occupational groups such as craft trades, youth & community workers and educational psychologists.
31. It is a recommendation of the DCLG<sup>1</sup> that Full Council should be offered the opportunity to vote before a salary of £100,000 or more is offered in respect of a new appointment. In Gateshead, all new appointments to chief officer posts are made in accordance with the pay bands identified within this statement, which includes those in excess of £100,000. Any proposed variation to the application of this policy in this regard will be reported to Full Council. Reporting of any recruitment and retention allowances is outlined in Annexe 2. Of those Chief Officer posts whose salary exceeds £100,000 the following arrangements apply under the Council's Constitution: the appointment of the Chief Executive is approved by Full Council, while Strategic Directors are appointed by the Council's Special Appointments Committee.

<sup>1</sup> Openness and accountability in local pay: Guidance under section 40 of the Localism Act (February 2012)

## **Apprenticeships**

32. Rate for first year of Apprenticeship:

- £5.29 per hour (£10,209 p.a. pay award pending), irrespective of age

From second year of Apprenticeship:

Non-Craft Apprentices:

- Aged 17 £5.29 per hour (£10,209 p.a. pay award pending)
- Aged 18-20 £6.56 per hour (£12,657p.a.)
- Aged 21-22 £8.36 per hour (£16,129 p.a.)
- Aged 23 and over £8.91 per hour (£17,190 p.a.)

Craft Apprentices are paid the rate linked to the respective craft rate as set out in Joint Negotiating Committee for Local Authority Craft & Associated Employees, Red Book.

Schools will be advised that this is the Council's position and they will be asked to apply these rates to school apprentices.

## **Governance Arrangements and Development of Pay Structures**

33. The current pay structure applicable to NJC employees was determined following a comprehensive job evaluation exercise following the provisions and processes of the national JE scheme. Separate pay structures are in place for employees covered by the following agreements:

- JNC for Local Authority Craft and Associated employees
- JNC for Youth and Community Workers
- The Soulbury Committee
- School Teachers Pay and Conditions Document (applies to centrally employed teachers)

34. The current pay and grading structure for posts at the level of Strategic Director and above was agreed by the (then) Contracts Panel on 4 March 2005 following recommendations from an external pay and benefits consultancy. The panel also agreed the pay structure for those posts which, at that time, were designated as Head of Service (now Service Directors). The mid-point for each of the grades was set at the market average for equivalently-sized jobs at that time.

35. The Contracts Committee subsequently replaced the Contracts Panel. It comprises a cross-party group of elected members who oversee pay and conditions issues for all posts which attract Chief Officer pay and conditions. The Chair of the Corporate Resources Overview & Scrutiny Committee has *ex officio* status on the Contracts Committee.

36. In considering pay structures and pay levels for Chief Officers, the Contracts Committee will seek external advice from an independent person or organisation with expertise in senior remuneration and benefits. It will take into account matters including:
- An assessment of the size and market value of a job by reference to an established job evaluation system that allows objective comparison to data bases of similar jobs
  - The affordability of the recommended outcome from the job evaluation and market reference exercise in the short, medium and long term
  - The prevailing markets in which the Council operates, and the risk being unable to recruit or retain senior officers with the ability to manage the Council's affairs to its best advantage
  - The relationship with the remuneration of the wider Council workforce and national negotiating frameworks
  - The Council's senior structure and planned or foreseeable future changes to these
  - The expectations of the community and stakeholders
  - The total remuneration package
37. Since 1 October 2012, all Strategic Directors and Service Directors have been employed on JNC Chief Officer terms and conditions.
38. The top three levels of the Council's organisation structure and their associated pay bands are published on the Council's website in accordance with the requirements of the Local Government Transparency Code 2014. This information will be published annually, in addition to the requirement to publish the annual pay policy by 31 March.

### **Payment for Additional Duties and Work outside the Council**

39. Chief Officers are not eligible for overtime and/or premium rates of pay for unsocial hours that apply to other groups of staff.
40. Contracts Committee will consider requests from the Chief Executive to undertake secondary employment or outside duties, whether remunerated or otherwise, to ensure there is no conflict of interest. In accordance with the Council's Code of Conduct for Employees, requests from Strategic Directors are determined by the Chief Executive. For all other employees, requests to take up remunerated appointments are determined by the Strategic Director, Corporate Services & Governance; unpaid appointments are determined by the relevant Strategic Director.
41. Employees may be eligible to receive payments for additional duties and responsibilities beyond their normal role with the Council subject to the approval of the Strategic Director, Corporate Services & Governance. These payments may include honoraria, additional duties payments, acting duty pay or the use of accelerated increments. Payments may also be authorised for electoral Returning Officers or specific responsibilities where the Council is the Lead Authority and for which services are re-charged by the Council. The Contracts Committee may approve the level and payment of such allowances to Chief Officers where they are not prescribed elsewhere.

## **Termination Payments**

42. The Council operates a discretionary selective redundancy scheme which provides enhanced redundancy payments and a retirement policy that operates in accordance with the provisions of the Employment Rights Act 1996 and the Local Government Pension Scheme. The redundancy scheme implemented in January 2012 was reviewed in November 2012, and a further revised (reduced) Redundancy Payments Scheme was implemented with effect from 1 September 2013; in accordance with good HR practice, the scheme was reviewed in 2018/19 although no substantive changes were made to it.
43. Applications for voluntary redundancy from areas of the Council not 'at risk' of redundancy will only be approved where to do so would clearly support business planning and service delivery in the long-term, and wider strategic objectives as set out in the Council's Thrive Agenda. In order to reach a decision on whether or not to support an application, consideration will be given to the viability of a bumped redundancy where appropriate.
44. Whilst there is nothing to prevent employees who have received voluntary redundancy and/or early retirement pension payments from working for another organisation or for themselves, the Council's general practice is to not re-employ them. The clear intention is that individuals should not benefit from further employment with the Council when they have already been compensated for loss of their job and may be in receipt of enhanced redundancy payments or pensions in accordance with this pay policy statement and other associated policies. A similar principle applies to re-employment of employees who have previously taken early retirement with enhancements.
45. There should therefore be a minimum of 12 months' break before consideration is given to their return to employment within the Council in the circumstances outlined above. There may, however, be occasions when labour, skills or knowledge are required, and particularly in the case of employees who were made redundant, individuals will not be barred from applying for roles such as casual workers (NOMOs) if there is no direct link with their former job and is outside of the service they were previously employed in.

## **Publication and Access to Information**

46. The Council's annual pay policy and any in-year revisions will be published in full on the Council's website. The Local Government Transparency Code 2014 also requires publication of certain organisational issues, and these overlap the pay policy in a number of respects; these will also be accessible on the Council's website.

## Pay Spine from 1 April 2020 (pay award pending)

Grade		SCP	Salary	Hourly Rate
			£	£
Apprentice	1 <sup>st</sup> 12 Mths	App1	10,209	5.29
Apprentice	Age 18-20	App2	12,444	6.45
Apprentice	Age 21-24	App3	15,820	8.20
Apprentice	Age 25+	App4	16,823	8.72
	A	2	18,198	9.43
B		3	18,562	9.62
	C	4	18,933	9.81
D		5	19,312	10.01
D		6	19,698	10.21
		7	20,092	10.41
	E	8	20,493	10.62
	E	9	20,903	10.83
	E	10	21,322	11.05
	E	11	21,748	11.27
		12	22,183	11.50
		13	22,627	11.73
F		14	23,080	11.96
F		15	23,541	12.20
		16	24,012	12.45
F		17	24,491	12.69
		18	24,982	12.95
F	G	19	25,481	13.21
	G	20	25,991	13.47
		21	26,511	13.74
	G	22	27,041	14.02
	G	23	27,741	14.38
		24	28,672	14.86
H		25	29,577	15.33
H		26	30,451	15.78
H		27	31,346	16.25
H	I	28	32,234	16.71
	I	29	32,910	17.06
	I	30	33,782	17.51
J	I	31	34,728	18.00
J		32	35,745	18.53
J		33	36,922	19.14
J	K	34	37,890	19.64
	K	35	38,890	20.16
	K	36	39,880	20.67
L	K	37	40,876	21.19
L		38	41,881	21.71
L		39	42,821	22.20
L	M	40	43,857	22.73
	M	41	44,863	23.25
	M	42	45,859	23.77
N	M	43	46,845	24.28
N		44	47,870	24.81
N		45	48,900	25.35
N		46	49,925	25.88

## **Recruitment and Retention Allowance Policy**

### **Statement of Purpose**

#### **1. The Aim**

In order to deliver high quality services consistently, Gateshead Council has to attract and retain high quality people. In some circumstances, such as market forces in the job market, may occasionally require the Council to consider exceptional payments in addition to the “rate for the job” which our internal pay structures would normally indicate. This policy outlines how the Council will assess whether a recruitment and retention allowance needs to be paid to attract and retain the right person for the job.

#### **2. Definition of recruitment and retention allowance/market supplement**

A recruitment and retention allowance is a separately identifiable sum paid in addition to the salary for a post in recognition that current levels of pay within the wider employment market are greater than the salary determined by internal pay structures which has resulted in recruitment and/or retention difficulties.

#### **3. Who is covered by this policy**

The policy applies to all employees of the Council, (excluding employees directly employed by schools), who hold posts which have been identified by management and Human Resources as having recruitment and retention difficulties, for example due to skills shortages and/or in comparison with current levels of pay within the wider employment market.

#### **4. Additional Information**

##### **4.1 Other Council policies and procedures, which are relevant to this policy:**

- Equal Opportunities Policy

## **5. Objective justification for payment of a recruitment and retention allowance**

Where a manager considers there is a case for payment of a recruitment and retention allowance in order to either recruit or retain employees, it will be necessary to submit a portfolio of supporting evidence to their Strategic Director.

A portfolio of evidence should include the following:

### **5.1 In cases for recruitment**

- For all posts below Service Director level, details of previous efforts made to fill the post. This may include advertising in different publications, changing the wording of the advert, redesigning the job etc. At least two previous attempts must have been made to recruit to the post.
- Number and quality of applicants.
- Cost of recruitment where applicable.
- Details of any offers of employment made and reasons why they were rejected.

In the case of Strategic Director and Service Director posts, the decision to award a recruitment and retention allowance will be determined by reference to prevailing market rates, alongside the above evidence where available.

### **5.2 In cases for retention**

- Consideration of other issues that may not relate to pay, for example redesigning the job, job rotation and career development. This may be appropriate in cases where an employee is considering leaving the Council, for a more “challenging or interesting” role, or a role which would provide better promotional opportunities. Payment of a recruitment and retention allowance in these circumstances would not necessarily encourage the employee to remain with the Council. As an alternative, the service may look at ways of making their job more interesting, such as giving them specific responsibility for a project, which would develop skills in different areas. The service may also look at opportunities for secondment or a transfer to another section or job role.
- Analysis of exit interview data.

### **5.3 In all cases**

- A copy of the job profile and structure chart
- Copies of at least five job adverts from a variety of publications over the last six months including copies of job profiles/job descriptions and person specifications.

It should be noted that production of several higher paying job adverts which may not be representative of the whole market will not warrant the approval of a supplement.

The portfolio of supporting evidence should be submitted to the relevant Strategic Director who will assess the evidence to ensure there is objective justification to pay a recruitment and retention allowance. Should the Strategic Director not support the

payment of a recruitment and retention allowance, that decision is final. Where there is justification to pay, the Strategic Director will indicate the monetary value of the recruitment and retention allowance requested and forward the portfolio and their comments to Human Resources.

## **6. Procedure for approval of a request to pay a recruitment and retention allowance**

Human Resources will quality check the information presented and seek any further clarification from the service concerned. It is the responsibility of the service to ensure that sufficient evidence is provided in each case to warrant the consideration of a payment.

Human Resources will review the request and:

- a) undertake further research using comparative salary benchmark data (such as IDS and Local Government Employers), published pay and trend data in journals for example IRS reviews, labour force surveys, and earnings surveys to establish whether the external employment market is paying substantially more for comparable jobs (i.e. the salary for that particular job is at least 10% less than the market median); and
- b) consider whether this causes significant recruitment and retention difficulties which are detrimental to operational activities; and ensure that payment of a recruitment and retention allowance is objectively justifiable and proportionate, and will not contravene equal pay legislation and the Council's Equal Opportunities Policy; and,
- c) check that the relevant service Finance Business Partner has confirmed that there is sufficient funding available to pay the recruitment and retention allowance.

Where Human Resources support the request, the portfolio of evidence will be referred to the Strategic Director, Corporate Services & Governance who will make a final decision as to whether an allowance can be authorised. Any decision to award a recruitment and retention allowance must be clearly evidenced to ensure that the policy is applied fairly, consistently and is free from any bias.

In the case of Strategic Director and Service Director posts, any proposal to award a new recruitment and retention allowance to retain an employee will be referred to Contracts Committee for a decision. The Strategic Director, Corporate Services and Governance will make a decision as to whether an allowance is offered as part of a recruitment process.

## **7. Value of recruitment and retention allowance**

If the request to pay a recruitment and retention allowance is approved, Human Resources would determine the actual monetary value of the allowance using salary benchmark information and also the portfolio of evidence submitted by the service.

The recruitment and retention allowance will normally be paid at the equivalent of either the mean market salary or 15% of basic pay, whichever is lower.

## **8. Review of recruitment and retention allowance**

To ensure that the payment of an allowance continues to be justified and proportionate, it is necessary to review the position regularly against the criteria that was applied to the initial assessment. It is essential that the rationale and supporting evidence for payment of a recruitment and retention allowance remains current and a review is documented.

For this reason, the Strategic Director, Corporate Services & Governance will only approve payment of a recruitment and retention allowance for an initial period of up to two years subject to review. In exceptional circumstances this may be extended to up to five years in recruitment cases. Human Resources will assess the need to continue the payment using comparative benchmarking data. The decision to continue the payment rests with the Strategic Director, Corporate Services & Governance.

## **9. Conditions applicable to recruitment and retention allowance**

- The payment will be expressly identified as a separate pay element and will be subject to the usual deductions for tax, national insurance and pension contributions.
- Employees working part time will receive any payment on a *pro rata* basis depending on their contracted hours.
- If a post holder in receipt of a recruitment and retention allowance moves to an alternative post within the Council, which does not attract a recruitment and retention allowance, the allowance shall cease from the date on which the post holder leaves the post which attracts the recruitment and retention allowance.
- A recruitment and retention allowance paid as a percentage of salary will be adjusted in line with annual pay increases.
- A recruitment and retention allowance will cease with immediate effect if (a) a recipient is subject to formal capability procedures i.e. formal capability action has been taken and the employee is subject to a capability improvement note or final capability improvement note and (b) where the employee is absent due to long term sickness (absent for 4 weeks or more), except where the employee's absence is directly related to a disability. The recruitment and retention allowance will be reinstated once the employee returns from long term sickness or is no longer subject to formal action under the capability procedure.

## **10. Record keeping**

HR Advice will maintain a central record of any recruitment and retention allowances awarded and all supporting evidence.

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**TITLE OF REPORT:**           **Calendar of Meetings 2021/22**

**REPORT OF:**               **Mike Barker, Strategic Director, Corporate Services and Governance**

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### **Purpose of the Report**

1. This report sets out the proposed calendar of meetings for 2021/22.

### **Background**

2. Every year a calendar of meetings is drawn up for the Council's main decision making bodies and overview and scrutiny committees for the following municipal year. The calendar of meetings assists in the effective planning of the consideration of Council business and with the preparation of the Cabinet's schedule of decisions.
3. A draft calendar of meetings has been prepared for 2021/22 and this is attached at Appendix 2.

### **Proposal**

4. It is proposed that the Cabinet agree the calendar of meetings 2021/22 (attached at appendix 2) and that it be forwarded to Council for approval.
5. As it is anticipated that the pandemic will continue to have an impact on Council services, it is proposed that the programme of meetings should be kept under review and a flexible approach adopted to ensure there is sufficient capacity to manage the programme of meetings. Any proposed changes to the calendar of meetings will be agreed with the appropriate Chairs.

### **Recommendations**

6. The Cabinet is requested to recommend Council to:
  - (i) approve the calendar of meetings 2021/22;
  - (ii) agree that, as far as possible, meetings should not be held during school holidays; and
  - (iii) authorise the Strategic Director, Corporate Services and Governance, following consultation with the appropriate Chairs, to make any necessary amendments to the calendar of meetings.

For the following reason:

To assist in the preparation of the Cabinet's schedule of decisions and to allow councillors and officers to plan commitments in their diaries.

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**CONTACT:** Mike Aynsley      extension 2128

**Policy Context**

1. Preparing a calendar of meetings for the municipal year enables effective planning of Council business and preparation of the Cabinet's schedule of decisions; and supports delivery of the Thrive Agenda.

**Background**

2. The calendar of meetings has been prepared on the following basis:
  - As far as possible, meetings will not be held during school holidays.
  - Eight Council meetings, including the annual meeting and special meeting to consider the budget.
  - Meetings of the Cabinet to take place once a month with breaks during school holiday periods. Additional meetings of the Cabinet to be arranged, if required.
  - Meetings of the Planning and Development Committee to be held every three weeks. There will be longer gaps over the summer and Christmas holiday periods.
  - Meetings of the Regulatory Committee to be held on a monthly basis.
  - Two meetings of the Licensing Committee per annum. These will be held immediately after meetings of the Regulatory Committee. Meetings of the Licensing Sub Committee will be arranged on an ad hoc basis.
  - Three meetings of the Rights of Way Committee per annum.
  - Six meetings of the Audit and Standards Committee per annum.
  - One meeting of the Accounts Committee per annum.
  - Overview and Scrutiny Committees to be held every six weeks. Meetings of the Corporate Parenting Sub-Committee to be held quarterly.
  - Meetings of the Personnel Appeals Committee to be held on a monthly basis with breaks during school holiday periods. The Pensions and Pay Discretions Sub Committee will meet on a quarterly basis.
  - Health and Wellbeing Board to be held every six weeks.
3. The Councillor Support and Development Group has previously agreed that there should be a guiding principle that most of the Council's committees and OSCs should have at least one evening meeting per year starting at 5.30pm and those meetings should have a suggested maximum duration of no more than two hours.
4. Planning and Development Committee will continue to have some 6.00pm starts and the Rights of Way Committee will meet at 4.30pm.

5. Seminars and meetings of the Corporate Advisory Group will be held at either 2.00pm or 5.30pm.
6. If Chairs wish to change the date of the meetings starting at the later time to another date then this will be accommodated where possible.
7. The Council has previously agreed that meetings should not be held in school holidays, as far as possible. There are exceptions to this principle, such as Planning and Development, Regulatory, Audit and Standards and Accounts Committees. It is proposed that this principle should continue to be adopted, except for urgent meetings. The Corporate Parenting OSC will hold two meetings after school hours at 4.30pm to allow children the opportunity to attend its meetings.
8. As it is anticipated that the pandemic will continue to have an impact on Council services, it is proposed that the programme of meetings should be kept under review and a flexible approach adopted to ensure there is sufficient capacity to manage the programme of meetings. It is proposed that the Strategic Director, Corporate Services and Governance should be authorised, following consultation with the appropriate Chairs, to make any necessary amendments to the calendar of meetings.

### **Consultation**

9. The Leader of the Council has been consulted on the calendar of meetings.

### **Alternative Options**

10. No other options have been considered.

### **Implications of Recommended Option**

#### **11. Resources**

- a) **Financial Implications** - The Strategic Director, Resources and Digital confirms that there are no financial implications arising from this report.
- b) **Human Resources Implications** – There are no human resources implications arising from this report.
- c) **Property Implications** – There are no property implications arising from this report.

**12. Risk Management Implication** - There are no risk management implications arising from the recommended option.

**13. Equality and Diversity Implications** - There are no equality and diversity implications arising from the recommended option.

**14. Crime and Disorder Implications** - There are no crime and disorder implications arising from the recommended option.

**15. Health Implications** – There are no health implications arising from the recommended option.

**16. Climate Emergency and Sustainability Implications** - There are no climate emergency or sustainability implications arising from the recommended option.

**17. Human Rights Implications** - There are no human rights implications arising from the recommended option.

**18. Ward Implications** - There are no ward implications arising from the recommended option.

**19. Background Information** - The calendar of meetings approved for the current municipal year.

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## Calendar of Meetings 2021/22

## MAY 2021

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON	3	BANK HOLIDAY		10			17			24	LABOUR GROUP LIB DEM GROUP	6.00 6.00	31	BANK HOLIDAY	
TUE	4			11			18			25	CABINET	10.00			
WED	5			12	ANNUAL LABOUR GROUP ANNUAL LIB DEM GROUP	6.00 6.00	19	PLANNING AND DEVELOPMENT COMMITTEE LIB DEM GP	10.00 6.00	26					
THU	6	LOCAL ELECTIONS		13	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00	20			27	COUNCIL	2.30			
FRI	7			14			21	ANNUAL COUNCIL	2.30	28					

**JUNE 2021**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				7			14	CORPORATE RESOURCES OSC COUNCILLOR SUPPORT AND DEVELOPMENT GROUP	10.00 2.00	21	AUDIT AND STANDARDS COMMITTEE HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC LABOUR GROUP	10.00 1.30 6.00	28		
TUE	1			8	REGULATORY COMMITTEE	1.30	15			22	CABINET CARE, HEALTH AND WELLBEING OSC	10.00 1.30	29	SEMINAR	5.30
WED	2			9	SEMINAR PLANNING AND DEVELOPMENT COMMITTEE	2.00 6.00	16	CORPORATE ADVISORY GROUP	2.00	23			30	PLANNING AND DEVELOPMENT COMMITTEE	10.00
THU	3	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00	10	PERSONNEL APPEALS COMMITTEE	10.00	17	FAMILIES OSC	1.30	24	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT PENSIONS AND PAY SUB COMMITTEE	10.00 10.00			
FRI	4			11	HEALTH AND WELLBEING BOARD	9.00	18			25					

**JULY 2021**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				5			12			19	RIGHTS OF WAY COMMITTEE LABOUR GROUP LIB DEM GROUP	4.30 6.00 6.00	26	AUDIT AND STANDARDS COMMITTEE	10.00
TUE				6			13	REGULATORY COMMITTEE	5.30	20	CABINET	10.00	27		
WED				7	SEMINAR LIB DEM GROUP	2.00 6.00	14	CORPORATE ADVISORY GROUP LIB DEM GP	2.00 6.00	21	PLANNING AND DEVELOPMENT COMMITTEE	10.00	28		
THU	1	CORPORATE PARENTING OSC	1.30	8	PERSONNEL APPEALS COMMITTEE	1.30	15	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00	22	COUNCIL	2.30	29		
FRI	2			9			16	HEALTH AND WELLBEING BOARD	9.00	23			30	ACCOUNTS COMMITTEE	10.00

## AUGUST 2021

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON	2			9			16			23			30	<b>BANK HOLIDAY</b>	
TUE	3			10	REGULATORY COMMITTEE	1.30	17			24			31		
WED	4			11			18	PLANNING AND DEVELOPMENT COMMITTEE	10.00	25					
THU	5			12	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00	19			26					
FRI	6			13			20			27					

**SEPTEMBER 2021**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				6	CORPORATE RESOURCES OSC	10.00	13	HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC LABOUR GROUP LIB DEM GROUP	1.30 6.00 6.00	20			27		
TUE				7	CARE, HEALTH AND WELLBEING OSC	5.30	14	CABINET REGULATORY COMMITTEE FOLLOWED BY LICENSING COMMITTEE	10.00 1.30	21			28	CORPORATE ADVISORY GROUP	5.30
WED	1			8	PLANNING AND DEVELOPMENT COMMITTEE LIB DEM GROUP	10.00 6.00	15	PERSONNEL APPEALS COMMITTEE SEMINAR	10.00 2.00	22	SEMINAR	5.30	29	PLANNING AND DEVELOPMENT COMMITTEE	6.00
THU	2	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00	9	FAMILIES OSC	1.30	16	COUNCIL	2.30	23	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT CORPORATE PARENTING OSC	10.00 4.30	30		
FRI	3			10	HEALTH AND WELLBEING BOARD	9.00	17			24					

**OCTOBER 2021**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				4	COUNCILLOR SUPPORT AND DEVELOPMENT GROUP	2.00	11	CORPORATE RESOURCES OSC	10.00	18	AUDIT AND STANDARDS COMMITTEE  HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC  LABOUR GROUP	10.00  1.30  6.00	25		
TUE				5	CORPORATE ADVISORY GROUP	2.00	12	REGULATORY COMMITTEE	1.30	19	CABINET  CARE, HEALTH AND WELLBEING OSC	10.00  1.30	26		
WED				6			13	SEMINAR	2.00	20	PLANNING AND DEVELOPMENT COMMITTEE  CORPORATE ADVISORY GROUP	10.00  5.30	27		
THU				7	PERSONNEL APPEALS COMMITTEE	1.30	14	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT  PENSIONS AND PAY SUB COMMITTEE	10.00  1.30	21	FAMILIES OSC	5.30	28		
FRI	1			8			15			22	HEALTH AND WELLBEING BOARD	9.00	29		

### NOVEMBER 2021

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME		
MON	1			8			15	RIGHTS OF WAY COMMITTEE	4.30				22		29	CORPORATE RESOURCES OSC	10.00
								LABOUR GROUP	6.00								
								LIB DEM GROUP	6.00								
TUE	2			9			16	CABINET	10.00				23	CORPORATE ADVISORY GROUP	5.30	30	
								REGULATORY COMMITTEE	1.30								
WED	3	SEMINAR	5.30	10	PLANNING AND DEVELOPMENT COMMITTEE	10.00							24	SEMINAR	2.00		
					CORPORATE ADVISORY GROUP	2.00	17										
					LIB DEM GROUP	6.00											
THU	4	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00														
		PERSONNEL APPEALS COMMITTEE	1.30	11			18	COUNCIL	2.30				25	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT			
FRI	5			12			19						26				

## DECEMBER 2021

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				6	HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC	1.30	13	LABOUR GROUP	6.00	20			27	<b>BANK HOLIDAY</b>	
TUE				7	CARE, HEALTH AND WELLBEING OSC	1.30	14	CABINET REGULATORY COMMITTEE	10.00 1.30	21			28	<b>BANK HOLIDAY</b>	
WED	1	PLANNING AND DEVELOPMENT COMMITTEE  CORPORATE ADVISORY GROUP	10.00  2.30	8			15	SEMINAR	2.00	22	PLANNING AND DEVELOPMENT COMMITTEE	10.00	29		
THU	2	FAMILIES OSC	1.30	9	PERSONNEL APPEALS COMMITTEE	1.30	16	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT	10.00	23			30		
FRI	3			10	HEALTH AND WELLBEING BOARD	9.00	17			24			31		

## JANUARY 2022

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON	3	<b>BANK HOLIDAY</b>		10			17	COUNCILLOR SUPPORT AND DEVELOPMENT GROUP	2.00	24	CORPORATE RESOURCES OSC  LABOUR GROUP  LIB DEM GROUP	10.00  6.00 6.00	31	AUDIT AND STANDARDS COMMITTEE  HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC	10.00  5.30
TUE	4			11			18			25	CABINET  REGULATORY COMMITTEE	10.00  1.30			
WED	5			12	SEMINAR	10.00  2.00	19	PLANNING AND DEVELOPMENT COMMITTEE  CORPORATE ADVISORY GROUP  LIB DEM GROUP	10.00  2.00 6.00	26	SEMINAR	5.30			
THU	6	PENSIONS AND PAY SUB COMMITTEE	1.30	13	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT  PERSONNEL APPEALS COMMITTEE	10.00  1.30	20	CORPORATE PARENTING OSC	1.30	27	COUNCIL	2.30			
FRI	7			14			21			28	HEALTH AND WELLBEING BOARD	9.00			

**FEBRUARY 2022**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				7	LABOUR GROUP	6.00	14	LABOUR GROUP	6.00 6.00	21	LABOUR GROUP LIB DEM GROUP	6.00 6.00	28		
TUE	1	CARE, HEALTH AND WELLBEING OSC	1.30	8	CORPORATE ADVISORY GROUP	2.00	15	REGULATORY COMMITTEE	1.30	22	CABINET	10.00			
WED	2	CORPORATE ADVISORY GROUP	2.00	9	SEMINAR PLANNING AND DEVELOPMENT COMMITTEE	2.00 6.00	16	LIB DEM GROUP	6.00	23					
THU	3	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT FAMILIES OSC	10.00 1.30	10	PERSONNEL APPEALS COMMITTEE	1.30	17			24	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT COUNCIL	10.00 2.30			
FRI	4			11			18			25					

**MARCH 2022**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				7	AUDIT AND STANDARDS COMMITTEE CORPORATE RESOURCES OSC	10.00 5.30	14	HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC	1.30	21	RIGHTS OF WAY COMMITTEE LABOUR GROUP LIB DEM GROUP	4.30 6.00 6.00	28	COUNCILLOR SUPPORT AND DEVELOPMENT GROUP	2.00
TUE	1			8	CARE, HEALTH AND WELLBEING OSC	1.30	15			22	CABINET REGULATORY COMMITTEE	10.00 1.30	29		
WED	2	PLANNING AND DEVELOPMENT COMMITTEE	10.00	9	SEMINAR	5.30	16	LIB DEM GROUP	6.00	23	PLANNING AND DEVELOPMENT COMMITTEE CORPORATE ADVISORY GROUP	10.00 5.30	30	SEMINAR	2.30
THU	3			10	FAMILIES OSC	1.30	17	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT PERSONNEL APPEALS COMMITTEE	10.00 1.30	24	COUNCIL	2.30	31	PERSONNEL APPEALS COMMITTEE	1.30
FRI	4	HEALTH AND WELLBEING BOARD	9.00	11			18			25					

**APRIL 2022**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON				4	CORPORATE RESOURCES OSC	10.00	11			18	<b>BANK HOLIDAY</b>		25	AUDIT AND STANDARDS COMMITTEE HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OSC LABOUR GROUP	10.00 1.30 6.00
TUE				5	CARE, HEALTH AND WELLBEING OSC	1.30	12			19			26	CABINET REGULATORY COMMITTEE FOLLOWED BY LICENSING COMMITTEE	10.00 1.30
WED				6			13	PLANNING AND DEVELOPMENT COMMITTEE	6.00	20			27	CORPORATE ADVISORY GROUP	5.30
THU				7	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT CORPORATE PARENTING OSC	10.00 4.30	14			21		10.00	28	PLANNING AND DEVELOPMENT COMMITTEE – SITE VISIT PENSIONS AND PAY SUB COMMITTEE FAMILIES OSC	10.00 10.00 1.30
FRI	1			8			15	<b>BANK HOLIDAY</b>		22			29	HEALTH AND WELLBEING BOARD	9.00

**MAY 2022**

DAY	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME	DATE		TIME
MON	2	<b>BANK HOLIDAY</b>		9			16			23	LABOUR GROUP LIB DEM GROUP	6.00 6.00	30	<b>BANK HOLIDAY</b>	
TUE	3			10			17			24	CABINET	10.00	31		
WED	4	PLANNING AND DEVELOPMENT COMMITTEE	10.00	11	LABOUR GROUP LIB DEM GROUP	6.00 6.00	18	LIB DEM GROUP	6.00	25					
THU	5	<b>LOCAL ELECTIONS</b>		12			19			26	COUNCIL	2.30			
FRI	6			13			20	ANNUAL COUNCIL MEETING	2.30	27					

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**REPORT TO CABINET**

23r

**TITLE OF REPORT:** Response to Consultation - National Planning Policy Framework and National Model Design Code

**REPORT OF:** Sheena Ramsey, Chief Executive

**Purpose of the Report**

1. To endorse the responses to the Ministry of Housing, Communities and Local Government (MHCLG) in respect of the National Planning Policy Framework and National Model Design Code consultation proposals, issued on 30<sup>th</sup> January 2021 with a deadline for responses of 27<sup>th</sup> March 2021.

**Background**

2. The background to the consultation and proposed response is set out in Appendices 1 and 2.

**Proposal**

3. To endorse the response set out in Appendix 2.

**Recommendation**

4. It is recommended that Cabinet endorses the consultation response set out in Appendix 2.

For the following reason:

To enable the Council to contribute a response to the consultation.

**CONTACT: Chris Carr extension: 3415**

## Policy context

1. The government is proposing to make a number of changes to the National Planning Policy Framework which relate to policy on the quality of design of new development, and which respond to the recommendations of the Building Better, Building Beautiful Commission. A number of environment-related changes, including amendments on flood risk and climate change, are also proposed. The amendments also include a small number of very minor changes arising from legal cases, primarily to clarify the policy. A few minor factual changes have also been made to remove out-of-date text (for example, the early thresholds for the Housing Delivery Test), to reflect a recent change made by Written Ministerial Statement about retaining and explaining statues, and an update on the use of Article 4 directions. The following is a link to the consultation proposals:

[National Planning Policy Framework and National Model Design Code: consultation proposals](#)

2. This is not a wholesale revision of the National Planning Policy Framework, nor does it reflect proposals for wider planning reform set out in the Planning for the Future consultation document. A fuller review of the Framework is likely to be required in due course to reflect those wider reforms, subject to decisions on how they are to be taken forward. A number of chapters remain unaltered, other than consequential changes to page, paragraph and footnote numbers (these are 1, 6, 7 and 10).
3. The government convened the **Building Better, Building Beautiful Commission** with the aim of championing beauty in the built environment, as an integral part of the drive to build the homes that our communities need.
4. The government asked the Commission to develop a range of practical measures that will help ensure new housing developments meet the needs and expectations of communities, making them more likely to be welcomed, rather than resisted. The Commission had three primary aims:
  - to promote better design and style of homes, villages, towns and high streets, to reflect what communities want, building on the knowledge and tradition of what they know works for their area
  - to explore how new settlements can be developed with greater community consent
  - to make the planning system work in support of better design and style, not against it
5. The Commission's report proposed three overall aims. These were: ask for beauty, refuse ugliness and promote stewardship, and made 45 detailed policy propositions. The Government have accepted the Commission's recommendation for a stronger focus on beauty in national planning policy, to ensure the system helps to foster more attractive buildings and places, while also helping to prevent ugliness.

6. The proposed changes reflect the Government's commitment to making beauty and place making a strategic theme in the National Planning Policy Framework. They state that poor quality schemes should be refused and, where appropriate, references to 'good design' have been replaced with 'good design and beautiful places'. Several other aspects of the Framework have been updated to reflect the Commission's recommendations.
7. The purpose of the **National Model Design Code** is to provide detailed guidance on the production of design codes, guides and policies to promote successful design. It expands on the ten characteristics of good design set out in the National Design Guide, which reflects the government's priorities and provides a common overarching framework for design. The National Model Design Code is intended to form part of the government's planning practice guidance. It is not a statement of national policy. However, once finalised, the government recommends that the advice on how to prepare design codes and guides is followed.
8. A design code is a set of illustrated design requirements that provide specific, detailed parameters for the physical development of a site or area. The draft National Model Design Code is intended to be used as a toolkit to guide local planning authorities on the design parameters and issues that need to be considered and tailored to their own context when producing design codes and guides, as well as methods to capture and reflect the views of the local community from the outset, and at each stage in the process.
9. The government believes that design codes are important because they provide a framework for creating healthy, environmentally responsive, sustainable and distinctive places, with a consistent and high-quality standard of design. This can provide greater certainty for communities about the design of development and bring conversations about design to the start of the planning process, rather than the end.
10. Views are requested on the application of the draft National Model Design Code and the model processes it sets out. Views are sought from local planning authorities, neighbourhood planning groups, developers, members of the public and anyone with an interest in the design of new development in terms of:
  - a) the content of the guidance
  - b) the application and use of the guidance
  - c) the approach to community engagement

## **Background**

11. The consultation includes a number of questions and the Council's draft response is provided in Appendix 2.

12. MHCLG's deadline for consultation responses is 27<sup>th</sup> March 2021. Subject to Cabinet's approval the Council's proposed response will be submitted by the deadline.

### **Consultation**

13. The Cabinet Members for Environment and Transport have been consulted on the proposed response.

### **Alternative options**

14. The options around the implementation of the proposed changes have been considered as part of preparing the proposed response.

### **Implications of Recommendation**

15. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms there are no financial implications arising from this report.
  - b) **Human Resources Implications** – There are no human resource implications arising from this report.
  - c) **Property Implications** - There are no direct property implications arising from this report.
16. **Risk Management Implication** – No risks associated with the consultation.
17. **Equality and Diversity Implications** – None.
18. **Crime and Disorder Implications** – None.
19. **Health Implications** – None.
20. **Climate Emergency and Sustainability Implications** – None.
21. **Human Rights Implications** - None.
22. **Ward Implications** – None.

## APPENDIX 2

### GATESHEAD COUNCIL CONSULTATION RESPONSE

**National Model Design Code** - we would be grateful for your views on the National Model Design Code (NMDC), in terms of:

a) the content of the guidance

#### Overview

The Council welcomes the opportunity to shape national policy and guidance on design, as set out in the consultation, and in future to discuss issues relating to local design with our communities as we progress our own local guidance and policies.

The draft NMDC is clearly laid out in terms of its structure, and its content covers all the recognised and established aspects of good urban design in a thorough and comprehensive manner. It also builds on the well-established principles and objectives of good urban design previously laid out in earlier national Government guidance, such as 'By Design' and the 'Urban Design Compendium' and brings into the equation more recent design considerations to do with sustainable drainage and designing places that encourage healthier lifestyles.

It provides well illustrated examples of typical settings / scenarios and offers design options (or solutions) to demonstrate these principles in a manner that allows the resulting design code to be as prescriptive or flexible as it needs to be, giving an appropriate level of control over the design of new development relevant to its context. It is considered to be a well-considered document that provides potential authors of codes with thorough and clear guidance on how to draft bespoke design codes, tailored to suit different scales and types of new development, set within different scenarios, settings or contexts.

#### Specific Comments

Reference should be given to the following guidance/standards for SuDS and flood management: Non Statutory SuDS Technical Standards, Water UK SuDS Sewerage sector guidance a changed approach to surface water sewer and Code of Practice for Property Flood Resilience (CIRIA C790).

Paragraph 27 and section 1B: The surface water management strategy should be an essential component of the design code, which needs to inform and integrate with the movement and landscape strategies, to ensure resilience to climate change. In addition to the nature theme, further consideration should be given to how the SuDS management train cuts cross other themes of the code e.g. street networks/movement, built form and public space.

Page 7 Figure 2 – The table references Home Zones and this is picked up again in the Guidelines, however the reader should be directed to stand alone guidance so elements of design aren't cherry picked. Linked to this is the requirement for national guidance on shared space/surfaces. Is this going to be picked up in the new Manual for Streets (MfS)?

Page 8 Para 30: Should include reference to the cycle/PROW networks.

Page 17: In a 'Movement' section aiming to encourage design for all modes it seems incongruous that two-thirds of this page deals with car parking. Some of the wording across the document is jargon and not plain English – example here is 'Car Barn'. 'Tertiary Streets' elsewhere in the document.

Page 18: SuDS can be integrated into property, highways and landscaping in urban areas. N2ii Water and drainage – It is not always appropriate to provide public access to the water's edge.

Page 24 Public Space: This appears to be good example of where the design code and associated guidance does not reflect local situations, the widths referenced even at the lowest end of the range would likely make schemes unviable within Gateshead. This would also increase adoptable areas and impact on maintenance budgets (see also comment on street trees).

Page 29 Active Travel: The guidance reads in a very ideological manner, while the principles of what is included may be correct, in reality it is problematic to deliver the infrastructure to extent described at a local level.

Page 29 para 58 (ii): States 'Low traffic neighbourhoods may be appropriate but only where supported by the local community' which is a very open statement and does not seem to back low-traffic neighbourhoods to any degree. The statement is not clarified in the guidance notes document.

Page 29 para 58 (ii): All streets should be accessible to all members of the community – reference should be made to the guidance that must be followed (inclusive mobility). This is an example of where the likes of this code and MfS create more uncertainty/ambiguity depending on the reader.

Page 29 para 58 (ii): Says that all new streets except local and tertiary should include separate cycle lanes. There is the potential that this contradicts the requirements of Gear Change and won't be deliverable in all cases; there needs to be a level of balance and local understanding in respect of such requirements.

Page 29 para 58 (ii): Provides that 'junctions should be designed in accordance with Manual for Streets': This presents a concern given the feeling that junction design information is one of the weakest areas of the whole MfS package. For example, MfS is woolly when it comes to when certain approaches should and shouldn't be considered, this again creates conflict between developers and the Local Highway Authority (LHA) as to what should be deemed acceptable. Greater clarity is needed if MfS is being signposted in the code.

Page 29 para 58 (v): This section shows refuse stores on-street and again there are concerns over the practicality of this arrangement.

Page 30 para 60 (iii): The statement that 'all new streets should include street trees' needs greater flexibility; it will not always be possible to provide street trees either from an adoptions/maintenance point of view and also due to available space (see the previous comment relating to P24)

#### Guidance Notes for Design Code

Page 9 M.1.ii: Public transport accessibility is about much more than walking distance to a stop/station. This is important but frequency of service, days/times of operation and range of destinations served are just as important and should be included in an assessment of what has 'good public transport accessibility'.

Page 13 M.3.i: Parking with charging for electric vehicles and for car share is mentioned in the movement checklist but is not mentioned at all in this section of the document. Both should be included within the guidance notes.

Page 13 M.3.i: Coverage of non-residential parking is limited to some very specific cases, e.g. there is no coverage of parking for 'high streets'.

Page 15 M.3.ii: Cycle parking: the apartments section shows a picture of Sheffield stands. These are wholly inappropriate for safe and secure long term resident storage requirements. Also, there is significant discussion of communal stores which can, given our experience, present day to day practical difficulties, such as residents not locking communal store doors, leading other residents to choose to squeeze bikes onto balconies.

Page 15 M.3.ii: Cycle parking: the housing section includes the potential for bike pods/communal storage on-road in lieu of a parking bay. The caption should be clear in stating this may be a last resort in existing terraced streets and should not really be an option on new-build.

Page 50: This section is generally positive in the way it discusses the street as public space, but the section on social interaction concentrates on specific areas for interaction rather than provision of informal settings as part of street design – including facilities for rest and the provision of shade (which is not just limited to the provision of trees).

#### b) the application and use of the guidance

The guidance should be used by Local Planning Authorities (LPAs) and LHAs. Good design and beautiful places secured through the planning system can also be affected by standards imposed by local highway authorities during the adoption of roads, streets etc. This can lead to places dominated by roads, problems which can be exacerbated by use of standard materials such as asphalt and tarmac and a reluctance for trees to be planted on the adopted highway. This is partly through the continuing desire of developers to put cars and utilities first but also due to lack of funding and resources to maintain places.

There should be recognition that authorities other than LPAs have important roles to play in the design and maintenance of places. This must be addressed by the Government at the national level through new/reformed legislation. Throughout the NMDC reference is made to LPAs to use this guide, these references must include LHA's if we are to make any progress in delivering better places.

As part of this new approach to design in the planning system, the Government must also look to provide the funding and support necessary to assist LPAs in setting up the frameworks and local resources to undertake the processes of community engagement and drafting of design codes because this will require a significant amount of time and money from LPAs to recruit and/or train specialists and representatives, and set up local frameworks / processes to allow for the successful drafting of design codes and the continuation of this requirement - time and money that LPAs simply do not have.

The concern about the changes to NPPF and the introduction of the NMDC is similar to the comments we have previously provided for the planning reform white paper; particularly around the resources and skillsets required to pull together a local design code/guide which will be representative to Gateshead. As noted above, there needs to be an appreciation that additional support and funding will be required to ensure that the Government's objectives for design and beauty can be achieved in locations such as Gateshead where land values are much lower and where viability is a significant challenge.

It is stated that the model design code should be read alongside the national design guide, PPG notes, MfS and other forthcoming guidance. We would suggest that it is vital that the re-write of MfS and the “forthcoming guidance” is produced and consulted on prior to roll of the design code rather than simply seeking to align these future documents.

**c) the approach to community engagement**

The NMDC advises in several instances that LPAs, when drafting design guides and codes, that they are done so collaboratively through community engagement, but the NMDC also suggests that developers, landowners or community groups can draft their own design codes. It should be made clear in the NMDC (and in the NPPF) that ‘engagement’ works both ways and any design codes drafted by these 3<sup>rd</sup> parties must include LPAs as part of the code drafting process, so that the outcome of the process is an agreed document, to minimise (or if possible, avoid) potential disagreements or disputes over the content of the final document.

**Summary of proposed amendments to the National Planning Policy Framework**

**Q1. Do you agree with the changes proposed in Chapter 2? (Achieving Sustainable Development)**

No comments.

**Q2. Do you agree with the changes proposed in Chapter 3? (Plan Making)**

It was considered that the Govt wanted LPAs to move away from design policies yet the proposed changes to para 20 ask for strategic policies to “set out an overall strategy for the pattern, scale and design quality of places...”. This should be the role of design codes/guides. Furthermore, the consideration of design aspects such as ‘pattern’ and ‘scale’ are townscape factors that relate more specifically to settlements, neighbourhoods, development sites and surrounding area (local context) and are not usually strategic considerations (i.e. Borough-wide).

**Q3. Do you agree with the changes proposed in Chapter 4? Which option relating to change of use to residential do you prefer and why? (Decision Making)**

It is suggested that Article 4 Directions should be justified if they are in accordance with an up-to-date Development Plan.

**Q4. Do you agree with the changes proposed in Chapter 5? (Delivering a wide choice of high-quality homes)**

Q4. Box above infers that the title of Chapter 5 is “Delivering a wide choice of high-quality homes” yet the title of this chapter in the draft text NPPF document is “Delivering a sufficient supply of homes” - is the intention to change the title of this chapter...?

Page 20, para 73: The addition of the reference to a choice of transport modes is welcome. It should also include a reference to the provision of good quality active travel links for emphasis, as well as the proposed genuine choice of transport modes (Settlement expansions need to be sustainably linked to the core of the settlement).

Page 22, para 80(e): The Council supports the proposed change.

**Q5. Do you agree with the changes proposed in Chapter 8? (Promoting healthy and safe communities)**

The links made between health, climate change and nature are welcomed. It is important to recognise that whilst addressing one of these considerations, there might be cross benefits to other considerations.

Page 27, para 92b: The additional references, particularly to cycling, are welcome.

**Q6. Do you agree with the changes proposed in Chapter 9? (Promoting Sustainable Transport)**

Page 30, para 105 (d): The additional references are welcomed. In addition to the reference to secure cycle parking, greater emphasis needs to be put on the location of the cycle parking to encourage use.

Page 31, para 107: Conflicts with the Design Code approach to parking provision and should be removed (see Design Code paragraph 58 (iii)).

Page 32, para 109(c) and footnote 45: The proposed changes are welcomed. However, there is concern that this only being applied to a “planning document” - ie the NPPF and without supporting changes to the Highways Act (and greater resources to local authorities for maintenance of places) there will be no compelling reason for Local Highways Authorities to change their approach. There is a need to ensure that good design is secured in an integrated fashion running both the planning and transport systems. The rewording of this paragraph should also reference local design codes/guides which LA’s are being encouraged to develop, otherwise it would suggest whether in place or not the default will be the national design guide, which as reflected in the comments above has limited value to places like Gateshead. In relation to footnote 45 and the instruction to not make specific reference to DB32, what if local design guides include standards/guidance that are akin to this document?

Page 32, para 110: This needs some amendment if local authorities are to be able to deliver on the commitment in Gear Change to ‘ensure that all new housing and business developments are built around making sustainable travel, including cycling and walking, the first choice for journeys’

**Q7. Do you agree with the changes proposed in Chapter 11? (Making effective use of land)**

Page 36, para124: The changes are welcomed.

**Q8. Do you agree with the changes proposed in Chapter 12? (Achieving well-designed places)**

There is concern with the term “beautiful” in paragraphs 125 and 127 as this is subjective without further guidance on objective principles of beauty – however, people have different opinions due to it being a matter of personal preference and taste. ‘Appearance’ on the other hand can be evaluated objectively to some degree by measuring visual interest or richness; quality and choice of material and finish; attention to (and appropriateness of) detail; and quality of workmanship; contextual appropriateness etc. So, we need to treat the term ‘beauty’ or ‘beautiful’ as being related to ‘Appearance’ and continue to evaluate design aesthetics in the same way we do now.

The Council has concerns relating to para 126 and the change from ‘Neighbourhood Plans’ to ‘Neighbourhood Planning Groups’. This completely shifts the current paragraphs message from the importance of plans already approved (policy documents), to the importance of

engagement with organised public groups or representatives. There is concern regarding the lack of any promise of investment from Government to assist LPAs to establish and then continue to follow this suggested change in approach - i.e. - for the additional and considerable cost this method will bring to LPAs, both in terms of significant additional resources, expertise, learning and new skill sets required, but also time implications (by introducing a longer, more complex process). These concerns also extend to the implications of para's 127 and 128 where community engagement and the production of design guides and design codes will be significantly problematic for many LPAs due to resource constraints.

Page 38, para 127: This states LPA's should prepare design guides/codes, yet as highlighted above this is not reflected in the rewording of para 109.

Page 39, para 130: Whilst the ambition to ensure that all new streets are tree-lined, and that existing trees are retained wherever possible is supported by the Council, this is unlikely to be feasible in every case. This is due both to problems relating to land and layout, but also to resource constraints on local highway authorities and the need to take into account future maintenance liabilities in determining layouts. There will thus need to be clear updated guidance and resources for local highway authorities in order for a change in approach to be effective.

Therefore, whether this should be a requirement is questioned. There is also a view that whether this is a requirement or otherwise should be a matter for design codes and local discretion. It should also be noted that, as recognised by the Healthy Streets approach, shade and shelter are important issues but are not just about trees.

There is a concern that the cost of tree pits and the effect on land take could be cost prohibitive on small schemes and unfeasible in practice. The Government should consider making minor applications of less than 15 units exempt.

Page 40, para 133: The Council considers that this should be stronger in terms of new development complying with design policy/guidance , and not just reflect.

In order to ensure good design is achieved local authorities need to have the confidence to refuse poor design. However, the current pressure to achieve housing targets effectively means that local authorities that insist on high standards will be penalised because their housing delivery is likely to suffer. This remains a central contradiction within the current proposals that is likely to undermine their achievement, and will be an issue in locations such as Gateshead where housing delivery and viability are significant challenges. The Gear Change strategy notes that 'While many local plans already say the right things, they are not always followed consistently in planning decisions'. As it stands the revised NPPF does nothing to correct one of the main reasons for this.

**Q9. Do you agree with the changes proposed in Chapter 13? (Protecting the Green Belt)**

No comments

**Q10. Do you agree with the changes proposed in Chapter 14? (Meeting the challenge of climate change, flooding and coastal change)**

The strengthening of flood risk management policies is welcomed, particularly: an integrated approach to flood management, sequential testing for all sources of flooding and the inclusion of flood risk vulnerability classifications. The NPPG should be updated on the implementation of integrated approach to flood management and sequential approach for all sources of flooding, for plan making and planning applications.

Highway design guidance and legislation should also be updated to allow for easier inclusion and adoption of SuDS features within highways, and the draining of highway surface water into adjacent SuDS features (such as filter strips) by allowing removal of kerbs in appropriate scenarios.

Page 48, para 166 b): Proposes additional wording that suggests it's okay if new development floods as long as it can quickly be brought back into use without the need for significant refurbishment. This needs to be clearer and would benefit from additional wording to ensure that homes in new development are protected entirely from flooding – e.g. “The development is appropriately flood resistant and resilient such that, in the event of a flood, all homes are protected from flood damage and any areas of public realm designed to manage flooding could be quickly brought back into use without significant refurbishment following any flood event.”

Q11. Do you agree with the changes proposed in Chapter 15? (Conserving and enhancing the natural environment)

The suggested amendments are welcomed.

Q12. Do you agree with the changes proposed in Chapter 16? (Conserving and enhancing the historic environment)

The suggested amendments are welcomed.

Q13. Do you agree with the changes proposed in Chapter 17? (Facilitating the sustainable use of minerals)

The suggested amendments are welcomed.

Q14. Do you have any comments on the changes to the glossary?

A definition for “Affordable Home Ownership” should be included.

Q15. We would be grateful for your views on the National Model Design Code, in terms of

- a) the content of the guidance
- b) the application and use of the guidance
- c) the approach to community engagement

See previous responses

Q16. We would be grateful for your comments on any potential impacts under the Public Sector Equality Duty.

No comment.

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**TITLE OF REPORT:** Rent Arrears for Former Tenants and Sundry Account Debts  
– Transfer of Uncollectable Amounts

**REPORT OF:** Colin Huntington, Strategic Director, Housing, Environment  
and Healthy Communities

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### **Purpose of the Report**

1. To seek approval for a recommendation to transfer out of the Council's accounts individual debts in excess of £500 relating to former tenant rent arrears and sundry account debts orders where all possible recovery action has been taken and the balances are now considered uncollectable.

### **Background**

2. The Gateshead Housing Company (TGHC) is responsible for the collection of rental income from both current and former tenants. The total amount of former tenant rent arrears outstanding at 3 January 2021 (Prior to this proposed transfer) was £2,716,088.
3. A recovery procedure is followed for all debts; however, it is necessary to transfer former tenant arrears and sundry account debts considered uncollectable.
4. There are currently 204 former tenants accounts with arrears amounting to £232,350 where all possible recovery action has been taken and the amounts remain unpaid and debt transfer is now proposed.
5. In addition, there are 214 former tenant accounts with arrears balances of up to £500, totalling £28,011 that have been transferred under delegated powers in accordance with Schedule 5 PART 1 (3.5) of the Council's Constitution.
6. There are 86 accounts with credit balances amounting to £7,615 where traces on tenants have been unsuccessful or the balance is uneconomical to refund. The credits will in part offset the proposed transfers.
7. Although these accounts have been identified for transfer, if circumstances change and further information to aid recovery is obtained, those accounts will be reinstated and recovery action recommenced.
8. There are currently 83 cases where tenants have been declared bankrupt or have applied for debt relief orders and debts on their rent accounts have been transferred to separate bankruptcy accounts. The total outstanding on these accounts is £122,611, of which 55 cases totalling £80,113 have now been discharged and will be transferred out of the Council's Accounts. This includes those individual debts both over and under £500 as they are subject to a legal order and therefore included for information only.

## **Proposal**

9. It is proposed to transfer out of the Council's accounts £232,350 of former tenant rent arrears. A record of the debt will be maintained, which will be checked against new applications for housing made to the Council.

## **Recommendations**

10. It is recommended that Cabinet:
  - (i) Agrees to the transfer of balances on 204 former tenant accounts, amounting to £232,350.
  - (ii) Notes the action taken under delegated powers to transfer out of Council's accounts the amounts deemed uncollectable.

For the following reason:

To ensure effective management of the Council's resources as any further pursuit of these arrears is unlikely to result in significant sums being recovered and would be more effectively used to recover new debt.

## Policy Context

1. The proposals support the overall vision for Gateshead as set out in Making Gateshead a Place Where Everyone Thrives. The Council recognises there are huge financial pressures on not just council resources, but those of partners, local businesses and residents.

## Background

2. There are currently 204 accounts with outstanding balances amounting to £232,350 where recovery action has been exhausted. The following table details the number of cases, reasons and amounts to be transferred.

Criteria	No of cases	Value £
Debts created before 1 January 2015 (over 6 years old and therefore statute barred)	89	16,667
Debts created after 1 January 2015 but No forwarding address known or Not at forwarding address	28	63,068
Debts created after 1 January 2015 but former tenant deceased	4	3,770
Debts created after 1 January 2015 but former tenant in care	0	0
Debts created after 1 January 2015 but no evidence to support recovery	0	0
Debts created after 1 January 2015 but case of a sensitive nature	1	1,141
Debts created after 1 January 2015 but unable to collect after all methods have been exhausted	82	147,704
Debts created after 1 January 2015 but uneconomical to pursue	0	0
<b>TOTAL</b>	<b>204</b>	<b>232,350</b>

3. A procedure has been followed for recovery of all debts, which includes letters and visits to former tenants, and the use of tracing agencies where the tenants forwarding address is unknown.
4. During this financial year to date (2020/21), the recovery work has resulted in £221,671 of former tenant debt being recovered, including £12,649 from previously transferred accounts which have been reinstated for recovery purposes.
5. Former Tenant arrears cannot be legally pursued after 6 years, i.e. they are statute barred, however, TGHC check for any outstanding debts and where possible, make agreements with former tenants to repay the debts. Of the £20,107 reinstated to date this financial year, £16,116 relates to arrears greater than 6 years old.
6. Since April 2008, TGHC have passed former tenant rent arrears cases considered uncollectable through their internal recovery team, to Rossendales Collect Ltd and Network Credit Services, for those companies to pursue the debts. 3,361 cases (totalling £4,730,625) have been transferred, with £389,053 being collected. Two agencies are used in order to maximise the potential of gaining new contact information for former tenants. TGHC only pass cases regarded uncollectable or

uneconomical to pursue internally as a last resort prior to requesting a transfer to the debtors account.

### **Consultation**

7. The proposal follows a request from TGHC. Consultation has taken place with the Cabinet Members for Housing.

### **Alternative Options**

8. The Council could ask TGHC to continue to actively pursue the debt, however, this option is not considered viable in economic terms and is unlikely to result in significant sums being recovered.

### **Implications of Recommended Option**

#### **9. Resources**

**a. Financial Implications** – The Strategic Director, Resources and Digital confirms that the existing provision held for bad debts is sufficient to meet the transfer of £232,350 former tenant rent arrears. The total value of transfers contained in this report including the amounts above, those transferred under delegation, bankruptcy orders and credits is £332,859.

**b. Human Resources Implications** – Nil.

**c. Property Implications** – Nil

10. **Risk Management Implications** – It is likely that continued pursuance of these debts will be more costly than the amount of debt that will be recovered.

11. **Equality and Diversity Implications** – There are no immediate equality and diversity implications arising from the recommendation as the arrears recovery procedure ensures all tenants are treated equally.

12. **Crime and Disorder Implications** – Nil

13. **Health Implications** – Nil

14. **Climate Emergency and Sustainability Implications** – TGHC have services available, such as the Debt Advice Team, that can assist tenants and former tenants to address their arrears, aiming to bring income to the Council that may otherwise not be provided. This prevents homelessness, improves access to housing solutions and can assist those who may have otherwise fallen into greater poverty, to thrive in their home. Where it is no longer possible, or in the Councils interest to address former tenant arrears, enabling the write off of former tenant arrears, as a last resort, will also assist with the same social outcomes. At this stage and in the applicable circumstances, it is also unlikely that the Council would see any further financial return from pursuing these.

There are no climate emergency implications.

15. **Human Rights Implications** – Nil

16. **Ward Implications** – All wards will be affected by the proposals in this report.

## **Background Information**

17. Letter from the Managing Director of TGHC.

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**TITLE OF REPORT: Miscellaneous Income – Transfer of Uncollectable Amounts**

**REPORT OF: Darren Collins, Strategic Director, Resources and Digital**

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### **Purpose of the Report**

1. To seek approval to transfer out of the Council's Accounts outstanding balances in excess of £500 from miscellaneous income accounts and Housing Benefits overpayments where all possible recovery action has been taken and the balances are now considered to be uncollectable.

### **Background**

2. Sundry debts for miscellaneous income are raised and appropriate recovery action is taken on those debts that remain unpaid within the specified time.
3. There are currently 210 miscellaneous and income accounts, amounting to a net sum of £240,403.69 where all possible recovery action has been taken and the amounts remain unpaid. These debts are now deemed uncollectable.
4. In addition, 989 accounts with balances of up to £500, totalling £125,315.54 have been transferred under delegated powers, in accordance with Schedule 5 Part 1 (3.5) of the Council's Constitution.
5. Housing Benefit overpayments arise where the council has paid housing benefit over and above the amount to which a claimant was entitled. This can occur where:
  - the claimant has failed to tell the Council about a change
  - there has been an error by the Department of Works and Pensions
  - there has been a delay in dealing with a change
  - the Council has made an error in calculating the amount of benefit payable
  - the claimant has moved onto Universal Credit and has been overpaid (the law does not allow the Council to recover this debt but the Council receives subsidy on the amount).
6. Invoices for overpayments which are recoverable from the claimant or landlord, and which remain unpaid, are subject to appropriate recovery action. Despite this action there remain some debts which are judged to be uncollectable.
7. There are currently 84 Housing Benefit overpayment invoices amounting to a sum of £203,309.39 where all possible recovery action has been taken and amounts remain unpaid.
8. In addition, 430 Housing Benefit overpayment accounts with balances of £500 or less totalling £43,145.71 have been transferred in accordance with Schedule 5 Part 1 (3.5) of the Council's Constitution.

9. Council Tax and Business Rates court costs are added to an account when the Council is granted a Liability Order following non-payment. This enables further recovery action to be taken to collect outstanding amounts of Council Tax or Business Rates. Due to the Covid-19 pandemic there were no new amounts of court costs added to accounts during the 2020-21 financial year therefore the amounts written off are for costs added in previous years.
10. There were 2,409 Council Tax accounts with court costs balances of up to £500, totalling £158,164.38 and 49 Business Rates accounts with court costs balances up to £500 totalling £3,774.08. All possible recovery action has been taken and these amounts of court costs remain unpaid and are now deemed uncollectable and have been transferred under delegated powers, in accordance with Financial Regulation 8.10.

### **Proposal**

11. It is proposed to transfer out of the Council's Accounts the balances on 210 individual sundry debtor accounts, to the value of £240,403.69. The amount of the proposed transfer represents approximately 0.25% of the value of accounts raised so far during 2020/21 of some £96 million.
12. It is proposed to transfer the balances on 84 Housing Benefit overpayment invoices to the value of £203,309.39. The amount of the proposed transfer represents 0.42% of total Housing Benefit expenditure of £59 million during 2019/20.

### **Recommendations**

13. It is recommended that Cabinet:
  - (i) Agrees to the transfer of balances on 210 sundry debtor accounts, amounting to £240,403.69 and 84 Housing Benefits overpayment invoices totalling £203,309.39.
  - (ii) Notes the action taken under delegated powers to transfer out of the Council's accounts the identified amounts that are deemed uncollectable.

For the following reasons:

- (i) To ensure the effective management of the Council's resources.
- (ii) To ensure that the Council Accounts accurately reflect the correct financial position.

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**CONTACT: John Shiel**

extension: 3530

### **Policy Context**

1. The proposals are consistent with the framework for achieving the Council's strategic approach "Making Gateshead a Place Where Everyone Thrives". The Council recognises there are huge financial pressures on not just Council resources but those of partners, local businesses and residents.

### **Background**

#### **Sundry Debts**

2. Of the total transfer value of £240,403.69:
  - £82,909.02 relates to 83 invoices for care charges. In all cases either the debtor is deceased and no funds are available from the estate or the debts are uneconomical to pursue.
  - £29,610.34 relates to 21 invoices for occupation of council units/offices. In all cases the debt is too old to pursue or is considered not cost effective to pursue further.

The action of transferring balances out of the accounts would not prevent future recovery action being taken should this be appropriate due to circumstances changing or further information becoming available.

#### **Housing Benefits**

3. The transfer reflects Housing Benefit overpayment accounts where all means of recovery available have been exhausted and it is no longer cost effective to pursue the debts further.
4. Of the total transfer value of £203,309.39 the invoice balance exceeds £5,000 in 7 cases as detailed below:
  - 1 case where the debtor is deceased and there were no funds in the estate (totalling £10,946.27).
  - 3 cases where the debtor has been declared bankrupt and the debt is covered by the Bankruptcy order (£53,973.24).
  - 3 cases where recovery is prevented by Housing benefit legislation – (£29,623.97).

#### **Consultation**

5. The Leader has been consulted.

#### **Alternative Options**

6. No alternative options are proposed. A regular review of the debt owed to the Council is an essential part of best practice recovery and accounting procedures.

## **Implications of Recommended Option**

### **7. Resources:**

**a) Financial Implications** – The Strategic Director, Resources and Digital confirms that the cost of the transfer of £240,403.69 for sundry debtors and £203,309.39 for Housing Benefit overpayment can be met from the appropriate bad debt provision

**b) Human Resources Implications** – Nil

**c) Property Implications** – Nil

**8. Risk Management Implication** – Nil

**9. Equality and Diversity Implications** – Nil

**10. Crime and Disorder Implications** – Nil

**11. Health Implications** – Nil

**12. Climate Emergency and Sustainability Implications** – Nil

**13. Human Rights Implications** – Nil

**14. Ward Implications** – All wards

### **Background Information**

**15. Nil**

**TITLE OF REPORT:** Gateshead Health & Care System Alliance Agreement

**REPORT OF:** Caroline O'Neill, Strategic Director, Children, Adults and Families

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### **Purpose**

1. The report seeks the agreement of Cabinet to an Alliance Agreement for the Gateshead Health & Care System with effect from the 1<sup>st</sup> April 2021. The proposed Agreement is between Newcastle Gateshead CCG, Gateshead Council, Gateshead Health NHS Foundation Trust, Newcastle upon Tyne Hospitals NHS Foundation Trust, Cumbria, Northumberland Tyne and Wear NHS Foundation Trust, Gateshead Primary Care and VCS.

### **Background**

2. The Gateshead Health & Care System Group has been operating under a framework provided by a Memorandum of Understanding (MoU) since 2019. The MoU sets out the arrangements within which the Gateshead Health & Care System works together to integrate care for the benefit of people and communities within Gateshead so that their health and care needs can best be met.
3. Whilst the MoU has served the System well in its formative years, it is now timely to further develop the arrangements in place so that they match our future ambitions for the Gateshead system. Those arrangements will also need to have regard to the policy direction of the Department of Health & Social Care / NHS England & Improvement for strong place-based partnerships as a key component of the future health and care landscape.
4. The Alliance Agreement provides a real opportunity for the Gateshead system to set its stall out, making the most of the relationships that have been developed at Place over a long period and looking to maximise benefits for the Gateshead population in the future.

### **Proposal**

5. It is proposed that the Agreement takes effect from 1<sup>st</sup> April 2021 – the “Commencement Date”.

6. Similar reports are going to the Boards of other partners organisations to the Agreement during March 2021. Some final additions/ amendments to the terms and content of the Agreement may be required following discussion with other Partners to the Agreement.

### **Recommendation**

7. Cabinet is asked to agree to the Alliance Agreement for the Gateshead Health & Care System with effect from the 1<sup>st</sup> April 2021 on the lines set out within this report.

For the following reasons:

- (i) To build upon the existing Memorandum of Understanding (MoU) in place since 2019.
- (ii) To make the most of the good relationships that have been developed at Place over a long period.
- (iii) To provide a framework that the Gateshead system can use in preparation for future changes to the health and care landscape.

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**CONTACT:** John Costello (Ext 2065)

### Policy Context

1. The development of an Alliance Agreement for the Gateshead Health & Care System supports the Gateshead Thrive agenda which is reflected within the Agreement – in particular, working together to improve the health and wellbeing of local people and to secure a better future for Gateshead.

### Further Background

2. The Alliance Agreement is intended to facilitate further progress towards integrated commissioning and delivery of health and care services across Gateshead. It has been developed by Hill Dickinson LLP with input from partner organisations.
3. Workshops were held for the Gateshead System to consider how we can build upon the existing MoU and apply learning from other systems to develop an Alliance Agreement that will underpin our future ambitions for more integrated and collaborative working.
4. The Alliance Agreement differs therefore from the existing MoU in a number of key respects:
  - It is a legally binding agreement;
  - It sets out details of work programme areas that partners are committed to take forward through the Agreement during 2021/22;
  - It formalises governance arrangements to support the delivery of those programmes;
  - It will be an evolving Agreement which will be reviewed and developed further on a regular basis i.e. it will be an iterative process;
  - Importantly, it provides a framework that the Gateshead system can use to build upon in response to the future changes to the health and care landscape proposed in the recent Department of Health & Social Care White Paper.
5. The Alliance Agreement covers:
  - Vision and core objectives of the Gateshead Health & Care System
  - Values and principles of joint working, including the intention of Partners to develop a financial planning framework for the system during 2021/22
  - Obligations and roles under the Agreement (Membership Levels etc.)
  - Arrangements to review / vary the Agreement
  - Governance Arrangements
  - Programme Areas to be included within the Agreement
  - Other standard provisions for Agreements of this nature

## **Vision and Core Objectives**

6. The Gateshead System's vision is derived from Gateshead's Health & Wellbeing Strategy 'Good jobs, homes, health and friends' and it supports Gateshead's Thrive agenda - 'Making Gateshead a place where everyone thrives'.
7. The Gateshead System has confirmed:
  - The importance of the primacy of 'Place' and subsidiarity principle, whereby decisions should be taken as close to communities as possible.
  - The need to focus on addressing health and other inequalities, which have been exacerbated by the pandemic.
  - The need to protect and to continue to develop relationships at Place.
  - The importance of Provider collaboration and mutual co-operation, rather than competition.
8. The System's core objectives within the Agreement are to:
  - (i) reduce levels of inequality through tackling the circumstances that lead to inequality;
  - (ii) shift the balance of services from acute hospital care and crisis interventions to community support with a focus on prevention, early help and self-help, matched by appropriate resource levels;
  - (iii) support the development of integrated care and treatment for people with complicated long-term health conditions, social problems or disabilities;
  - (iv) create a joint planning and financial framework for managing the difficult decisions required to ensure effective, efficient and economically secure services, getting the most from the Gateshead £.

## **Issues for Consideration – An Alliance Agreement for the Gateshead System**

### *Context to an Alliance Agreement:*

9. An Alliance Agreement for the Gateshead Health & Care System is intended to build upon the existing MoU and provide a more formal underpinning for our approach, based upon a legally binding "Alliance" model for the development of place-based collaborative working arrangements for health and care in Gateshead.
10. It is considered that the development of an Alliance Agreement is all the more important in view of:
  - The *financial challenges* across the local health and care economy generally, including those of the local authority.

- The opportunities to further *embed learning from our system's response to the pandemic*. This has further highlighted the importance of integrated health and care working and reinforced the need to progress local priorities.
- Proposed changes set out in the *Government's White Paper 'Integration and Innovation: working together to improve health and social care for all'* to the way in which the NHS will be organised from April 2022 which will have particular implications for CCGs, place-based working and Integrated Care Systems.

It is clear from the policy direction of the White Paper that a formal place-based partnership will likely need to be in place in Gateshead from April 2022 and that the Agreement will need to be kept under review in 2021/22 to prepare for the transition to those arrangements.

At the same time, the Alliance Agreement should work alongside and facilitate the development of provider collaborative arrangements. There will need to be a programme of work to develop both the place-based partnership for Gateshead through the Agreement's governance structures, as well as a provider collaborative at Place.

A strong and mature system partnership is needed to ensure Gateshead can formulate its 'ask' to the ICS and seek the autonomy and budget required to deliver on its priorities across key work programme areas.

11. Taken together, there is a compelling case to take a proactive approach now to put in place an Alliance Agreement that can be used to steer our work and provide a good foundation to evolve further in response to a continually changing landscape.

*Governance:*

12. The intention is that partners will work together under a governance framework that will be set out in the Agreement covering:
  - Accountability (through the Health & Wellbeing Board and the Boards of individual partner organisations);
  - Strategic direction (through our system leadership arrangements);
  - Delivery (an existing Group that is re-purposed to encompass delivery of the Agreement)
13. These arrangements (see Appendix 2) are intended to further strengthen relationships between the Parties, all of whom are commissioners and/or providers of health and care services in Gateshead.

*Membership levels:*

14. There are three levels of membership of the Alliance (to be known as the 'Gateshead Cares' Alliance):

**Full Member:** A full member will play an active role in the plans for system transformation and place-based health and care in Gateshead. They will be entitled to attend and participate in decisions at strategic system meetings and delivery group meetings, as well other meetings in the supporting governance structure.

A full member will sign up to the values and principles set out in the Agreement.

**Associate Member:** An associate member will be invited to attend and contribute to all strategic system meetings but will not participate in decisions at these meetings. They will also be invited to attend and contribute to all meetings of the Delivery Group and other meetings in the supporting governance structure but not participate in decisions.

An associate member will sign up to the values and principles set out in the Agreement.

**Affiliate Member:** An Affiliate Member will confirm that it shares and supports the values and principles set out in the Agreement.

15. It is envisaged that key 'anchor' statutory organisations such as the CCG, Council and local NHS Foundation Trusts will become full members from the outset, with scope for other local partner organisations to become associate or affiliate members (either from the outset or over time as the Agreement evolves). Changes could also be made to a partner's membership level as the Agreement evolves through an in-built six-monthly review arrangement.
16. The Agreement is based upon an alliance approach and is designed to work alongside existing NHS Standard Contracts and arrangements for the delivery of those services within scope. The Agreement is not intended to conflict with or take precedence over the terms of the partners Service Contracts and Section 75 Agreements unless specifically agreed by the Parties.

*Duration:*

17. It is envisaged that the Agreement will not have a fixed term as it is intended to provide a framework for integrated working at Gateshead Place that can continue to evolve going forward. However, there is provision to review and vary the Agreement, to replace the Agreement with a new Agreement or to terminate it as may be agreed by the Partners.

*Areas for inclusion within the Agreement:*

18. Gateshead System partners have identified the following areas for inclusion within the Agreement, subject to annual review as follows:
  - (i) Children and Young People (CYP) Best Start in Life: SEND (including transition to adulthood)
  - (ii) Older People: Older Persons Care Home Model
  - (iii) Older People: Frailty (Strength & Balance)
  - (iv) Mental Health Transformation
  - (v) Development of Primary Care Networks (PCNs)
19. The Parties to the Agreement have developed work plans for each of these initial Areas which include:
  - Key deliverables that the system partners are committed to delivering during Year 1 of the Alliance Agreement (2021/22);
  - An indication of the future direction of travel for Year 2 onwards (from 2022/23).
20. More detail on the five areas is set out in the draft templates at Appendices 3.1 to 3.5 (attached).
21. As it is envisaged that the Alliance Agreement will evolve over time, there will be scope to update / include other work programme areas within the Agreement following its review on a six monthly basis e.g. key enablers of integration such as our workforce and digital agendas.

**Why is a legally binding agreement proposed?**

22. Partners are already working together to develop Gateshead System arrangements in order to establish an improved governance, financial and contractual framework for delivering integrated health support and care to the people of Gateshead. It is felt that an Alliance Agreement will further strengthen the relationships between the parties to the agreement.
23. By entering into a formal arrangement, each organisation will commit to the mutual obligations set out in the Gateshead Alliance Agreement. This will be the first time that the 'anchor' institutions have made such a commitment.
24. A formal Alliance Agreement may also afford future opportunities to secure national or regional funding for Gateshead going forward.

**Will the Gateshead Health & Care System Board and Delivery Group be decision making groups?**

25. The Agreement makes it clear that the Gateshead Health & Care System Board and Delivery Group are not separate legal entities, and as such are unable to take decisions separately from the constituent members or bind any one of

them; nor can one organisation 'overrule' the other on any matter. As a result, the System Board and Delivery Group will operate as a place for discussion of issues with the aim of reaching consensus between the Members.

26. Whilst the System Board and Delivery Group can make recommendations on the priority areas, that will remain the responsibility of the statutory partners to agree these recommendations.

### **Consultation**

26. The Alliance Agreement has been developed in consultation with Gateshead Health and Care System Partners. It was considered at the Joint Adult Social Care and Health & Wellbeing Portfolio meeting on 15th February 2021 and was endorsed by the Health & Wellbeing Board at its meeting on 5th March 2021. A Members seminar was also arranged for the 18<sup>th</sup> March 2021.

### **Alternative Options**

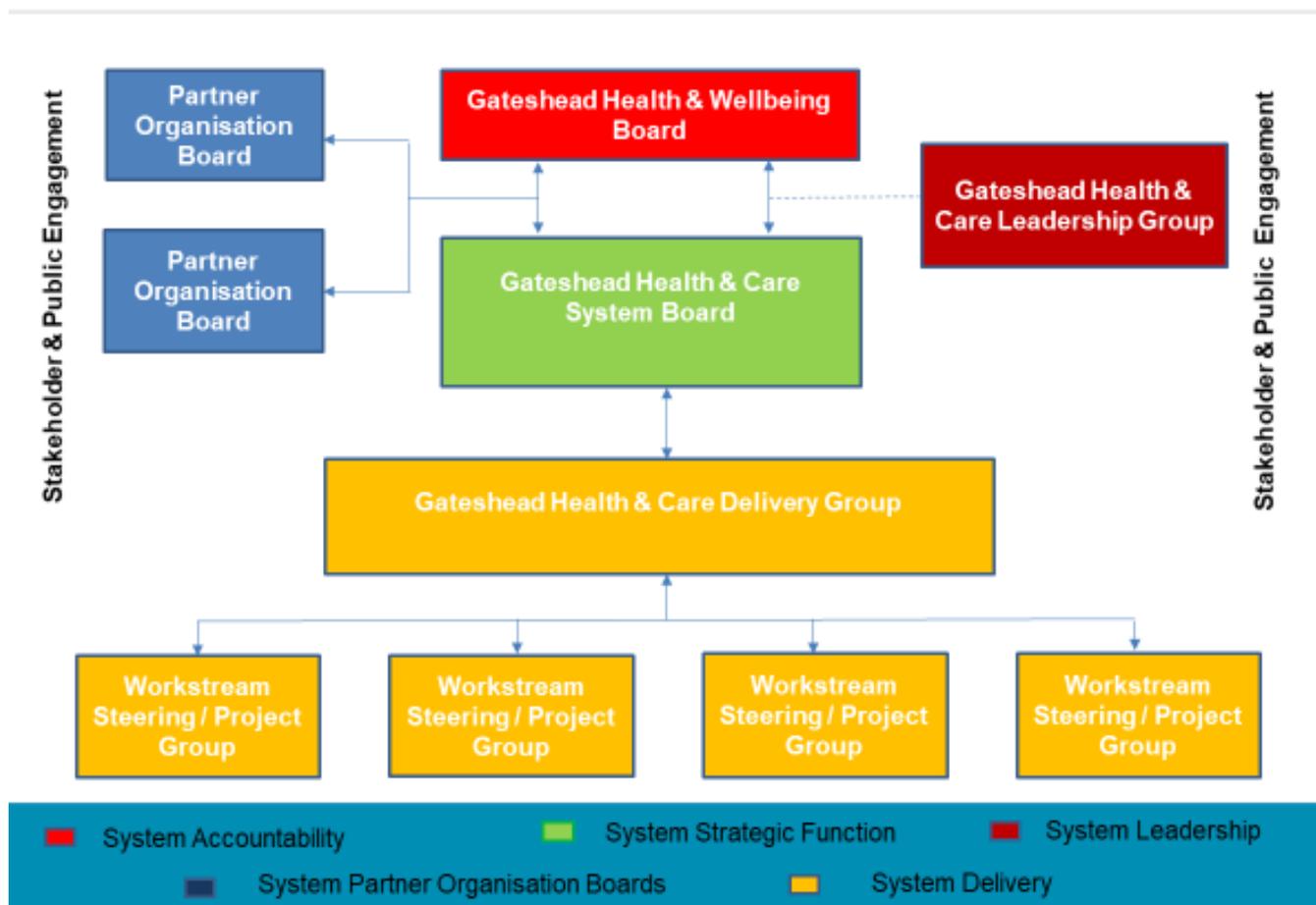
27. An alternative option would be not to proceed with an Alliance Agreement for the Gateshead system, but it would represent a missed opportunity to build on our good working relationships to take forward our health and care integration plans.

### **Implications of Recommended Option**

28. **Resources:**
  - a) **Financial Implications** – the Strategic Director, Resources and Digital confirms that there are no financial implications arising directly from this report. Partner organisations will work together during 2021/22 to develop a financial planning framework for the Gateshead Health and Care system based upon the principles of collaboration, financial sustainability and getting the most from the Gateshead £ for the benefit of local people. Any specific financial implications will be the subject of future reports.
  - b) **Human Resources Implications** – there are no human resources implications arising directly from this report.
  - c) **Property Implications** – there are no property implications arising directly from this report.
29. **Risk Management Implications** – the partners to the Agreement have not agreed to share risk or reward as of the proposed commencement date (1<sup>st</sup> April 2021). Any future introduction of a risk and/or reward sharing mechanism would require additional provisions to be agreed between the Partner organisations and incorporated into the Agreement.
30. **Equality and Diversity Implications** – one of the core objectives of the Agreement is to address health and other inequalities.

31. **Crime and Disorder Implications** – there are no crime and disorder implications arising directly from this report.
32. **Health Implications** – the Alliance Agreement is intended to facilitate further progress towards integrated commissioning and delivery of health and care services across Gateshead for the benefit of local people as set out in this report.
33. **Climate Emergency and Sustainability Implications** – there are no climate emergency or sustainability implications arising directly from this report.
34. **Human Rights Implications** – there are no human rights implications arising directly from this report.
35. **Ward Implications** – all wards. The Gateshead Health & Care system works together to improve the health and wellbeing of the Gateshead population.
36. **Background Information** – The following documents were used in the preparation of this report:
  - (i) The Memorandum of Understanding for the Gateshead Health & Care System
  - (ii) The Government's White Paper 'Integration and Innovation: working together to improve health and social care for all'

### Gateshead Health & Care System – Potential Governance Model



### Areas to be incorporated within our Gateshead System Alliance Agreement

**AREA:** CYP Best Start in Life – SEND (inc. transition to adulthood)      **SRO:** Lynn Wilson      **Lead Officer(s)** Catherine Horn

#### Year 1 (2021/22) - Deliverables

What are we committing to achieve together in Year 1 (2021/22) i.e. what are the deliverables?

- Local Authority to undertake review of the current SENDIASS service (supported by the system) and to be jointly commissioned by Health, Education and Social Care our SENDIASS from April 2022
- Undertake a review of SALT service provision and develop and implement service specifications with clear KPIs
- CCG and Education will jointly develop single and multi-agency SEND training packages to be delivered to services/providers during 2021/22 then to become a rolling programme of training across the system
- We will commit to reviewing the 0 – 5 service provision for ASD/Autism
- We commit to recommence discussions around the learning disability/difficult debate and issues this presents
- Across Health, Education and Social Care develop multi-agency processes for all key transition points for children and young people with clear pathways during 2021
- Develop and implement system wide SEND strategy, Children's strategy and Joint Commissioning Strategy documents
- Undertake SEND provider audits led by the Designated Medical Officer for SEND and Multi-agency EHCP Audits will be undertaken
- Produce reports detailing findings of the audits
- Share copies system wide of the findings from the audit to address issues
- Develop an action plan and address any issues identified i.e. awareness training, outcomes training
- Develop and implement a multi -agency Data dashboard
- Increase co-production/incorporating the Voice of the Child with Children, Young People and Families
- Promote the benefits of Personal Health Budgets (PHBs)
- CCG Project Officer will ensure the Local Offer is up to date with relevant information
- Discuss with Schools and Families the benefit of PHBs
- Promote the benefits of Young People receiving a Learning Disability Health Check in primary care
- Ensure relevant information is posted on the Local Offer, CCG website and GP websites
- CCG to SEND Nurse to promote the benefit of these checks with our special schools
- Work with primary care to promote the importance of health checks to 14 – 25 year olds
- To help improve the quality of health information in EHCPs we will
- Offer SEND Health awareness training to schools

- The SEND Nurse from the CCG will support schools to understand what information is required and to ensure the correct information is sought and inputted into plans in time for review meetings
- Provide regular updates to the SEND board from the SEND Combined Operational Group
- Update the SEND assurance document and to be shared with the SEND board on regular basis

How are we going to align our resources (e.g. staffing, finance, enablers etc.) to deliver the things we are signing up to? We will commit to free-up existing staff resources across Health, Education and Social Care to:

- CCG SEND Nurse and LA SEND Team to work together to support schools to develop the health advice input into EHCPs
- Undertake multi-agency audits of EHCPs
- Develop and update the Local Offer
- Develop and implement a system wide Children's Strategy
- Increase co-production with our Children, Young People and Families, ensure that all the resources across the system are joined up to work together to engage with Children, Young People and Families
- Develop training packages
- Deliver training sessions across Health, Education and Social Care
- We will require financial support to:
  - Jointly commission our SENDIASS service following review of current service provision
  - Increase engagement with Children, Young People and Families, we require financial input to purchase MENTI online engagement tool

If there are any gaps (e.g. system capacity to deliver), how are we going to address those gaps?

- Commitment from whole Gateshead System to free staff to priorities areas of work defined above
- Support (Clinical Lead) for Primary Care to promote the uptake LD Health Checks for 14 – 25 year olds and other key areas
- DMO has resigned from post, this post will be advertised as DMO/DCO role

What working groups are in place to co-ordinate delivery and what is their remit? (how will they enable joined-up work around a shared purpose)

- A SEND data group is in place led by Jon Gaines LA who is leading on developing a multi-agency approach
- A portfolio manager and project officer in in place at the CCG to take forward the prevention agenda around the Little Orange Book

and Year 9 school assemblies – commitment that staffing across the system will support this agenda

- The CCG SEND specialist Nurse, Project Officer and LA SEND Monitoring and Quality Assurance Manager are starting to develop training packages - a commitment of time is required to develop this work going forward to ensure a joined up approach

#### **Future Direction of Travel (Year 2 onwards)**

Provide an indication of plans for Year 2 (2022/23) onwards and potential areas of inclusion in an evolving Alliance Agreement

- Act upon findings from SEND provider audits and review of EHCPs
- Further develop training and awareness raising of SEND across the Gateshead System
- Increase the uptake of LD Health checks in primary care for 14—25 year olds
- See an increase in the number of families accessing Personal Health Budgets

### Areas to be incorporated within our Gateshead System Alliance Agreement

**AREA:** Older People - Older Persons Care Home Model

**SRO:** Lynn Wilson

**Lead Officer(s):** Barry Norman

#### Year 1 (2021/22) - Deliverables

What are we committing to achieve together in Year 1 (2021/22) i.e. what are the deliverables?

- A Governance structure in place with Steering group formed, with a shared vision of what the system wants to achieve
- A review of current Care Home Models including wrap around support from Health and Social Care Professionals
- Agree engagement plan with Care Home Providers and other key stakeholders
- Analyse the impact of Covid-19 on Care Homes in both the short and medium term
- Agree short term requirements for beyond 1<sup>st</sup> April 2021 to continue to support safe, same day discharges from hospital into Care Home provision
- Formalise shared vision and agree contract models required for delivery in the medium to long term
- Agreement of Lead Commissioner and procure required services by agreed procurement process

How are we going to align our resources (e.g. staffing, finance, enablers etc.) to deliver the things we are signing up to?

- Agree members of project team with representatives across CCG, LA and Trust who are committed and available to support the project delivery
- Scoping out of existing budgets/expenditure in the Care Homes sector across the system both pre covid-19 (2019-20), during covid-19 (2020-21) and projected for 2021-22
- Carry out an options appraisal on funding options for partners for future models such as Pooled Budget arrangements, existing spot recharging arrangements and a mixture of both
- System Board to be able to consider any recommendations and move at pace with decision making to allow system partners to work with their own organisations to influence change

If there are any gaps (e.g. system capacity to deliver), how are we going to address those gaps?

- Due to ongoing Covid-19 response, key officers may not have 100% capacity to commit to project team
- Option to look at bringing in additional temporary support around project management and business support
- Potential conflict of other key areas of work such as Hospital Discharge Service, Community Services and Intermediate Care

(Community and bed base), Home Care model & tender

- Potential to align key projects so same officers aren't spread thin and project timelines are achievable

What working groups are in place to co-ordinate delivery and what is their remit? (how will they enable joined-up work around a shared purpose)

- Finance & Contracting Group – LA & CCG
- Integrated Commissioning Group
- Hospital Discharge Strategic Group
- Later Life MH & Dementia Group
- Joint Care Home Provider Forums

The Integrated Commissioning Group would ideally form the Steering Group of the project as Key Directors are already members of the forum.

The Finance & Contracting Group may need extended to be the driver of the project team to deliver the requirements and monitor progress.

### **Future Direction of Travel (Year 2 onwards)**

Provide an indication of plans for Year 2 (2022/23) onwards and potential areas of inclusion in an evolving Alliance Agreement

- Roll out of new contract models and transition of awarded contracts
- Potential Pooled budgets in place across the system
- All providers (Care homes and wrap around services) working with one aim so support and improve the quality of care delivery
- Opportunity to look at place-based contracts for both homes and community services (including home care) who complement each other
- Contracts will allow flexibility to adapt and change to meet any changes of demands / needs from Year 2 onwards

### Areas to be incorporated within our Gateshead System Alliance Agreement

**AREA:** Older People - Frailty (Strength & Balance)

**SRO:** Lynn Wilson

**Lead Officer(s)** Sarah Chapman

#### Year 1 (2021/22) - Deliverables

What are we committing to achieve together in Year 1 (2021/22) i.e. what are the deliverables?

A review of the strength and balance pathway has been completed and taken to the Gateshead system board in November 2020. Aim to deliver a co-ordinated, sustainable strength and balance pathway of one to one support and classes for frailer older adults in Gateshead. This will link with broader community activities to promote lifelong participation.

The report identified recommendations with a focus for 2021/22:

- Maintain delivery of level one 'community maintenance' as a core foundation of strength and balance pathway
- Newcastle Gateshead CCG recommendation to procure a three year contract for the delivery of FaME (Falls Management Exercise) programme with increased capacity at an annual cost of £30k
- The OTAGO Exercise Programme (Otago) provision will be formally commissioned, using a prime provider model. We will re-align system resources to facilitate this.
- An agreement to provide transport and venue hire in 2021/22 through in-kind partner organisation contributions for Otago.

How are we going to align our resources (e.g. staffing, finance, enablers etc.) to deliver the things we are signing up to?

- The strength and balance review identified a funding shortfall of approximately £85,000 to commission Otago provision. The next step is to take the report to Newcastle Gateshead CCG executive for discussion, it was noted there is not new money in the system.
- The Strength and Balance working group includes key partners who will work together to co-ordinate and deliver the strength and balance pathway.
- The core foundation of strength and balance pathway is 'community maintenance' e.g. general exercise delivered by Leisure and voluntary services. This level supports the wider proactive approach to maintaining health and well-being for older people in Gateshead.

If there are any gaps (e.g. system capacity to deliver), how are we going to address those gaps?

- In order to deliver Otago provision, transport and venue hire are required. It has been asked if these can be contributed in kind by partners to address these gaps.
- Additional funding will address the gaps identified by the strength and balance working group including annual training for Otago class deliverers and dedicated staff to co-ordinate and effectively deliver the strength and balance pathway.

What working groups are in place to co-ordinate delivery and what is their remit? (how will they enable joined-up work around a shared purpose)

- There is a strength and balance working group with partners from CCG, Public Health, NHS Community Services, Leisure services and social care. Now the review has been completed, this group will be formalised into the Gateshead strength and balance Pathway Steering Group to oversee implementation. A clear terms of reference will be developed to clarify the remit, role of the group and reporting channels. We need to formalise the links to the frailty work programme that sits under the Gateshead system board and clarify how and to whom progress should be reported – i.e. will progress be direct to Gateshead system board or does a frailty programme board exist for the reports to feed into.
- These partners have a successful history of collaborative, flexible working, with Gateshead Leisure Services and NHS Community Services jointly delivering an Active at Home Service throughout the pandemic, whilst classes are unable to operate.

#### **Future Direction of Travel (Year 2 onwards)**

Provide an indication of plans for Year 2 (2022/23) onwards and potential areas of inclusion in an evolving Alliance Agreement

- Monitor the implementation of the strength and balance pathway. Ensure outcome measures are embedded within the pathway, to ensure monitoring of effectiveness and delivery of objectives.

### Areas to be incorporated within our Gateshead System Alliance Agreement

**AREA:** Mental Health Transformation

**SRO:** Lynn Wilson

**Lead Officer(s):** Kirsty Sprudd

#### Year 1 (2021/22) - Deliverables

What are we committing to achieve together in Year 1 (2021/22) i.e. what are the deliverables?

- A Leadership and Governance structure in place, with a shared narrative of what the system wants to achieve which includes short term priorities, and a longer term plan outlining the development of the community model to transform how we prevent/support people with their MH.
- A partnership agreement to outline ways of working and dealing with conflict especially in relation to decision making.
- Workforce – Clear understanding of who makes up the MH workforce, and barriers to access for new people e.g. clinical qualifications.
- The formation of multi-disciplinary community mental health hubs on a PCN footprint; also joining up the role of PCN MH practitioner roles with Community MH Team.
- Introduce trusted assessor model.
- Specific place-based priorities agreed particularly focussed on social determinants of health and also inequalities in defined 'places' within a PCN geography – virtual teams convened to oversee the delivery of these by creating a place-based partnership of community assets wrapped around that PCN cluster.
- Complete review of CCG and LA commissioned residential beds with a view to an improved offer and inform the development of the community model with housing, social care and voluntary and community organisations to improve the housing and support offer for people living (semi) independently.
- Work in conjunction with local authority partners to improve housing and support options for those people with MH/complex needs that are experiencing/at risk of homelessness.
- Develop an improved offer for Personal Budgets and expansion of Personal Health Budgets to S117.

How are we going to align our resources (e.g. staffing, finance, enablers etc.) to deliver the things we are signing up to?

- Appointment of a small core delivery team comprising of representatives from across the system to manage the development of the model with a clear commitment of time from each of the partners to ensure that momentum, as well as opportunities

are not lost.

- Use the Rethink model will be used as a framework for change.
- Staff identified to form hubs – enabled by no changes to contracts of employment, or contracts for service delivery in the short term. Opportunity with community hubs to form a buildings-based team, however in the meantime, a commitment from partners to host staff in office space without cost. Also, a recognition that not all activity should be buildings based – virtual and ‘in-reach- offers to be developed.
- A pooled budget to support the transformation, and monopolise on opportunities to ‘try out’ new methods of delivery
- Timely and pragmatic decision making at the Systems Board to facilitate quicker pace of change. Alongside this sits a clear shared narrative and directive within each system partner to ensure the decision is carried forward with each individual organisation.

If there are any gaps (e.g. system capacity to deliver), how are we going to address those gaps?

- A ‘gap’ is still in relation to budget – exactly what is in the system; how money will be released to support transformation, either by dual running, testing out new ideas, transfer from statutory organisations to community sector.
- Systems Board to ensure access to resources, including people, when required to ensure delivery of projects and support model development – often Board will agree a direction of travel, however it can be really difficult to get commitment from staff in each of the respective organisations to do the work!
- Service user/carer representation – preliminary work has been done to develop a co-production approach in the development of the model. This needs to be broadened out to ensure representation across all communities and ensure people with lived experience and carers are central to future design of the model.

What working groups are in place to co-ordinate delivery and what is their remit? (how will they enable joined-up work around a shared purpose)

At present:

- Core delivery group – made up of representation from across the system to facilitate change through Rethink model
- Co-production Partnership Meeting – members from across the system, including voluntary sector. Currently every 4 weeks
- MHLDA Board – 6 weekly
- CYP MHLDA Group
- Adults MHLDA Group
- Physical Health MHLDA Group

- Later Life MHLDA Group
- MHLDA – commissioning, performance and finance. Currently CCG employees only.

A review of these groups will take place to ensure coordination of the delivery of priority areas is achieved. At present the remit of some of the groups is large, they have no decision-making ability or budget to action any proposals for transform how services are delivered.

### **Future Direction of Travel (Year 2 onwards)**

Provide an indication of plans for Year 2 (2022/23) onwards and potential areas of inclusion in an evolving Alliance Agreement

- Pooled budget for place-based community mental health.
- ‘System’ or ‘Place based’ contracts – providers are delivering on behalf of the system rather than with each respective organisation.
- Build on the learning from year one to support incremental change in line with the future vision for MH transformation in Gateshead.
- Build on the success of MH hubs to further develop ‘no wrong door’, removal of thresholds, eligibility and barriers.

### Areas to be incorporated within our Gateshead System Alliance Agreement

**AREA:** Development of PCNs

**SRO:** Steve Kirk

**Lead Officer(s):** Sam Hood

#### Year 1 (2021/22) - Deliverables

What are we committing to achieve together in Year 1 (2021/22) i.e. what are the deliverables?

- PCNS to continue to develop relationships with our constituent practices and as organisations, and to develop collective strategic plan for PCNs in Gateshead.
- Develop system leadership skills within the PCNs
- Workforce – specifically developing and delivering PCN workforce plans for the next 4 years - understand the requirements of the PCNs, share information and have a collective dialogue through the Gateshead Workforce Group on the workforce agenda. Support system working to join up the workforce agenda in Gateshead in order to maximise opportunities
- Tackling health inequalities - Target a higher share of overall CCG funding towards geographies with high health inequalities; PCNS required to play their part in a system wide approach to reduce inequalities by 2023/24, - in 2021/22 this will be focused around delivery of the PCN Inequalities DES spec
- Continue to develop integrated working between community services and PCNS – with a focus on frailty.
- Support the implementation of the PCN Service Specifications to be introduced in 2021/22

How are we going to align our resources (e.g. staffing, finance, enablers etc.) to deliver the things we are signing up to?

- Workforce - Identify commonalities and where agreed and appropriate work together as a system, whilst recognising the autonomy of each PCN.
- NHS England expects that CCGs will be using some of their additional funding for inequalities to boost primary care capacity and access,
- CCG Delivery Team to support PCNs to deliver system wide areas of work.

If there are any gaps (e.g. system capacity to deliver), how are we going to address those gaps?

- A workforce lead in the system to coordinate workforce planning in and across primary care and PCNs to inform workforce planning and Transformation in PCNs – exploring options of funding for this role with potential to sit in GP federation
- Support with coordinating recruitment where appropriate to recruit new roles across PCNs
- Work with the system to identify relevant information on population health to support PCNs to identify and tackle inequalities.
- Organisational development support

- Financial support/project support to support ongoing implementation across the system
- Ongoing development of PCNs – OD

What working groups are in place to co-ordinate delivery and what is their remit? (how will they enable joined-up work around a shared purpose)

- The Gateshead Primary Care Workforce Group
- Gateshead PCN Strategic Planning Group
- Gap in terms of group with oversight for Frailty work in Gateshead

#### **Future Direction of Travel (Year 2 onwards)**

Provide an indication of plans for Year 2 (2022/23) onwards and potential areas of inclusion in an evolving Alliance Agreement

- Continue to support PCNs to develop and strengthen mechanisms for them to have a collective voice for Primary Care in Gateshead at an ICS level
- Ongoing development of primary care workforce
- Continue to support Primary Care to contribute to addressing health inequalities in the wider Gateshead system
- Build on integrated working with the wider Gateshead system



**TITLE OF REPORT:** Petitions Schedule

**REPORT OF:** Mike Barker, Strategic Director, Corporate Services and Governance

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**Purpose of the Report**

1. To provide an update on petitions submitted to the Council and the action taken on them.

**Background**

2. Council Procedure Rule 10.1 provides that any member of the Council or resident of the borough may submit a petition to the Leader of the Council, to another member of the Council nominated by the Leader, to the Chief Executive or a Strategic Director.

**Proposal**

3. Cabinet is asked to note the petitions received and actions taken on them.

**Recommendations**

4. It is recommended that Cabinet note the petitions received and action taken on them.

For the following reason:

To inform the Cabinet of the progress of the petitions.

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**CONTACT:** Mike Aynsley extension: 2128

## APPENDIX 1

### Policy Context

1. The information is provided in accordance Council Procedure Rule 10.2 whereby progress of petitions is to be reported regularly to meetings of the Cabinet. The procedure supports the Council's Thrive Agenda.

### Background

2. Council Procedure Rule 10.1 provides that any member of the Council or resident of the borough may submit a petition to the Leader of the Council, to another member of the Council nominated by the Leader, to the Chief Executive or a Strategic Director.

### Consultation

3. This report has been prepared following consultation as set out in the schedule.

### Alternative Options

4. There are no alternative options.

### Implications of Recommended Option

#### 5. Resources:

a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that there are no financial implications arising from this report.

b) **Human Resources Implications** – Nil

c) **Property Implications** - Nil

6. **Risk Management Implication** - Nil

7. **Equality and Diversity Implications** - Nil

8. **Crime and Disorder Implications** – Nil

9. **Health Implications** - Nil

10. **Climate Emergency and Sustainability implications** – These will be considered by officers as part of their responses to petitioners.

11. **Human Rights Implications** - Nil

12. **Ward Implications** - Borough wide

### Background Information

13. Petitions schedule attached.

**APPENDIX 2**

**PETITIONS SUBMITTED TO GATESHEAD METROPOLITAN BOROUGH COUNCIL**

<b>DATE RECEIVED</b>	<b>REF</b>	<b>FROM</b>	<b>ISSUE</b>	<b>FORWARDED TO</b>	<b>ACTION TO DATE</b>
15.03.19 Submitted to the Strategic Director, Corporate Services and Governance	04/09	Petition from residents of Rowlands Gill	Petition requesting the removal of road humps in Rowlands Gill.	Strategic Director, Housing, Environment and Healthy Communities	Some additional investigations are to be carried out in relation to the traffic calming and officers have been waiting for traffic to return to near normal levels post Covid lockdown.
27.08.20 Submitted to the Strategic Director, Housing, Environment and Healthy Communities	01/20	Petition from residents and shopkeepers of Gateshead	Petition requesting the removal of the bollards on Durham Road.	Strategic Director, Housing, Environment and Healthy Communities	The petition will be considered as part of the experimental traffic regulation order process.
2.9.20. Submitted to Service Director, Development, Transport and Public Protection	02/20	Petition via Change.org	Petition to stop the traffic changes around the Tyne Bridge	Service Director, Development, Transport and Public Protection	Consultation is ongoing whilst temporary changes are in place. The petition is being considered as part of this process.
16.11.20 Submitted to Strategic	03/20	Residents of Winlaton Mill	Petition regarding parking and traffic issues in the vicinity of the Land of Oak and Iron	Strategic Director, Housing,	Officers have responded to the lead petitioner and ward councillors advising that they will carry out surveys. However,

Director, Corporate Services and Governance via Councillor Charlton			Heritage Centre	Environment and Healthy Communities	these need to be undertaken when traffic flows and parking patterns return to near normal levels post Covid lockdown.
17.11.20 Submitted to the Gateshead Housing Company via Councillor Bradford	04/20	Residents of William Morris Avenue	Petition regarding payment for communal facilities during the pandemic.	The Gateshead Housing Company	All communal lounges have been closed since 16 March 2020. Joint discussions between the Council and Gateshead Housing Company have taken place and a method of providing a compensatory payment is being considered. The lead petitioner, ward councillors and relevant Cabinet members have been updated accordingly.
02.12.20 Submitted to the Strategic Director, Corporate Services and Governance	05/20	Gateshead residents	Petition objecting to the proposed traffic regulation order for Camborne Place, Gateshead.	Strategic Director, Housing, Environment and Healthy Communities	Officers are considering the petition together with other representations received.
13.02.21 Submitted via the Council's petitions portal	01/20	Gateshead residents	Petition asking the Council to stop banking with Barclays Bank and consider other banking alternatives that better support a low carbon economy.	Strategic Director, Resources and Digital	The lead petitioner has been advised, following consultation with the relevant Cabinet member, of the tendering process for the Council's banking services, the broad and complex nature of the Council's requirements, the need for value for money, and the high cost in changing bankers. He has also been advised that the Council does aim to maintain the highest ethical standards both itself and through those it contracts

					<p>with. The bank has a net zero carbon ambition and commitment to the Paris agreement as stated in its code of conduct document.</p> <p>It is proposed that the petition be removed from the schedule.</p>
<p>22.02.21 Submitted to the Strategic Director, Corporate Services and Governance via Councillor Wallace</p>	02/20	Gateshead residents.	<p>Petition calling on the Council not to increase the Council Tax this year.</p>	<p>Strategic Director, Resources and Digital</p>	<p>The Councillor who submitted the petition has been asked to advise the petitioners of the Council's decision of 25 February 2021 on the Council Tax.</p>

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