

# Public Document Pack



All Members of the Council

My Ref: LCS-DLDS-DS-C-022  
Your Ref:

Contact: Karen Robson  
Tel: 0191 4332129

Date: Wednesday, 9 March  
2016

## NOTICE OF COUNCIL MEETING

You are summoned to attend a meeting of Gateshead Metropolitan Borough Council to be held in the Council Chamber - Civic Centre, at **2.30 pm** on **Thursday, 17 March 2016** to transact the following business:-

1. **To confirm the Minutes of the meetings held 4 February and 25 February 2016** (Pages 5 - 18)
2. **Official Announcements**  
*(announcements may be made by the Mayor, Leader of the Council or the Chief Executive)*
3. **Petitions**  
*(to receive petitions submitted under Council Procedure Rule 10)*
4. **Questions from Members of the Public**  
*(to consider any questions submitted under Council Procedure Rule 7)*
5. **Parent Governor Representatives on Council Bodies Dealing with Education**  
(Pages 19 - 20)
6. **Local Government Act 1972 - Section 85** (Pages 21 - 22)

## RECOMMENDATIONS FROM CABINET

7. **Reallocation of Functions** (Pages 23 - 34)
8. **Addressing 'Low Pay' within the Workforce - Impact of the National Living Wage** (Pages 35 - 44)

9. **Additional Non-Voting Member - Corporate Parenting Sub Overview and Scrutiny Committee (OSC)** (Pages 45 - 50)
10. **Adoption and maintenance of sustainable drainage systems, open space and play areas on new developments** (Pages 51 - 64)
11. **Restructure of Care, Wellbeing and Learning** (Pages 65 - 74)
12. **Refresh Of Equalities Objectives 2016 - 2020** (Pages 75 - 80)
13. **Independent Remuneration Panel Review of Members' Allowances Scheme** (Pages 81 - 98)
14. **Localism Act 2011 - Pay Accountability Pay Policy Statement** (Pages 99 - 118)
15. **Treasury Policy Statement and Treasury Strategy 2016/17 to 2018/19** (Pages 119 - 148)
16. **Implementation of a New Chargeable Service - Supporting Independent Living Service** (Pages 149 - 156)
17. **Report from the Cabinet** (Pages 157 - 160)

## **MOTIONS AND QUESTIONS**

### **18. Notice of Motion**

*(to consider any notices of motion submitted in accordance with Council Procedure Rule 9.1)*

**18a** Notice of Motion - NHS (Pages 161 - 162)

**18b** Notice of Motion - Landfill Sites (Pages 163 - 164)

**18b i** Proposed Alteration to Notice of Motion - Landfill Sites (Pages 165 - 166)

### **19. Questions**

*(to deal with any questions submitted in accordance with Council Procedure Rule 8.1)*



**Jane Robinson**  
Chief Executive

## GATESHEAD METROPOLITAN BOROUGH COUNCIL

### COUNCIL MEETING

Thursday, 4 February 2016

**PRESENT:** THE MAYOR COUNCILLOR A GEDDES

Councillors: A Thompson, J Adams, R Beadle, C Bradley, M Brain, M Charlton, B Clelland, B Coates, P Craig, S Craig, D Davidson, W Dick, S Dickie, P Dillon, K Dodds, C Donovan, A Douglas, John Eagle, M Foy, P Foy, M Gannon, B Goldsworthy, M Goldsworthy, J Graham, T Graham, L Green, S Green, G Haley, M Hall, J Hamilton, S Hawkins, M Henry, F Hindle, L Holmes, M Hood, J Lee, P Maughan, K McCartney, J McClurey, J McElroy, C McHatton, C McHugh, E McMaster, M McNestry, P Mole, B Oliphant, C Ord, M Ord, P Ronan, S Ronchetti, C Simcox, J Simpson, L Twist, J Wallace, A Wheeler and K Wood

**APOLOGIES:** Councillors L Caffrey, M Graham, J Green, H Hughes, P McNally and N Weatherley

**Stuart Bell from the Church of Jesus Christ of Latter Day Saints gave the opening address**

#### **CL84 TO CONFIRM THE MINUTES OF THE MEETING HELD 17 DECEMBER 2015**

COUNCIL RESOLVED - That the minutes of the Council Meeting held on 17 December 2015 be approved

#### **CL85 OFFICIAL ANNOUNCEMENTS**

##### **New Year's Honours 2016**

The Mayor announced that within the Queen's New Year's Honours List 2016, people that live and work within the borough were recognised:

**Stephen Miller**, an Honorary Freeman of the Borough, was awarded an MBE for services to sport

**Ian Dormer**, Managing Director of ROSH Engineering based in Birtley, was awarded a CBE for services to business, particularly in the North East

**Sarah Stewart**, the Chief Executive of NewcastleGateshead Initiative was awarded an OBE for services to the economy in the North East

**Godfrey Worsdale**, former director at BALTIC Centre for Contemporary Art, was awarded an MBE for services to visual arts in the North East

**Janice Pallas**, a resident from Ryton, was awarded an OBE for charitable services to children and families.

#### **CL85 Petitions**

**(A)**

The Council received a qualifying petition, requiring a debate, opposing the proposed closure of Grove House.

Melanie Cornwell, lead petitioner presented the reasons for the petition.

Councillor A Douglas, Cabinet Member for Children and Young People outlined the Council's position in relation to this matter and recommended that the petition be given full consideration as part of the consultation process during the preparation of the Council's budget.

COUNCIL RESOLVED – That the petition be given full consideration during the preparation of the Council's budget

**(B)**

Councillor P Foy submitted a petition on behalf of service users to stop the proposed closure of the Adult Disabled Services Marquis Way and Blaydon Lodge Respite.

#### **CL86 QUESTIONS FROM MEMBERS OF THE PUBLIC**

Mr Paul Watson submitted the following question:

“Given that the Councils vision is **‘for families with disabled children to have the support they need to live ordinary lives as a matter of course’** please could the Council tell me why they define **‘ordinary lives’** as requiring treatment for exhaustion from meeting the high care needs of their disabled children.”

Councillor A Douglas, Cabinet Member for Children and Young People responded to the question.

Mr Watson asked a supplementary question and he was informed that a written response would be provided.

#### **CL87 PRESENTATION BY CAROLE WOOD, DIRECTOR OF PUBLIC HEALTH**

Carole Wood, Director of Public Health, gave a presentation outlining the Annual Report for 2014/15.

**CL88 CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2015/16 - THIRD QUARTER REVIEW**

Consideration was given to a report that informed of the latest position on the 2015/16 capital programme and Prudential Indicators at the end of the third quarter to 31 December 2015. The report also informed of reasons for variances from the approved programme and detailed the proposed financing of the capital programme.

- COUNCIL RESOLVED –
- i) That all variations to the 2015/16 Capital Programme, as detailed in Appendix 2 of the report, be agreed as the revised programme
  - ii) That the financing of the revised programme be approved
  - iii) That the capital expenditure and capital financing requirement indicators be confirmed as being revised in line with the revised budget and that none of the approved Prudential Indicators set for 2015/16 have been breached.

**CL89 REVENUE BUDGET MONITORING 2015/16**

Consideration was given to a report that informed of the latest monitoring position on the 2015/16 revenue budget at the end of the third quarter to 31 December 2015. The report also included details of a revised net revenue budget that incorporates additional Public Health grant income, following the transfer of responsibility to the Council for the funding of public health services for children aged 0-5 years old.

- COUNCIL RESOLVED -
- i) That the Council's revenue expenditure position at 31 December 2015 as set out in Appendices 1 and 2 of the report be noted
  - ii) That the revised net revenue budget for 2015/16 from £205.400m to £207.387m be approved to reflect the additional Public Health grant income following the transfer of responsibilities to the Council for the provision of public health service for children aged 0-5 years old.

**CL90 REPORT FROM THE CABINET**

The Leader of the Council reported on a number of key issues currently affecting the Council.

COUNCIL RESOLVED – That the information be noted

## **CL91 NOTICE OF MOTION**

Councillor P Mole moved the following motion:

“Council notes the upcoming referendum on our membership of the European Union, which will occur before 2017 but which could be as early as June 2016.

Council welcomes the benefits that Gateshead residents receive from UK membership of the European Union, in particular:

- Job creation
- Investment in the North East
- Protecting consumer and workers’ rights
- Supporting peace and security in Europe
- Improvements to the environment

Council notes, with concern, the risks involved in leaving the European Union and the impact that leaving would have on jobs and investment, as well as social and consumer rights.

Council requests that the Chief Executive explores ways in which the Council, working with partners, can further promote European investment in local projects, organisations and businesses.”

## **CL92 NOTICE OF MOTION**

Councillor R Beadle moved the following motion:

“Council requests the Chief Executive to investigate and report on the financial, operational and governance implications for the authority of:

(1) the replacement of three member wards by two member wards

(2) the replacement of election by thirds to all up elections every four years.”

*The following amendment was submitted:*

Delete all after ‘for the authority of’ and insert:

"a review of election arrangements. Such a review should be comprehensive and consider all options to reduce costs, including the number of councillors and the frequency of elections.”

The amendment was accepted by the mover of the original motion and therefore put as the substantive motion and duly carried.

**COUNCIL RESOLVED –**

“Council requests the Chief Executive to investigate and report on the financial, operational and governance implications for the authority of a review of election arrangements. Such a review should be comprehensive and consider all options to reduce costs, including the number of councillors and the frequency of elections.”

**CL93 QUESTIONS**

There were no questions submitted.

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**GATESHEAD METROPOLITAN BOROUGH COUNCIL**

**COUNCIL MEETING**

**Thursday, 25 February 2016**

**PRESENT:** THE MAYOR COUNCILLOR A GEDDES

Councillors: A Thompson, R Beadle, C Bradley, M Brain, L Caffrey, M Charlton, B Clelland, B Coates, P Craig, S Craig, D Davidson, W Dick, S Dickie, P Dillon, K Dodds, C Donovan, A Douglas, John Eagle, M Foy, P Foy, M Gannon, B Goldsworthy, M Goldsworthy, J Graham, M Graham, T Graham, J Green, L Green, G Haley, M Hall, J Hamilton, S Hawkins, M Henry, F Hindle, L Holmes, M Hood, J Lee, K McCartney, J McClurey, J McElroy, C McHugh, E McMaster, M McNestry, P Mole, B Oliphant, C Ord, M Ord, D Robson, C Simcox, J Simpson, J Turnbull, L Twist, J Wallace, N Weatherley, A Wheeler and K Wood

**APOLOGIES:** Councillors: J Adams, S Green, H Hughes, P Maughan, C McHatton, P McNally, P Ronan and S Ronchetti

**CL94 NORTH EAST COMBINED AUTHORITY - PROPOSED DEVOLUTION AGREEMENT AND ELECTED REGIONAL MAYOR**

Consideration was given to a report outlining the proposed Devolution Agreement, including the proposal that the North East Combined Authority becomes a Mayoral Combined Authority.

- COUNCIL RESOLVED
- i) That the contents of the proposed Devolution Agreement at Appendix 1 of the report, including the proposal that the North East Combined Authority becomes a Mayoral Combined Authority be noted
  - ii) That the report providing an update on the conditional requirements of the proposed Agreement at Appendix 2 of the report be noted
  - iii) That the views of Council on the proposed Devolution Agreement, including the creation of a Mayoral Combined Authority for the North Eased Combined Authority area be expressed to Cabinet, so that Cabinet at its meeting in March 2016 can have regard to the views

expressed by Council when determining the question of consent to the proposed Devolution Agreement, including the proposal for an Elected Mayor for the North East Combined Authority

## **CL95 HOUSING REVENUE ACCOUNT (HRA) AND HOUSING CAPITAL PROGRAMME**

Consideration was given to a report seeking approval of:

- The Housing Revenue Account (HRA) budget for 2016/17, including proposed savings
- The proposed rent changes from 1 April 2016
- The detailed proposals for fees and charges
- The proposed phased removal of subsidy for sheltered services support
- The proposed Housing Capital Programme for the next five years (2016/17 to 2020/21)
- Amendments to the council house repair policy
- Amendments to the council house rent policy

- COUNCIL RESOLVED:
- i) That the Housing Revenue Account as set out in Appendix 2, including The Gateshead Housing company management fee, the repairs and management budget and savings, detailed in Appendix 3, be approved
  - ii) That the weekly rent reduction of 1% from 1 April 2016 in relation to non-supported housing be approved
  - iii) That the weekly rent increase of 0.9% in relation to all supported housing be approved
  - iv) That the fees and charges schedule as detailed in Appendix 4 be approved
  - v) That the phased removal of subsidy for sheltered services support be approved
  - vi) That the Housing Capital Programme for the five years 2016/17 to 2020/21 as set out in Appendix 6 be approved
  - vii) That the amendments to the Repairs Policy to facilitate the achievement of the agreed savings be delegated to the Strategic Director, Communities and Environment, in consultation with the Leader and the Cabinet Member for Housing

- viii) That the amendments to the rent policy to increase rent on vacant properties to target social rent and such detailed amendments be delegated to the Strategic Director, Communities and Environment, in consultation with the Leader and Cabinet Member for Housing

#### **CL96 CAPITAL PROGRAMME 2016/17 TO 2020/21**

Consideration was given to a report seeking approval of the capital programme for the next five years to provide significant levels of strategic investment to deliver priority outcomes within the Council Plan.

- COUNCIL RESOLVED:
- i) That the capital programme for 2016/17 and the provisional programmes for 2017/18 to 2020/21, as set out in Appendix 2 be approved, subject to external funding approvals being received
  - ii) That the provisional capital financing for the programme, as set out in Appendix 3 be noted and that delegated authority be granted to the Strategic Director, Corporate Resources to enter into prudential borrowing which is consistent with the requirements of the capital programme and the Council's Treasury Management Strategy
  - iii) That the position in relation to the additional flexibility regarding the application of capital receipts to fund the revenue costs of transformational projects outlined in Appendix 4 be noted and that further updates be received to confirm specific investment plans as part of the capital programme monitoring reports during the year

#### **CL97 REVIEW OF FEES AND CHARGES 2016/17**

Consideration was given to a report seeking approval of the level of fees and charges for the Council for 2016/17

- COUNCIL RESOLVED:
- i) That the Fees and Charges as set out for 2016/17 in Appendix 2 of the report be approved

- ii) That the Strategic Director, Corporate Resources be authorised to make any necessary adjustments to correct any errors in the schedule of Fees and Charges

## **CL98 BUDGET AND COUNCIL TAX LEVEL 2016/17**

Consideration was given to a report seeking approval of the Budget and Council Tax level for 2016/17. As part of the council tax setting process approval was also sought for the prudential indicators and Minimum Revenue Position Statement.

*In accordance with Council Procedure Rule 20.4, a recorded vote was taken as follows:-*

### Councillors For the Recommendation:-

R Beadle, C Bradley, M Brain, L Caffrey, M Charlton, B Clelland, B Coates, P Craig, S Craig, D Davidson, W Dick, S Dickie, P Dillon, K Dodds, C Donovan, A Douglas, J Eagle, M Foy, P Foy, M Gannon, A Geddes, B Goldsworthy, M Goldsworthy, J Graham, M Graham, T Graham, J Green, L Green, G Haley, M Hall, J Hamilton, M Henry, F Hindle, L Holmes, M Hood, J Lee, J McClurey, J McElroy, C McHugh, E McMaster, M McNestry, P Mole, B Oliphant, C Ord, M Ord, D Robson, C Simcox, J Simpson, A Thompson, L Twist, J Wallace, N Weatherley, A Wheeler and K Wood

### Councillors Against the Recommendation:-

Nil

### Councillors Abstained:-

Nil

### **COUNCIL RESOLVED:-**

- (1) That Gateshead's Band D council tax for 2016/17 is increased by 3.99% to £1,530.03.
- (2) The revenue estimates of £198.883m for 2016/17 be approved.
- (3) That use of £3.971m from the Council's General Reserve and £0.438m from the Public Health Reserve be agreed to mitigate the impact of budget proposals in 2016/17.
- (4) That the indicative schools funding presented in appendix 2 be agreed.
- (5) That the recommendations of the Strategic Director, Corporate Resources in respect of the robustness of estimates and adequacy of reserves identified in appendix 5 be noted.
- (6) That the Prudential and Treasury Indicators set out in appendix 6 to this report be agreed.

- (7) That the method of calculating the Minimum Revenue Provision (MRP) for 2016/17 as set out in appendix 7 be approved.
- (8) That the Budget Proposals following the outcome of consultation in appendix 2 be noted.
- (9) That it be noted that at its meeting on 19 January 2016, Cabinet calculated the following amounts for the year 2016/17 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
- (a) **50,480.1** 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) **1,184.7** 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.
- (10) That the following amounts be now calculated by the Council for the year 2016/17 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) **£574,790,475** 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) **(£497,545,093)** 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) **£77,245,382** 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) **£1,530.2145** being the amount at (c) above, all divided by the amount at (9)(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) **£9,258.36** being the aggregate amount of all special items (Lamesley Parish Council) referred to in Section 34(1) of the Act
- (f) **£1,530.0311** being the amount at (d) less the result given by dividing the amount at (e) above by the amount at (9)(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 **£1,537.8461** 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 (9)(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<br>£ | All other parts of the Council's area<br>£ |
|----------------|----------------------|--|
| A              | 5.21                 | 1,020.02                                   |
| B              | 6.08                 | 1,190.02                                   |
| C              | 6.95                 | 1,360.03                                   |
| D              | 7.81                 | 1,530.03                                   |
| E              | 9.55                 | 1,870.04                                   |
| F              | 11.29                | 2,210.04                                   |
| G              | 13.02                | 2,550.05                                   |
| H              | 15.62                | 3,060.06                                   |

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.

- (11) That it be noted that for the year 2016/17, 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<br>£ | Tyne and Wear Fire and Rescue Authority<br>£ |
|----------------|--|--|
| A              | 62.22  | 50.74  |
| B              | 72.59  | 59.20  |
| C              | 82.96  | 67.65  |
| D              | 93.33  | 76.11  |
| E              | 114.07   | 93.02  |
| F              | 134.81   | 109.94                                       |
| G              | 155.55   | 126.85                                       |
| H              | 186.66   | 152.22                                       |

- (12) That, having calculated the aggregate in each case of the amounts at (10)(h) and (11) 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 2016/17 for each of the categories of dwellings shown below: -

| Valuation Band | Lamesley Parish<br>£ | All other parts of the Council's area<br>£ |
|----------------|----------------------|--|
| A              | 1,138.19             | 1,132.98                                   |
| B              | 1,327.89             | 1,321.81                                   |
| C              | 1,517.59             | 1,510.64                                   |
| D              | 1,707.28             | 1,699.47                                   |
| E              | 2,086.68             | 2,077.13                                   |
| F              | 2,466.08             | 2,454.79                                   |
| G              | 2,845.47             | 2,832.45                                   |
| H              | 3,414.56             | 3,398.94                                   |

- (13) 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 2016/17 is not excessive in accordance with the principles determined under section 52ZC of the Act.

*(Councillors S Hawkins, K McCartney and J Turnbull left the meeting before a vote on this item was taken)*

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## COUNCIL MEETING

17 March 2016

### PARENT GOVERNOR REPRESENTATIVES ON COUNCIL BODIES DEALING WITH EDUCATION

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Jane Robinson, Chief Executive

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#### **Purpose of the Report**

1. To seek approval to appoint a parent governor representative(PGR) nominated by their fellow parent governors, to its overview and scrutiny committee that considers education matters
2. The Council is required by law to appoint PGRs nominated by their fellow parent governors, to its overview and scrutiny committee that considers education matters.
3. Accordingly, the Council's constitution provides for four PGRs to be appointed to the Families Overview and Scrutiny Committee. The places are split between the primary and secondary sectors, but with the proviso that if there are insufficient candidates from one sector, vacancies may be filled by candidates from the other sector.
4. Three nominations have been received, one from the primary sector and two from the secondary sector and it is proposed that they are formally recommended for appointment.

| <b>Name</b>        | <b>School</b>                            |
|--------------------|--|
| Ms Sasha Ban       | Whickham School & Sports College         |
| Mrs Maveen Pereira | Dryden and Hilltop Learning Federation   |
| Mrs Jill Steer     | Whickham Parochial C of E Primary School |

#### **Recommendation**

5. The Council is recommended to approve the appointment of the Parent Governor Representatives outlined above.

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Contact: Angela Frisby

ext 2138

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## COUNCIL MEETING

17 March 2016

### LOCAL GOVERNMENT ACT 1972 – SECTION 85

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**Jane Robinson, Chief Executive**

**Mike Barker, Strategic Director, Corporate Services and Governance**

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#### **Local Government Act 1972 – Section 85**

1. Councillor Paul McNally has been unable, because of ill health, to attend meetings of the authority since 13 October 2015.
2. Section 85 of the Local Government Act 1972 provides that if a member of a local authority fails throughout a period of six consecutive months from the date of his/her last attendance to attend any meeting of the authority, he/she shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.

#### **Recommendation**

3. It is recommended that, for the purposes of Section 85(1) of the Local Government Act 1972, the Council agree to regard the ill health of Councillor Paul McNally as the reason for his failure to attend meetings.

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**COUNCIL MEETING**

**17 MARCH 2016**

## **REALLOCATION OF FUNCTIONS**

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**Jane Robinson, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval for a re-organisation of functions within the Council's management structure.
2. The Council continues to face a number of challenges managing significant budgetary pressures, whilst meeting increasing demand as a consequence of demographic changes and a rapidly changing policy context. It is the responsibility of the Chief Executive to ensure the Council's organisational structure is designed to meet these challenges and deliver the Council's priorities and objectives, by having the right skills and capacity in the right places across the organisation.
3. Proposed changes in responsibility for functions are recommended for:
  - Policy, Economic Growth & Transformation service group
  - Emergency Planning & Resilience and Housing-related functionsFull details are outlined in paragraphs 7 – 14 of the attached report.
4. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATIONS**

5. It is recommended that Council approves the management structure changes detailed in paragraphs 7 – 14 of the attached report, effective from the following dates in respect of:
  - i) Policy, Economic Growth & Transformation (paragraphs 7 – 9) - 1 April 2016; and
  - ii) Emergency Planning and Resilience and Council Housing and housing support functions, and Transport Strategy (paragraphs 10-14):
    - a) 29 February 2016, for those transferring to Council Housing, Design & Technical Services; and
    - b) 1 April 2016, for those transferring to the Gateshead Housing Company

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**TITLE OF REPORT:** Reallocation of functions

**REPORT OF:** Jane Robinson, Chief Executive

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### **Purpose of the Report**

1. The purpose of this report is to seek Cabinet agreement for a re-organisation of functions within the Council's management structure, and its recommendation to Council for approval.

### **Background**

2. The Council continues to face a number of challenges managing significant budgetary pressures, whilst meeting increasing demand as a consequence of demographic changes and a rapidly changing policy context. It is anticipated that the scale and depth of these changes will continue throughout the timeframe of the Council Plan (i.e. until at least 2020) so the Council needs to ensure it can adapt with pace and purpose to continue to provide the best possible services to its residents.
3. It is the responsibility of the Chief Executive to ensure the Council's organisational structure is designed to meet these challenges, and deliver the Council's priorities and objectives, by having the right skills and capacity in the right places across the organisation. This is achieved through:
  - Co-ordination of functions;
  - Allocation of resources; and
  - Organisation of staff.
4. The management structure of the Council changed significantly in October 2014 with the establishment of five new service groups (Care, Wellbeing & Learning, Communities & Environment, Policy, Economic Growth & Transformation, Corporate Resources, and Corporate Services & Governance) and changed again last year with the reallocation of the Council's transport and highways functions, and consolidation of the commissioning functions for adults', children's and public health services – an initial step towards a new model for the Council's care functions (which will be the subject of a further report to Cabinet later this month).
5. These proposals build on those changes: they recognise that the Council is continuing to face enormous challenges in respect of the financial climate, and adapting to major changes to national policy which will affect how our services, and public services in general, are delivered (e.g. the devolution agenda, and changes in health and social care and in housing). The proposals contained in this paper also seek to rationalise functions as well as create capacity where we

know it is needed over the period up to 2020. In addition, the proposals take into account, and aim to maximise the benefits of, a number of senior management changes occurring over the next four months, including the retirements of three chief officers: the Strategic Directors of Care, Wellbeing & Learning and Policy, Economic Growth & Transformation (which post is to be deleted), and the Director of Public Health (as reported to Cabinet at its meetings of 3 November and 15 December 2015).

## **Proposals**

6. It is proposed that the following changes in responsibility for functions are recommended to Council for approval.

### **Policy, Economic Growth & Transformation service group**

7. Council agreed at its meeting on 17 December 2015 that the post of Strategic Director, Policy, Economic Growth & Transformation be deleted from the Council's management structure following the retirement of the current post-holder (also the Council's Assistant Chief Executive) on 31 March 2016. The Chief Executive has therefore given consideration to where the two services within that service group (Policy, Transformation & Communications and Economic & Housing Growth) should sit within the management structure.
8. It is proposed that the Economic & Housing Growth Service be transferred to within the Communities & Environment (C&E) service group as there is a close alignment between the policy areas of economic development and housing, and of planning policy, development management, transport strategy, and council housing – all currently within the C&E service group. However, recognising that the Council's policy priority of economic and housing growth is central to the delivery of the whole Council Plan, the Chief Executive will retain a direct interest in this function.
9. Given the nature of the responsibilities of the post and service, it is proposed that from 1 April 2016 the current Service Director, Policy, Transformation & Communications reports directly to the Chief Executive and the service is renamed Policy, *Performance* & Communications. Also reporting directly to the Chief Executive would be the post of Change Programme Lead which it is proposed is established (see report elsewhere on this Cabinet agenda). Together, the Policy, Performance & Communications Service and staff supporting the Change Programme will form, and be known as, the Office of the Chief Executive.

### **Emergency Planning & Resilience and Housing-related functions**

10. It is proposed that the Council's responsibilities for emergency planning and resilience are transferred from the Care, Wellbeing & Learning service group into Communities & Environment: this will establish a closer alignment with the strategic and operational functions within that group which are charged with planning for, and responding to, a range of emergency situations (i.e. highways and transport, environmental health, neighbourhoods and grounds maintenance, leisure facilities and facilities management). The detailed arrangements for the delivery of this function are currently under review, and it is proposed that the allocation of responsibility for its management within the Communities & Environment service group is determined by the Strategic Director, in consultation



with the Leader of the Council and the Chief Executive, for implementation from 1 April 2016.

11. It is also proposed that the various council housing and housing support services within the Council are rationalised across the Council and its arms' length housing management organisation, the Gateshead Housing Company (GHCo). This would involve the transfer from Care, Wellbeing & Learning to the GHCo of delivery of the following functions on behalf of the Council (which retains responsibility for them as local housing authority):
- homelessness assessment and rehousing, advice, assistance and prevention and the maintenance of the Housing Register
  - the allocation of dwellings to customers with a medical need (in liaison with the Council's occupational therapy service)
  - work on the accommodation needs of people with mental health and learning disabilities
  - warden services for sheltered housing tenants
  - housing services to armed forces veterans
  - the delivery of adaptations, including Disabled Facility Grant, post-occupational therapy assessment (in liaison with the Council's occupational therapy service)

(along with the associated necessary changes to the Management Agreement and Performance Management Framework between the Council and GHCo) and the transfer of the following functions to Council Housing, Design & Technical Services:

- housing policy for lettings and appeals (with input from GHCo on any need for change)
- management of the Right to Buy process

The transfer of the functions to the Housing Company would result in the TUPE transfer of approximately 100 employees to the Gateshead Housing Company.

These proposals would not prejudice any future decisions of the Council relating to GHCo and the delivery of council housing management functions. Responsibilities will remain under review in this area in order to respond to proposed government policy changes and their financial consequences on the Housing Revenue Account (HRA). Associated with these changes, it is proposed that the Service Director, Construction Services, reports to the Managing Director of the GHCo on all matters relating to Housing Repairs and Investment. The postholder will still report generally, and be accountable for performance overall, to the Strategic Director, Communities & Environment.

12. The proposals, which for ease of reference are shown in Appendix 2, will also facilitate consolidation of activity and the removal of duplication of effort, enabling efficiencies to be made, as well as the establishment of more cohesive and clear arrangements for the delivery of our council housing and housing support functions. They also come forward following the transfer of the former Service Director, Adult Social Care & Independent Living, into Communities & Environment as Service Director, Projects (C&E): this new role will provide capacity to undertake a range of initiatives on behalf of the service group to

ensure the right policies, programmes, services and contracts are in place to support inclusive and sustainable communities in light of the proposals being developed for a new model for the delivery of the Council's adult social services, which will be the subject of the further report to Cabinet and Council referred to in paragraph 4, above. An interim director has been appointed on a temporary basis pending the recruitment of a permanent appointment to the post of Service Director, Adult Services.

### **Transport Strategy**

13. At its meeting of 24 September 2015, Council approved interim management arrangements to be implemented following the early retirement of the Service Director, Transport Strategy, with a view to Cabinet and Council receiving a further report recommending permanent arrangements in the new year.
14. The Strategic Director, Communities & Environment, has considered the effectiveness of the interim arrangements, whereby the former Transport Strategy service was placed under the remit of the Service Director, Development & Public Protection and, following consultation with the portfolio holders and Cabinet, has recommended to the Chief Executive that they now be made permanent.

### **Recommendations**

15. That Cabinet agrees and recommends to Council approval of the management structure changes detailed in paragraphs 7 to 14 of this report, effective from the following dates in respect of:
  - (i) Policy, Economic Growth & Transformation (paragraphs 7 to 9) – 1 April 2016; and
  - (ii) emergency planning and resilience, and council housing and housing support functions, and Transport Strategy (paragraphs 10 to 14):
    - a. 29 February 2016, for those transferring to Council Housing, Design & Technical Services; and
    - b. 1 April 2016, for those transferring to the Gateshead Housing Company.

For the following reason:

To enable continued improvement in the co-ordination of Council functions, the organisation of its staff, and to enable Council services to be delivered in a more efficient and effective way.

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**CONTACT:** Mike Barker

extension 2100

### Policy Context

1. The reconfiguration of services resulting from this reorganisation will assist in the delivery of Vision 2030 and in the implementation of the Council's Corporate Priorities as set out in the Council Plan 2015-2020 and its policy framework.

### Background

#### Reallocation of functions

2. The Strategic Director, Policy, Economic Growth & Transformation (who is also the Assistant Chief Executive) has indicated a wish to take early retirement and this has been approved by the relevant Council body on the grounds of voluntary redundancy. The post was created in 2014 to provide focus on the Council's priority for economic and housing growth across the borough, and has overseen the establishment of robust arrangements to drive forward a programme for delivery of a broad range of development projects. The retirement of the Strategic Director provides an opportunity to rationalise the structural arrangements now to take forward delivery of the programme, and redirect resources to enhance capacity to effect change at a faster pace. It is therefore proposed that the Economic & Housing Growth service is bought within the Communities & Environment service group to provide significant opportunities for alignment of functions which seek to secure substantial growth across the Borough as well as support for the devolution agenda. It also brings together a number of services which will need to respond to the challenges facing the Council's housing stock, and so the new proposals include some changes to responsibility for council housing and housing support services both in terms of Council services and the Gateshead Housing Company, set out in more detail at Appendix 2.
3. Also proposed is the transfer of responsibility for emergency planning and resilience from the Care, Wellbeing & Learning service group into the Development & Public Protection service within Communities & Environment: this will establish a closer alignment with the strategic and operational functions within that group which are charged with planning for, and responding to, a range of emergency situations (i.e. highways and transport, environmental health, neighbourhoods and grounds maintenance, leisure facilities and facilities management).
4. At its meeting of 24 September 2015, Council approved interim management arrangements to be implemented following the early retirement of the Service Director, Transport Strategy, with a view to Cabinet and Council receiving a further report recommending permanent arrangements in the New Year.
5. The Strategic Director, Communities & Environment, has considered the effectiveness of the interim arrangements, whereby the former Transport Strategy service was placed under the remit of the Service Director, Development & Public Protection, and has recommended to the Chief Executive that they now be made permanent.

## Consultation

6. The Council's recognised trade unions have been consulted on the proposals within this report. As regards the reallocation of functions, they remain supportive of any changes which promote efficiency and improvement in service delivery, provided the employees affected receive clear communications explaining the reasons for the changes and are treated sensitively.
7. The Leader of the Council has also been consulted in his portfolio role, as have the portfolio lead for Housing and the Gateshead Housing Company.

## Alternative Options

8. The proposals are put forward by the Chief Executive as the optimum response to the demands placed on the Council, as set out in paragraphs 2 and 3 above. While one alternative option would be to make no change to the current organisational structure of the Council, this would not make the positive contribution toward achieving the aims set out at paragraph 3.

## Implications of Recommended Option

### 9. Resources

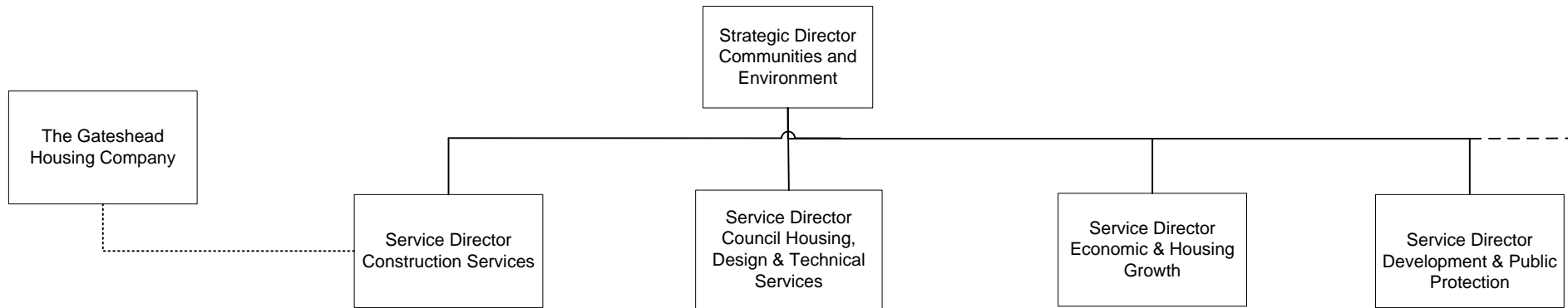
- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the reallocation of responsibilities within the Strategic Director tier will not give rise to any immediate changes in pay and grading. Where there are proposed significant changes to job profiles of Service Directors, due consideration will be given to whether there is a need to re-evaluate these posts; however, these are expected to be few in number, and any increase in costs as a result of any regrading approved by the Council's Contracts Committee will be off-set by the savings from the deletion of the associated management posts. Further savings are expected to be facilitated by the proposals, particularly from service reviews made possible as a result of consolidation of similar functions and activities across the Council.
- b) **Human Resources Implications** – the human resource implications of the proposals are considered throughout the report. As stated in the above sub-paragraph, the implications of the proposals as regards job evaluation of the posts affected will be considered in due course by the Council's Contracts Committee. The TUPE transfer of employees to the Gateshead Housing Company will be undertaken in full consultation with the employees affected and the trade unions.
- c) **Property Implications** - There are no property implications arising directly from this report.

17. **Risk Management Implication** – An effective Senior Management organisational structure that supports the coordination of functions is an important contributory factor to successful risk management.
18. **Equality and Diversity Implications** - There are no equality and diversity implications arising directly from this report.

19. **Crime and Disorder Implications** – There are no crime and disorder implications arising directly from this report.
20. **Health Implications** – There are no health implications arising directly from this report.
21. **Sustainability Implications** – There are no sustainability implications arising directly from this report.
22. **Human Rights Implications** - There are no human rights implications arising from this report.
23. **Area and Ward Implications** - There are no area and ward implications arising from this report.

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# Reallocation of Housing Functions – Communities & Environment and The Gateshead Housing Company



- Management of Council's Housing stock
- Invest and repair Council homes
- Letting Council homes
- Supporting vulnerable people (including older persons)
- Sustaining tenancies
- Homelessness assessment and rehousing
- Sheltered housing services
- Adapting grants for disabled
- Other supported housing services

- New build housing
- Repairs and maintenance
- Improvements

- Managing the housing revenue account
- Commissioning housing management services
- Council housing policy and asset management
- Design and technical services
- Right to Buy management
- Housing policy for lettings and appeals

- Housing strategy
- Housing growth

- Private sector housing

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**COUNCIL MEETING**

**17 MARCH 2016**

## **ADDRESSING 'LOW PAY' WITHIN THE WORKFORCE – IMPACT OF THE NATIONAL LIVING WAGE**

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**Jane Robinson, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of a revised grading structure that would enable the Council to continue to address the issue of low pay within the workforce, implement the National Living Wage (NLW) and move further towards the UK Living Wage.
2. The Council has previously debated the question of how to address low pay, and how it might improve pay for the lowest paid workers in the economy and in the Council.
3. The new compulsory National Living Wage (NLW) for employees aged 25 and above will be introduced on 1 April 2016 and will begin at £7.20 per hour. In order to implement the NLW and to continue to address low pay within the workforce by moving our lowest pay levels closer to the UK Living Wage, it is proposed that the Council deletes SCP 8 from 1 April 2016. This will increase the lowest pay point grade A (SCP 9) to £7.30 per hour, pending any pay award for 2016/17.
4. The cost of implementing this proposal for council staff in 2016/17 would be £101k (in addition to the cost of implementing the proposed pay offer for 2016) based on an implementation date of 1 April 2016 and would impact on 336 FTEs. This cost is covered within the Medium Term Financial Strategy and can be met from the 2016/17 budget.
5. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATIONS**

6. It is recommended that Council approves the deletion of SCP 8 from the grading structure proposed with effect from 1 April 2016

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**TITLE OF REPORT:** Addressing 'Low Pay' within the Workforce – impact of the National Living Wage

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

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### **Purpose of the Report**

1. To seek Cabinet agreement to recommend to Council a revised grading structure that would enable the Council to continue to address the issue of low pay within the workforce, implement the National Living Wage (NLW), and move further towards the UK Living Wage.

### **Background**

2. The Council has previously debated the question of how to address low pay, and how it might improve pay for the lowest paid workers in the economy and in the Council. This is now set in a context of:
  - The new compulsory National Living Wage;
  - The Campaign for a Living Wage, supported at least in part by neighbouring Councils and local MPs;
  - Increasingly severe financial pressures on the Council's budget;
  - A risk of the Council losing/not winning external contracts;
  - Potential increases in the costs of services bought in by the Council due to the introduction of the NLW; and
  - A hiatus in national pay bargaining for local authority staff for 2016/17.
3. The new compulsory National Living Wage (NLW) for employees aged 25 and above will be introduced on 1 April 2016 and will begin at £7.20 per hour in 2016. It is projected to rise to at least £9 per hour (possibly up to £9.35) by 2020. The NLW is distinct from the UK Living Wage (which is £8.25 per hour) and the National Minimum Wage (NMW) rates for under-25 year olds.
4. The Council's lowest hourly rate is currently £7.19 per hour (SCP 8). The current final NJC pay offer for 2016-18 (shown in detail at Appendix 2) is a 2 year offer of 1% in both 2016 and 2017 for employees on SCP18 (£17,714 p.a.) and above. For employees on SCPs 17 and below, the offer is an increase of between 1.01% and 6.6% from 1 April 2016 and between 1.3% and 3.2% from 1 April 2017.
5. The effect of this pay offer, without any other action by the Council, would take the Council's lowest hourly rate to £7.66 per hour (SCP 8) in April 2016, i.e. 44 pence above the proposed NLW. The cost of implementing the proposed pay offer would be £1.7m in 2016.

6. However, the LGA have confirmed that it is unlikely that agreement will be reached on the pay offer by 1 April 2016; therefore the Council needs to increase the pay of employees on SCP 8 in accordance with the requirements of the NLW.

### **Proposal**

7. In order to implement the NLW, and to continue to address low pay within the workforce by moving our lowest pay levels closer to the UK Living Wage, it is proposed that the Council deletes SCP 8 from 1 April 2016. This will increase the lowest pay point grade A (SCP 9) to £7.30 per hour, pending the pay award for 2016/17. As part of this proposal, there will also be a modest change to grade B which would see it move up one increment to SCPs 10 and 11. All employees on current grades A and B would therefore receive one increment on 1 April 2016, as well as whatever increase eventually results from the pay award for 2016. The proposed changes (including the rates proposed under the 2016 NJC pay offer) is shown in more detail in Appendix 3.
8. If the current pay offer is agreed, grade A (SCP 9) will increase to £7.76 per hour, a 7.9% increase for our lowest paid employees and moving significantly beyond the NLW and only 49p less than the UK Living Wage (having been 66p lower than the UK Living Wage in April 2015).
9. The cost of implementing this proposal for council staff in 2016/17 would be £101k (in addition to the cost of implementing the proposed pay offer for 2016) based on an implementation date of 1 April 2016 and would impact on 336 FTEs. This cost is covered within the MTFs and can be met from the 2016/17 budget.

### **Recommendation**

10. It is recommended that Cabinet agrees to:
  - (i) recommend to Council the deletion of SCP 8 from the grading structure proposed with effect from 1 April 2016; and
  - (ii) receive further reports on the outcome of the national pay negotiations and further options to address low pay within the Council's workforce.

For the following reasons:

To go beyond compliance with the National Living Wage as a significant step to addressing low pay within the Council's workforce in a way which is workable and affordable.

**Policy Context**

1. The proposals have been developed in line with the Council Plan, Council's Pay Policy, Workforce Strategy, MTFs and economic growth policies.

**Background**

2. The Chancellor of the Exchequer has announced that a new compulsory National Living Wage (NLW) for employees aged 25 and above will be introduced on 1 April 2016. The NLW will be based on median earnings with the aim of reaching 60% of median UK earnings by 2020. The NLW will begin at £7.20 per hour in 2016 and is projected to rise to at least £9 per hour (possibly up to £9.35) by 2020.
3. The NLW is distinct from the UK Living Wage, which is a voluntary wage rate calculated independently by the Living Wage Foundation and based on the costs of living. The UK Living Wage rate outside of London is £8.25 per hour, which is significantly higher than both the NLW and the National Minimum Wage (NMW). The figure is reviewed annually each November during Living Wage Week.
4. Four NMW rates, which change annually in October, will remain:
  - The adult rate (for those aged 21-24)
  - The Youth Development rate (for those aged 18-20)
  - The 16–17 year old rate
  - The Apprentice rate
5. The NLW is effectively a rebranding of the existing NMW insofar that it will remain the responsibility of the Low Pay Commission to submit a report to the Government each year with a recommendation of what the annual increase should be.

**Council Context**

6. The Council's Workforce Strategy and Plan confirm the need to have a Pay and Reward Strategy which is fit for purpose. This will include providing the best reward packages possible which recognise the difficult financial climate and ensure fairness across the workforce as well as a commitment to keeping our pay arrangements under review.
7. In seeking to address the issue of low pay by changes to its pay and grading structure the Council needs to consider:
  - the impact on supervisory differentials;
  - the financial implications and how this would be resourced; and
  - the impact on its ability to remain competitive where there are external contracts.
8. Whilst the spinal column points are themselves a matter for national negotiation, the way they are applied as grades is a matter for each Council. Gateshead's current grading structure for its lowest grades is shown below, (SCPs 14 and 22 are not currently applied.)

| Grade |   | SCP | Salary | Hourly Rate |
|-------|---|-----|--------|-------------|
|       |   |     | £      | £           |
|       | A | 8   | 13,871 | 7.19        |
| B     |   | 9   | 14,075 | 7.30        |
| B     |   | 10  | 14,338 | 7.43        |
|       | C | 11  | 15,207 | 7.88        |
|       | C | 12  | 15,523 | 8.05        |
|       | C | 13  | 15,941 | 8.26        |
|       |   | 14  | 16,231 | 8.41        |
| D     |   | 15  | 16,572 | 8.59        |
| D     |   | 16  | 16,969 | 8.80        |
| D     |   | 17  | 17,372 | 9.00        |
|       | E | 18  | 17,714 | 9.18        |
|       | E | 19  | 18,376 | 9.52        |
|       | E | 20  | 19,048 | 9.87        |
|       | E | 21  | 19,742 | 10.23       |
|       |   | 22  | 20,253 | 10.50       |

9. This proposal will maintain the integrity of a pay structure that retains grade/supervisory differentials (although the differentials would be narrowed); retain a degree of 'in-grade' progression (c.f. spot salaries); and will enable the Council to continue to progress closer to the current UK Living Wage.
10. In order to achieve £9 per hour as the minimum hourly rate by 2020, there will need to be a fundamental review of the grading structure at the lower end.

### Consultation

11. The views of the Leader of the Council have been sought in drafting this report. The Council's recognised non-teaching Trade Unions have also been consulted.
12. Council Officers and Trade Unions have been in regular discussion on the benefits and risks associated with pay levels closer to the Living Wage since the Council motion was passed on 25 January 2013.
13. The Trade Unions have confirmed that they acknowledge this proposal as a positive way of introducing the NLW in Gateshead Council and would welcome continued discussions on how the Council can move towards implementing the UK Living Wage.

### Alternative Options

14. Lifting the pay of employees on SCP 8 to the new National Living Wage level of £7.20 per hour on 1 April 2016 would be a lower cost option, but would compromise the existing pay structure, send out an erroneous message that the Council wants to be a minimum wage employer, and would not represent a significant step towards addressing low pay.

## Implications of Recommended Option

### 15. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that sufficient funds to fund the current proposals have been set aside within the 2016/17 revenue budget reported elsewhere on this agenda. Future requirements will be considered within a refresh of the Council's Medium Term Financial Strategy.
- b) **Human Resources Implications** – This proposal improves the earnings of the Council's lowest paid workers. As the introduction of the higher pay levels can be accommodated within existing financial plans, it is not expected to increase the risk of redundancy amongst Council employees.
- c) **Property Implications** – There are no property implications arising from the recommendations within this report.

16. **Risk Management Implications** – The proposal maintains the integrity of a pay structure that retains grade/supervisory differentials, and reduces the risk of job evaluation challenges.

17. **Equality and Diversity Implications** – The majority of employees affected by these proposals are part-time females, who are in the lowest paid part of the economy.

18. **Crime and Disorder Implications** – There are no crime and disorder implications.

19. **Health Implications** - There are no health implications.

20. **Sustainability Implications** - There are no sustainability implications.

21. **Human Rights Implications** – There are no human rights implications

22. **Area and Ward Implications** - There are no area and ward implications.

### 23. Background Information

Gateshead Council Pay Policy 2015

The percentage increase in the current pay offer for each SCP for each of the two years:

### From 1 April 2016:

- On SCP 8, 6.5% (£900)
- On SCP 9, 6.4% (£900)
- On SCP 10, 6.3% (£900)
- On SCP 11, 2.0% (£300)
- On SCP 12, 2.0% (£300)
- On SCP 13, 1.6% (£250)
- On SCP 14, 1.5% (£250)
- On SCP 15, 1.2% (£200)
- On SCP 16, 1.2% (£200)
- On SCP 17, 1.01% (£175)
- On SCPs 18 and above, 1.0%

### From 1 April 2017:

- On SCP 8, 3.2% (£475)
- On SCP 9, 2.6% (£400)
- On SCP 10, 2.5% (£375)
- On SCP 11, 1.9% (£300)
- On SCP 12, 1.9% (£300)
- On SCP 13, 1.9% (£300)
- On SCP 14, 1.8% (£300)
- On SCP 15, 1.8% (£300)
- On SCP 16, 1.5% (£250)
- On SCP 17, 1.3% (£225)
- On SCPs 18 and above, 1.0%



## Appendix 3

The proposed changes (including the rates proposed under the 2016 NJC pay offer) are shown below:

| Grade |   | SCP | Salary from 1 April 2016 | Hourly Rate | Salary (including 2016 pay offer) | Hourly Rate |
|-------|---|-----|--------------------------|-------------|-----------------------------------|-------------|
|       |   |     | £                        | £           | £                                 | £           |
|       |   | 8   | 13,871                   | 7.19        | 14,771                            | 7.66        |
|       | A | 9   | 14,075                   | 7.30        | 14,975                            | 7.76        |
| B     |   | 10  | 14,338                   | 7.43        | 15,238                            | 7.90        |
| B     | C | 11  | 15,207                   | 7.88        | 15,507                            | 8.04        |
|       | C | 12  | 15,523                   | 8.05        | 15,823                            | 8.20        |
|       | C | 13  | 15,941                   | 8.26        | 16,191                            | 8.39        |
|       |   | 14  | 16,231                   | 8.41        | 16,481                            | 8.54        |
| D     |   | 15  | 16,572                   | 8.59        | 16,772                            | 8.69        |
| D     |   | 16  | 16,969                   | 8.80        | 17,169                            | 8.90        |
| D     |   | 17  | 17,372                   | 9.00        | 17,547                            | 9.10        |
|       | E | 18  | 17,714                   | 9.18        | 17,891                            | 9.27        |
|       | E | 19  | 18,376                   | 9.52        | 18,560                            | 9.62        |
|       | E | 20  | 19,048                   | 9.87        | 19,238                            | 9.97        |
|       | E | 21  | 19,742                   | 10.23       | 19,939                            | 10.34       |
|       |   | 22  | 20,253                   | 10.50       | 20,456                            | 10.60       |

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**COUNCIL MEETING**

**17 MARCH 2016**

## **ADDITIONAL NON- VOTING MEMBER – CORPORATE PARENTING SUB OVERVIEW AND SCRUTINY COMMITTEE (OSC)**

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**Jane Robinson, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of an additional non-voting member being appointed to the Corporate Parenting Sub OSC.
2. The current membership of the Sub OSC comprises an elected member as a chair person and vice chair from the majority party and a further seven cross party elected members and four co-opted members.
3. Following a review of the membership arrangements by Families OSC (the parent committee) it was identified that it would strengthen the arrangements if the non-voting members of the sub-committee with knowledge and experience of services provided to Looked After young people and care leavers was increased. It was agreed that the non-voting membership be extended to include a representative of the Foster Care Association, a care leaver, a school governor, a representative of the Gateshead Housing Company and a representative from the third sector.
4. The arrangements were reviewed on 21 January 2016 by the Families OSC and whilst it has been possible to appoint a representative from the third sector it was agreed that it would be beneficial if the non-voting membership be extended to also include a co-opted member from the Families OSC to increase continuity and cement links between the Sub-Committee and the parent Committee.
5. It is proposed to formalise the arrangements for all the non-voting members by setting a specific term of office which will be for a period of 3 years from the date of appointment. In addition, work will continue to fully implement the original recommendations. It is also planned that a further review of the effectiveness of these arrangements be carried out by the Families OSC in 12 months' time.
6. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATIONS**

7. It is recommended that Council agrees to a member of the Families OSC being appointed as an additional non-voting member of the Corporate Parenting Sub-Committee to increase continuity and cement links between the Sub-Committee and the parent Committee

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**TITLE OF REPORT:**           **Additional Non-Voting Member - Corporate Parenting Sub Overview and Scrutiny Committee (OSC)**

**REPORT OF:**           **Mike Barker, Strategic Director, Corporate Services and Governance**  
**Alison Elliott, Interim Strategic Director – Care, Wellbeing and Learning**

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### **Purpose of the Report**

1. To seek Cabinet's approval to recommend Council to agree to an additional non-voting member being appointed to the Corporate Parenting Sub OSC.

### **Background**

2. The Council's Corporate Parenting Overview and Scrutiny Sub-Committee was established in 2000. The Sub-Committee maintains a comprehensive overview of the progress of children who are looked after and for care leavers, scrutinising the quality, effectiveness and performance of services that support them. Since 2000 the importance of the Council's responsibility for children who are looked after has continued to be emphasised in successive government initiatives, with specific emphasis being placed on life chances and on educational achievement.
3. On 23 October 2014, the Families OSC reviewed the membership arrangements for the Corporate Parenting Sub OSC and considered examples of best practice in other local authorities across the UK with a view to further strengthening the scrutiny challenge and leadership of the corporate parenting role.
4. The OSC identified that it would strengthen the robustness of those arrangements, if the number of non-voting members on the Sub-Committee with knowledge and experience of services provided to Looked After young people and care leavers was increased. The OSC therefore recommended to Cabinet that the non-voting membership be extended to include a representative of the Foster Care Association, a care leaver, a school governor, a representative of the Gateshead Housing Company and a representative from the third sector.
5. In light of the OSC's recommendations, Cabinet agreed to increase the non-voting members appointed to the Corporate Parenting Sub OSC on 16 December 2014 and noted that the Families OSC would review the effectiveness of the revised arrangements in twelve months' time.
6. The current membership comprises an elected member as a chair person and vice chair from the majority party and a further 7 cross party elected members and four co-opted members.

## Proposal

7. The Families OSC, at its meeting on 21 January 2016, reviewed the revised arrangements and noted that, due to challenges in seeking a third sector representative because of the need to avoid potential conflicts of interest and in gaining increased involvement from care leavers in the scrutiny arrangements, it had not been possible to fully implement the proposals to increase the non-voting membership as originally anticipated. Whilst benefits had clearly been derived from having the views of those non – voting members who had been appointed, these had been more limited due to the lack of additional representation from a care leaver and a representative from the third sector.
8. Whilst it has recently been possible to appoint a representative from the third sector, the Chair of the Sub Committee suggested and the OSC agreed that it would be useful to recommend to Cabinet that the non- voting membership be extended to also include a co-opted member from the Families OSC to increase continuity and cement links between the Sub-Committee and the parent Committee.
9. The Looked After service is continuing to discuss representation from a care leaver with young people and offer full support to enable them to attend as a non-voting member.
10. It is proposed to formalise the arrangements for all the non- voting members by setting a specific term of office which will be for a period of 3 years from the date of appointment. In addition, as work is still ongoing to fully implement the original recommendations, it is also planned that a further review of the effectiveness of these arrangements be carried out by the Families OSC in 12 months' time.

## Recommendations

11. It is recommended that the Council be recommended to agree to a member of the Families OSC being appointed as an additional non-voting member of the Corporate Parenting Sub-Committee to increase continuity and cement links between the Sub Committee and the parent Committee.

For the following reason:

In order to improve/strengthen the robustness of the current scrutiny/governance arrangements for the Corporate Parenting Sub–Committee.

### Policy Context

1. Section 22(3) of the Children Act 1989 sets out the duty of a local authority to safeguard and promote the welfare of all children and young people who are looked after. This duty is exercised through the role of the “corporate parent” a responsibility which is placed on the local authority as a whole, rather than a specific service. The role of the Corporate Parent is to ensure that all services that the Council provides contribute to achieving positive outcomes for looked after children and young people. It also recognises the key role that schools and partners have to play as well as Council services.

### Background

2. The Council’s Corporate Parenting Overview and Scrutiny Sub Committee was established in 2000. The Sub-Committee maintains a comprehensive overview of the progress of children who are looked after and for care leavers, scrutinising the quality, effectiveness and performance of services that support them. Since 2000 the importance of the Council’s responsibility for children who are looked after has continued to be emphasised in successive government initiatives, with specific emphasis being placed on life chances and on educational achievement. The current membership comprises an elected member as a chair person and vice chair from the majority party and a further 7 cross party elected members.

### Consultation

3. The Cabinet Members for Children and Young People have been consulted.

### Alternative Options

4. The alternative option would be to leave the current membership unchanged.

### Implications of Recommended Option

#### 5. Resources:

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

b) **Human Resources Implications** – None

c) **Property Implications** - None

6. **Risk Management Implication** - None

7. **Equality and Diversity Implications** - None

8. **Crime and Disorder Implications** – None

9. **Health Implications** - None

**10. Sustainability Implications - None**

**11. Human Rights Implications - None**

**12. Area and Ward Implications - None**

**Background Information**

**13.** The report and minutes of the Families OSC meeting held on 21 January 2016.





**COUNCIL MEETING**

**17 MARCH 2016**

## **ADOPTION AND MAINTENANCE OF SUSTAINABLE DRAINAGE SYSTEMS, OPEN SPACE AND PLAY AREAS ON NEW DEVELOPMENTS**

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**Jane Robinson, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the Council acquiring, subject to conditions, Sustainable Drainage Systems (SuDS), open and/or play areas from residential developers.
2. The Council's current policy approach to open space and play area maintenance is to actively encourage developers to transfer open and/or play space provided within residential developments to the Council, subject to the developer paying a commuted sum equivalent to a maximum of twenty years future maintenance of the land and fixed play equipment. The Council will thereafter maintain these areas in perpetuity.
3. The Council's current approach to maintenance of open space and play areas is unsustainable for the lifetime maintenance of the areas concerned given the reduction in resources to maintain and manage our open spaces and play areas. In addition, following the adoption of the Core Strategy and Urban Core Plan and strengthening of national planning policy on SuDS, SuDS are now required in new developments of 10 or more houses (major development). Therefore an updated maintenance model for the upkeep of open space and play areas and a new model for the maintenance of SuDS is now required.
4. The effect of the new policy is that in new residential developments, the cost of future maintenance of SuDS, open space and play areas will no longer be met by the developer and the Council thereafter. Instead, the maintenance costs will be met equally by the property owners of the development, via the payment of an estate rent charge. For developments of 10 houses or more, that payment will be made to a Management Company who will be responsible for maintaining the land. For developments of less than 10 houses (minor development), the estate rent charge will be payable to the Council who will be responsible for maintaining the land.
6. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATIONS**

7. It is recommended that Council adopts the Adoption and maintenance of sustainable drainage systems, open space and play areas on new developments Policy at Appendix 2 of the attached report in respect of new residential developments

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**TITLE OF REPORT:** Adoption and maintenance of sustainable drainage systems, open space and play areas on new developments

**REPORT OF:** Paul Dowling, Strategic Director, Communities & Environment

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### **Purpose of the Report**

1. To seek Cabinet approval to the Council acquiring, subject to conditions, Sustainable Drainages Systems (SuDS), open and/or play areas from residential developers.

### **Background**

2. The Council's current policy approach to open space and play areas approved by Cabinet on 19th June 2012 (Minute C30) is to proactively encourage developers to transfer open and/or play space provided within residential developments to the Council, subject to the developer paying a commuted sum equivalent to a maximum of twenty years future maintenance of the land and fixed play equipment. The Council will thereafter maintain these areas in perpetuity. The policy was adopted after instances where developers failed to undertake ongoing maintenance and the Council intervened in response to complaints from residents despite it not owning the land and not receiving a fee in respect of the work.
3. The Council's current approach to maintenance of open space and play areas is unsustainable for the lifetime maintenance of the areas concerned given the reduction in resources to maintain and manage our open spaces and play areas. In addition, following the adoption of the Core Strategy and Urban Core Plan and strengthening of national planning policy on SuDS, SuDS are now required in new developments of 10 or more houses (major development). Therefore an updated maintenance model for the upkeep of open space and play areas and a new model for the maintenance of SuDS is now required.
4. SuDS provide an alternative solution to conventional piped drainage methods whereby the SuDS manage surface water by mimicking natural processes and can deal with heavy rainfall events. SuDS comprise series of components such as permeable paving, swales, rainwater gardens, ponds, wetland habitats and basins which integrate with highways and multifunctional open spaces including wildlife habitats and recreation/play areas. SuDS also need connections to the public sewerage system. Whilst the government has not prescribed which body is ultimately responsible for ongoing maintenance of SUDS, it is anticipated that, as with existing open space and play areas which are not properly maintained, the Council will ultimately be the authority of last resort to which residents will revert to if SuDS are not properly maintained. On that basis, it is proposed that in relation to new residential developments, the Council adopts the policy attached at appendix 2. The policy will also minimise the risk of the Council, in its role as Local Lead Flood Authority (LLFA), of having to intervene using their powers to undertake works to manage flood risk from surface water runoff or groundwater.

5. The effect of the new policy is that in new residential developments, the cost of future maintenance of SuDS, open space and play areas will no longer be met by the developer and the Council thereafter. Instead, the maintenance costs will be met equally by the property owners of the development, via the payment of an estate rent charge. For developments of 10 houses or more, that payment will be made to a Management Company who will be responsible for maintaining the land. For developments of less than 10 houses (minor development), the estate rent charge will be payable to the Council who will be responsible for maintaining the land.

### **Proposal**

6. That Cabinet recommend to Council that it adopts the policy attached at Appendix 2 in relation to new residential developments.

### **Recommendations**

7. It is recommended that Cabinet recommends that Council adopts the Adoption and maintenance of sustainable drainage systems, open space and play areas on new developments Policy attached at Appendix 2 in respect of new residential developments.

For the following reasons:

- i) To provide a clear maintenance approach to SUDS, open space and play areas for the Local Planning Authority and developers for new development.
- ii) To ensure revenue funding for the ongoing maintenance costs of the open space, play areas and SuDS, over the lifetime of new development.
- iii) To provide a means of safeguarding the public, as the Council will be the freehold landowner of the open space, play areas and SuDS.
- iv) To manage the Council's resources required to maintain open spaces, play areas and SuDS.

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**CONTACT:** Neil Wilkinson, extension: 3411

**Policy Context**

1. The provision of SuDS is now a material consideration for all major development. To support the implementation of national planning policy on SuDS, the Government revised the National Planning Practice Guidance (April 2015) and DEFRA's Non-statutory Technical Standards for sustainable drainage systems (March 2015).
2. The provision of SuDS in new development is also supported by local planning policy; Policy CS17 of the Core Strategy and Urban Core Plan requires new development to prioritise the use of SuDS given the multifunctional benefits in terms of flood management, water quality, green space and biodiversity enhancement and to follow the drainage hierarchy. It also includes site specific policies which require SuDS to manage local flood risk.
3. The provision of SuDS within multifunctional open spaces also supports:
  - Vision 2030 – 'Sustainable Gateshead' by contributing to local flood risk management and attractive environments; and 'Active and Healthy Gateshead' by providing local residents with attractive spaces to lead active lifestyles.
  - The Council Plan – the shared outcome of healthy, inclusive and nurturing places for all under Live Well Gateshead, by providing attractive areas for social and recreational activities.
4. As a result the Local Planning Authority is required in considering a development that includes a SuDS, to be satisfied that the proposed minimum standards of operation are appropriate and that there are clear arrangements in place for ongoing maintenance over the lifetime of the development, through the use of planning conditions and obligations.

**Background**

5. The Council's current policy approach to open space and play area maintenance is that the Council will take ownership of and maintain these areas, subject to receiving a commuted sum from the developer equivalent to the costs of 20 years maintenance. It is clear that this approach is unsustainable given the reduction in resources to maintain and manage our open spaces and play areas after the 20 year period. In addition, this approach is not suitable for the lifetime maintenance of SuDS as 100 year commuted sums would make development unviable.
6. Therefore an updated maintenance model for the upkeep of open space and play areas and a new model for the maintenance of SuDS is now required.
7. An extensive range of maintenance approaches have been considered by officers and the proposed model is that set out within the policy attached at appendix 2.

8. Discussions with the development industry, other local authorities in the region and Northumbrian Water, and a site visit to exemplar SuDS schemes in Darlington and Middlesbrough have been undertaken in formulating the proposed model. Officers are satisfied that this model satisfies the needs of the Local Planning Authority, ensures the future maintenance of the land, whilst protecting Council resources. Alternative models were assessed as providing less protection of Council resources and / or more risk to the Council as landowner and/or LLFA.

### **Consultation**

9. The Cabinet Members for Environment and Transport and the Leader of the Council have also been consulted and are in support of the proposal.

### **Alternative Options**

10. A range of maintenance options have been considered:
  - i) The option of the Council taking direct responsibility for maintaining the SuDS, open space and play areas on all new developments without a Management Company was discounted as given the reduction in resources to maintain and manage our open spaces, SuDS and play areas, the Council is not sufficiently resourced to maintain SuDS on large scale developments.
  - ii) The private ownership option which requires the developer to appoint a service management company to maintain the open space, SuDS and play areas on privately owned land in perpetuity. This option would not involve the Council taking ownership of the land and as such any default in future maintenance could only be enforced through planning powers. This option has been discounted, in principle, given that the Council would in practice, become the authority of last resort if issues arise. Should the management company go out of business and not meet its maintenance obligations, the LLFA and Highway Authority would need to intervene to prevent flooding to property and highways from the SuDS.
  - iii) The existing maintenance option where the Council owns and maintains the open space, play areas and SuDS funded by commuted sums from the developer. This approach has been discounted given the commuted sum only funds maintenance of open space and play areas for 20 years. The option of requesting 100 year commuted sums was also discounted as the quantum of that would render development unviable.

### **Implications of Recommended Option**

11. **Resources**
  - a. **Financial Implications** – The Strategic Director, Corporate Resources confirms that there will be some financial implications arising from the recommendation.

For minor development, the proposal provides revenue funding from the property owners via the estate rent charge to meet the ongoing maintenance costs over the lifetime of the development.

For major development, the financial implications only arise in the event that the management company default under the terms of the lease (i.e. if the company was insolvent or did not maintain the open space/SuDS as per the agreed management plans), the maintenance responsibility and estate rent charge would default back to the Council.

**b. Human Resources Implications –**

There will be some human resource implications arising from the recommendation.

For major development, additional resources will be required for the Legal Team (to draw up agreements) and Property Team (to manage the Council's larger land portfolio including leases). Ground Maintenance and Corporate Resources Teams would only require additional resources should the management company default. Planning Enforcement may need some resources to enforce the planning agreements prior to the land transfer to the Council.

For minor development, additional resources would also be required for: Ground Maintenance Teams (to directly undertake the maintenance or oversee contractors), Legal Team (to draw up agreements), Property (to manage the Council's larger land portfolio) and Corporate Resources (to collect the estate rent charges and manage the ring fenced maintenance funds).

**c. Property Implications –**

There will be property implications arising from the recommendation.

In all cases, the Council would become the freehold landowner of the SuDS, open space and play areas which will increase its property portfolio.

However, for major development, the land would be leased to a management company (prior to the Council taking ownership) who would be responsible for the maintenance regime.

For minor development, the Council would be directly responsible for undertaking the maintenance regimes for the SuDS/open space or overseeing contractors to undertake the maintenance regimes.

**12. Risk Management Implications –**

There are some risk management implications arising from the recommendation.

- i) The developers cannot be compelled to agree to comply with the policy through the planning process; there is a risk that developers could opt out of this approach in favour of the "private ownership option". To manage this risk, early engagement with developers about the merits of the proposal is essential. The developers would be required to sign up to the model through a SuDS agreement and management plans through a planning agreement reducing the risk of the developer opting out of the model post planning permission.

- ii) For major development, the Council would become the freehold landowner providing a fall back mechanism for the Council to intervene should the management company fail, thereby providing a means of safeguarding the public. The Council does not have direct control over the maintenance regime unless the lease is terminated. However, should the management company default under the terms of the lease (i.e. if the company was insolvent or did not maintain the open space/SuDS as per the agreed management plans), the maintenance responsibility would default back to the Council. The Council would then be able to directly undertake the maintenance regime or re-establish another management company funded by the rent charge. Therefore, there is low risk in the long term that the SuDS and open space would not be properly maintained.
- iii) There may be some long term financial risks associated with setting the annual estate rent charge to cover the lifetime maintenance costs. To manage this risk the open space/SuDS management plans need to be robust and inform the lifetime maintenance charges. For major development, there is some financial risk associated with the policy: should the management company be liquidated it is unlikely that all the funds accumulated for long term maintenance tasks would be available to the Council. However, the Council would receive revenue funding from the property owners via the estate rent charge to meet the ongoing maintenance costs.
- iv) The policy should ensure that the Highway Authority and LLFA are not at risk of having to carry out remedial maintenance work on the SuDS.
- v) For major development, the liability for health and safety and duty of care would be transferred to the management company. Should the management company's lease be terminated, then the liability would revert back to the Council. To manage this liability, sufficient resources needs to be committed to the LLFA, LPA and Property Services to undertake design and construction appraisals to ensure compliance with the standards set out in the SuDS Supplementary Planning Document (when adopted), and to abide by the agreed maintenance regimes as set out in the open space /SuDS management plans. The minimum maintenance standards set out in the management plans must be implemented over the lifetime of the development to manage the liability.

13. **Equality & Diversity Implications** – There are no equality and diversity implications arising from this report.

14. **Crime & Disorder Implications** – There are no crime and disorder implications arising from this report.



15. **Health Implications** – There are potential health benefits for residents arising from the recommendation through the provision of high quality and well maintained green infrastructure and SuDS that provide attractive areas for social and recreational activities.
16. **Sustainability Implications** – The recommendation will support sustainable new development that incorporates well maintained SuDS and open space that assists flood management, adaptation to climate change, improves water quality, and incorporates wildlife habitats and high quality green infrastructure.
17. **Human Rights Implications** – There are no human rights implications arising from this report.
18. **Area & Ward Implications** – The policy will be applied across the Borough and there are no area and ward specific implications.

### **Adoption and maintenance of sustainable drainage systems, open space and play areas on new developments**

#### **1. Purpose of the Policy**

1.1 This policy sets out Gateshead Council's approach to the maintenance of Sustainable Drainage Systems (SuDS), open space and play areas on new residential development.

#### **2. Background**

2.1 The Council's current approach to maintenance of open space and play areas is unsustainable for the lifetime maintenance of open space and play areas given the ongoing reduction in resources. In addition, following the adoption of the Core Strategy and Urban Core Plan and strengthening of national planning policy on SuDS, they are now required in new developments of 10 or more houses (major development). Therefore, an updated maintenance model for the upkeep of open space and play areas and a new model for the maintenance of SuDS is required.

2.2 SuDS provide an alternative solution to conventional piped drainage methods whereby the SuDS manage surface water by mimicking natural processes and can deal with heavy rainfall events. SuDS comprise of series of components such as permeable paving, swales, rainwater gardens, ponds, wetland habitats and basins which integrate with highways and multifunctional open spaces including wildlife habitats and recreation/play areas. SuDS also need connections to the public sewerage system.

2.3 Following construction it is imperative that SuDS are properly maintained to avoid their purpose and effectiveness being compromised.

#### **3. National Policy Context**

3.1 The National Planning Policy Framework (NPPF) requires that new development in areas at risk of flooding give priority to the use of SuDS. In December 2014, a ministerial statement clarified that SuDS would be delivered through the planning system rather than through the separate SuDS Approving Body (SAB) process. The statement strengthened the national planning policy position on SuDS and from April 2015, the use of SuDS became a material consideration when assessing an application for major development (10 dwellings or more; or equivalent non-residential or mixed development). To support the implementation of national planning policy on SuDS, the Government revised the National Planning Practice Guidance on SuDS and published DEFRA's Non-statutory Technical Standards for sustainable drainage systems.

#### **4. Local Policy context and links to other strategies**

4.1 The provision of SuDS in new development is also supported by local planning policy; Policy CS17 of the Core Strategy and Urban Core Plan requires new development to prioritise the use of SuDS given the multifunctional benefits in terms of flood management, water quality, green space and biodiversity

enhancement and to follow the drainage hierarchy. In addition, a number of site specific policies including the Neighbourhood and Village Growth Sites require the use of SuDS to manage local flood risk issues.

4.2 The policy has been developed in the context of the existing policy framework:

- Vision 2030 – asset transfer has a role in all the Big Ideas, by helping to strengthen and sustain VCS organisations; SuDS contribute to ‘Sustainable Gateshead’ by supporting local flood risk management and attractive environments; and the provision of well maintained open space and play areas support ‘Active and Healthy Gateshead’ by providing local residents with spaces to lead active lifestyles.
- The Council Plan –in relation to the shared outcome of a healthy, inclusive and nurturing place for all under Live Well Gateshead.
- The Corporate Asset Strategy and Management Plan - outlines how the Council aims to use its assets to achieve its corporate objectives
- The policy has also been developed in the context of the Consultation Draft of Gateshead’s Local Flood Risk Management Strategy which is being prepared by the Lead Local Flood Authority.

## **5. Principles Underpinning the SuDS, Open Space and Play Areas Policy**

5.1 Whilst the government has not prescribed which body is ultimately responsible for on going maintenance of SUDS, it is anticipated that, as with existing open space and play areas, which are not properly maintained, the Council will ultimately be the authority of last resort to which residents will revert to if SuDS are not properly maintained. On that basis, this policy sets out the Council’s preferred approach to the future maintenance of open space, play areas and SuDS on new residential developments.

5.2 Adopting the approach set out in this policy should ensure that the risk of the Council, in its role as Local Lead Flood Authority (LLFA), to carry out remedial maintenance work on the SuDS, is minimised. The policy should also ensure that Council financial resources are not prejudiced in the future as the full costs of all future maintenance will be met by property owners.

5.3 The Council’s policy is therefore underpinned by the following principles:

- The SuDS will need to comply with Gateshead’s local SuDS standards for design, construction, adoption and maintenance which will be set out in a Supplementary Planning Document (SPD). It is envisaged the SuDS SPD will exclude the adoption of property level SuDS, permeable paving in the adopted highways, oversized pipes and geocellular systems.
- The SuDS design will need to have regard to the performance requirements set out in the DEFRA ‘Non-Statutory technical standards for SuDS’ to ensure new development is not at high risk of flooding and the SuDS will not increase flood risk elsewhere. These standards include:
  - maintaining greenfield runoff rates on greenfield sites and for brownfield sites ensuring the runoff rates do not exceed redevelopment rates;

-demonstrating that the discharges from SuDS into watercourses will not increase flood risk elsewhere and will not adversely affect the functioning of the public sewerage system;

-demonstrating that surface water is managed within the site to ensure no flooding within any building in a 1 in 100 storm event plus climate change.

- SuDS components will need to be designed in accordance with best practice design guidance set out in the CIRIA SuDS Manual, C753 (November 2015).
- SuDS design will need to be informed by a drainage assessment which includes: a detailed drainage model, detailed drawings, health and safety assessment, and a management and maintenance plan; to ensure that the SuDS operate safely and effectively over the lifetime of the development.
- SuDS should have no adverse impact on water quality, and where possible improve the water quality prior to entering a watercourse.
- SuDS should follow the SuDS management train integrating SuDS components within the layout of the development to achieve the necessary benefits to flood management, water quality, amenity and biodiversity.

5.4 A proactive strategy to implement the policy and transparent and consistent process:

- The Council will seek to implement the policy proactively, (through early communication with developers) to encourage developers to consider the drainage design at the earliest opportunity when planning the development and to apply a multidisciplinary approach. The Council will expect to work closely with the developer from early in the pre-application process through to construction of the SuDS, to ensure that the SuDS integrate with the development layout and provide high quality green infrastructure.
- The Council views this policy positively as part of a long-term vision to manage surface water flood risk within the borough and to ensure new development is resilient to future climate change over its lifetime. This should help to minimise the future demands on the Lead Local Flood Authority to undertake works to manage flood risk from surface water runoff. The policy also provides an opportunity to achieve other sustainability benefits through well designed SuDS that: prevent pollution and improve water quality, create high quality places for people to live and accommodate local wildlife.

## 6. The Policy

### **For major development (10 or more units)**

- (i) The developer is required as part of a planning consent to construct SuDS, open space and play areas within the development. This is secured via a planning obligation and SuDS Agreement and include SuDS and open space management plans to ensure a quality standard of maintenance is undertaken throughout the lifetime of the development.

- (ii) The developer is required to maintain the SuDS, open space and play areas for 5 years following completion of construction.
- (iii) When selling development plots the developer shall reserve the benefit of an Estate Rent Charge for the maintenance of the developments SuDS, open space and play areas by requiring the new property owner to enter into a Deed of Covenant and Rent Charge. This means the purchaser is required to pay an annual fee to contribute (on an equal proportion to other plot purchasers) to maintenance costs.
- (iv) The developer is required to set up an incorporated management company, made up of all the property owners, to whom it will lease the SuDS, open space and play area land. The Management Company is responsible for maintaining the SUDS, Open Space and play areas. The maintenance is funded by the property owners via a Property Service Charge, which is an equal proportion of the Estate Rent Charge, i.e. the Estate Rent Charge should be apportioned equally between the total number of properties on the development.
- (v) Following this 5 year interim maintenance period, the Council would take the freehold ownership of the land (including the benefit of the Estate Rent Charge) for nil consideration subject to the lease to the Management Company. NWL would take responsibility for the surface water pipes in and out the system.

#### Impact on Council

Although the Council's property portfolio will increase, it will have no direct day to day involvement in the maintenance of the land it will acquire as that will continue to be carried out by the Management Company. Only if a Management Company fails, either financially or in complying with the terms of the lease will the maintenance responsibilities revert to the Council. If this exceptional situation arises, the Council will utilise the benefit of the Estate Rent Charge to fund the maintenance of the land.

#### **For minor developments (9 units or less)**

- (i) The developer is required as part of a planning consent to open space and play areas within the development. It may also be required to construct SuDS. This is secured via a planning obligation and SuDS Agreement (if applicable) which will include an open space management plan (and SuDS management plan if applicable) to ensure a quality standard of maintenance is undertaken throughout the lifetime of the development.
- (ii) The developer is required to maintain the SuDS, open space and play areas for 5 years following completion of construction.
- (iii) When selling development plots the developer shall reserve the benefit of an Estate Rent Charge for the maintenance of the

developments SuDS, open space and play areas by requiring the new property owner to enter into a Deed of Covenant and Rent Charge. This means the purchaser is required to pay an annual fee to contribute (on an equal proportion to other plot purchasers) to maintenance costs.

- (iv) Following this 5 year interim maintenance period, the Council would take the freehold ownership of the land (including the benefit of the Estate Rent Charge) for nil consideration. NWL would take responsibility for the surface water pipes in and out the system.

#### Impact on Council

The Council's property portfolio will increase. The Council will become directly responsible for maintaining the SuDS, open space and play areas. The cost of this maintenance will be funded by the property owners via the payment of a Property Service Charge directly to the Council. The Council will therefore be responsible for calculating, billing and collecting the Property Service Charge.

It replaces the current policy approach to open space and play areas maintenance in new development with a new policy approach. The new maintenance policy would be applied to all land used for open space, play areas and SuDS in new development.



**COUNCIL MEETING**

**17 MARCH 2016**

## **RESTRUCTURE OF CARE, WELLBEING AND LEARNING**

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**Jane Robinson, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of a new senior management structure within Care, Wellbeing and Learning to ensure that there is the capacity to deliver further redesign across the Group to both improve outcomes for Gateshead residents and deliver savings.
2. The Council continues to face a number of challenges managing significant budgetary pressures, whilst meeting increasing demand as a consequence of demographic changes and a rapidly changing policy context.
3. Care, Wellbeing and Learning will need to deliver major change to meet these challenges and it is the responsibility of the Strategic Director to ensure that the Group's organisational structure is designed to meet these challenges, and deliver the Council's priorities and objectives, by having the right skills and capacity in the right places across the Group.
4. In the next five years Care, Wellbeing and Learning plan to focus on:
  - Increasing community, individual and council resilience
  - Promoting early help and prevention
  - Targeting our effort, with partners, to those in greatest need and in areas where greatest impact can be achievedThe senior management structure must reflect these priorities
5. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATIONS**

6. It is recommended that Council approves the proposed structure shown in Appendix 2 of the attached report to be implemented for the Care, Wellbeing and Learning Group

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**TITLE OF REPORT:** Restructure of Care, Wellbeing and Learning

**REPORT OF:** Alison Elliott, Interim Strategic Director, Care, Wellbeing and Learning

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### **Purpose of the Report**

1. To seek Cabinet approval to recommend to Council a new senior management structure within Care, Wellbeing and Learning to ensure that there is the capacity to deliver further redesign across the Group to both improve outcomes for Gateshead residents and deliver savings.

### **Background**

2. The Council agreed a new Council Plan 2015 – 2020 on 16 July 2015. The Council Plan has been developed to respond to the significant challenges Gateshead is facing in continuing to meet the changing needs of local people and businesses in the current economic climate, today and in the future. The Council Plan will enable the Council, with partners, to be better placed to achieve positive outcomes for the people of Gateshead and deliver the ambition of Vision 2030 over the next 5 years.
3. The Council continues to face a number of challenges managing significant budgetary pressures, whilst meeting increasing demand as a consequence of demographic changes and a rapidly changing policy context. It is anticipated that the scale and depth of these changes will continue throughout the timeframe of the Council Plan (i.e. until at least 2020) so the Council needs to ensure it can adapt with pace and purpose to continue to provide the best possible services to its residents.
4. Care Wellbeing and Learning will need to deliver major change to meet these challenges and it is the responsibility of the Strategic Director to ensure that the Group's organisational structure is designed to meet these challenges, and deliver the Council's priorities and objectives, by having the right skills and capacity in the right places across the Group. This report addresses the co-ordination of functions within the senior management structure.
5. The management structure of the Council changed significantly in October 2014 with the establishment of five new service groups (Care, Wellbeing and Learning, Communities and Environment, Policy, Growth and Transformation, Corporate Resources, and Corporate Services & Governance) and has continued to change as the Council adapts to meet increasing challenges.
6. These proposals build on previous changes, specifically within Care, Wellbeing and Learning: they recognise that the Council is continuing to face enormous challenges in respect of the financial climate, and adapting to major changes to national policy which will affect how our services, and public services in general, are delivered (e.g. the devolution agenda, and changes in health and social care and in housing).

7. In the next 5 years Care, Wellbeing and Learning plan to focus on:
- **Increasing community, individual and council resilience** – supporting people to help themselves, whilst making sure that we work with our partners and residents to help and protect those most in need. To do this we will:
    - Encourage the take up of direct payments.
  - **Promoting early help and prevention** – working in partnership to make sure we protect people but also supporting people earlier so that they can help themselves. To do this we will:
    - Develop preventative and assertive early intervention services to reduce further demand which is more costly. This means improving our intelligence so we can target resources.
  - **Targeting our effort, with partners, to those in greatest need and in areas where greatest impact can be achieved** - supporting people and communities with the greatest health and care risks and needs. To do this we will:
    - Work with partners to develop person-centred service models that address multiple and complex issues. We will share data and systems and pool budgets with partners, where appropriate, to increase effective and targeted integrated programmes for individuals and communities most in need.
    - Use systems that provide data and intelligence to review and revise services.
    - Target activity with partners, so that there is less inequality between neighbourhoods
8. The senior management structure must reflect these priorities.

### **Proposal**

9. It is proposed that the structure shown in Appendix 2 is implemented for the Care Wellbeing and Learning Group.

### **Recommendations**

10. It is recommended that Cabinet agrees and recommends to Council approval of the management structure as shown in Appendix 2 to this report, effective from 1 April 2016.

For the following reasons:

To enable continued improvement in the co-ordination of Council functions, the organisation of its staff, and to enable Council services to be delivered in a more efficient and effective way.

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**CONTACT:** Alison Elliott extension: 3998

**PLAN REF:**

## APPENDIX 1

### Policy Context

1. The Council is operating in a challenging national policy context which has been compounded by Government funding reductions and announcements that indicate further significant reductions in resources available for local government.
2. The reconfiguration of services resulting from this reorganisation will assist in the delivery of Vision 2030 and in the implementation of the Council's Corporate Priorities as set out in the Council Plan 2015-2020 and its policy framework.

### Background

3. The changes to the Council's senior management structure in October 2014 established the Care, Wellbeing and Learning Group with six Service Directors, plus the Director of Public Health. In addition there are 15 Service Managers (across Children's and Adults) and one Principal Social Worker (Adults).
4. In November 2015 the Service Director, Children's Commissioning left the Council for a new post and the Service Director, Commissioning and Business Development took voluntary redundancy. It was agreed to delete these two posts and move the commissioning functions in Children's and Adults under the responsibility of the Director of Public Health. The rationale for this move was to ensure that there was an integrated commissioning function across the group. The need for this remains, but on further analysis it has since become clear that there is a need for greater capacity and expertise to ensure that the proposed commissioning savings for 2016/17 and 2017/18, and beyond, are delivered. In particular, it is essential that the Council is able to effectively develop and manage the market (recently revealed as being relatively underdeveloped in the case of adult social care) to ensure quality outcomes for the residents of Gateshead.
5. Also included in the proposals is the allocation of responsibility at a senior level within the service group for quality assurance. It is important that there is a strong quality assurance process across Children's and Adults and in our commissioned services to give assurance to members and senior leaders on the quality of service and to generate efficiencies. It is therefore proposed to create a new Service Director post to oversee the integrated commissioning function and to take responsibility for quality assurance, supporting the Strategic Director in their statutory roles of director of children's services and director of adult social services.
6. The proposed new service group will therefore comprise five Service Directors:
  - Service Director, Children and Families
  - Service Director, Education and Learning
  - Service Director, Early Help (Children and Adults)
  - Service Director, Adult Social Care
  - Service Director, Health and Social Care Commissioning and Quality Assurance

7. The Director of Public Health will also be part of the CWL service group but will continue to report directly to the Chief Executive on all matters relating to the public health function.
8. In line with the rationalisation in Service Director capacity and responsibilities, it will be necessary to reduce the number of Service Managers. However, this will be subject of a further report as the plan to redesign of CWL is developed, reporting to Cabinet in the summer of 2016.
9. It is, however, proposed to delete the following posts in order to deliver savings, whilst ensuring that the functions continue to be delivered effectively:
  - Principal Social Worker (adults), this role will be carried out by a Service Manager in Adults as is currently the case in Children's Services.
  - Service Manager, Strategic Lead – Health and Social Care Integration (previously, Service Manager Safer Communities), the lead for Vanguard will be taken by the Policy Manager, whose role will be within the Quality Assurance Unit.

The proposals will facilitate consolidation of activity and the removal of duplication of effort, enabling efficiencies to be made, as well as the establishment of more cohesive and clear arrangements for the delivery of the functions within CWL.

### **Consultation**

10. The Council's recognised trade unions have been consulted on the proposals within this report.
11. The Portfolio Leads of Adults, Children's and Health have also been consulted and are supportive of the proposals.
12. The Senior Management Team CWL have been consulted and have fully contributed to this report.

### **Alternative Options**

13. The proposals are put forward by the Strategic Director as the optimum response to the demands placed on the Council, as set out this report. While one alternative option would be to make no change to the current organisational structure of the Group, this would not make the positive contribution toward achieving the aims set out within this report.

### **Implications of Recommended Option**

#### **14. Resources:**

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms there will be a net saving to the Council of £0.27m from the proposals set out in this report, which will be captured as a contribution towards the proposed £3.3m saving around restructure of Adults Services, Commissioning and Quality Assurance.

- b) **Human Resources Implications** – A recruitment exercise will be required to appoint to the post of Service Director, Health and Social Care Commissioning and Quality Assurance (as well as to the posts of Service Director, Children & Families, following the resignation of the existing postholder, and the post of Service Director, Adult Social Care, following the transfer of the former postholder to a new role in Communities and Environment service group). A significant number of responsibilities within the proposed new post of Service Director, Early Help (Children and Adults) are currently within the post of Service Director, Children and Families’ Support: therefore, it is proposed that the existing postholder be ‘slotted in’ to the new post. Both posts will be job evaluated to establish their appropriate grading: any change recommended will be considered by the Council’s Contracts Committee. As regards the two service manager posts to be deleted: one is currently vacant while the holder of the other has applied for voluntary redundancy.
- c) **Property Implications** - There are no property implications arising directly from the proposals in this report.

**15. Risk Management Implication** - The proposals are expected to improve the co-ordination of Council functions, the organisation of staff, and to enable service to be delivered in a more efficient and effective way. They are also expected to minimise risk to the Council of service delivery failure in these important areas.

**16. Equality and Diversity Implications** - None

**17. Crime and Disorder Implications** – None

**18. Health Implications** - None

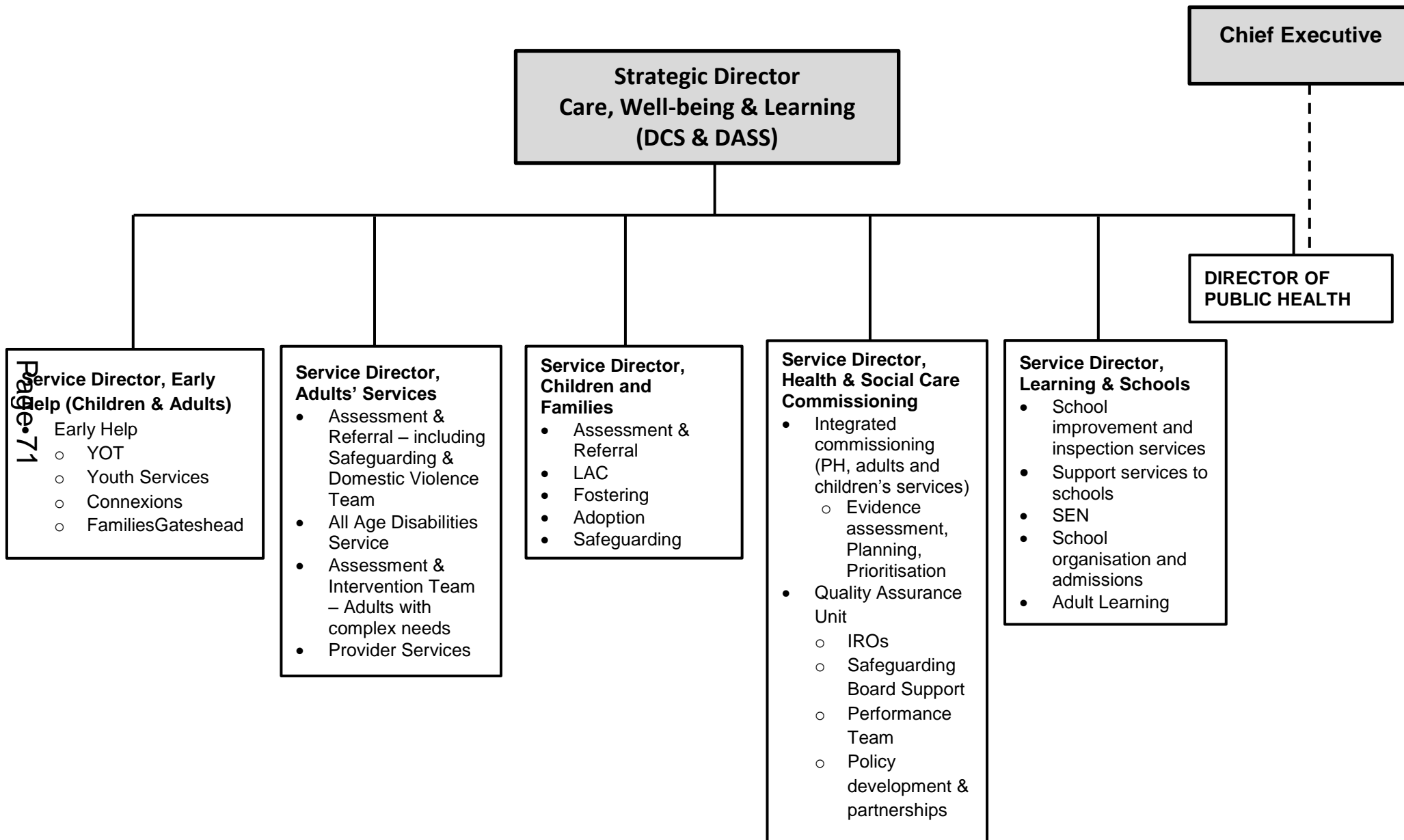
**19. Sustainability Implications** - None

**20. Human Rights Implications** - None

**21. Area and Ward Implications** - None

## **Background Information**

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**COUNCIL MEETING**

**17 March 2016**

## **REFRESH OF EQUALITY OBJECTIVES 2016-2020**

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**Jane Robinson, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the refreshed equality objectives which aim to address the challenges of inequality across Gateshead and to demonstrate the Council's compliance with the Public Sector Equality Duty (PSED).
2. The Equality Act 2010 places a requirement on public bodies to demonstrate compliance with each part of the PSED.
3. Since 2012, the Council has monitored its progress in achieving the equality objectives via six monthly performance updates to Overview and Scrutiny Committees and Cabinet. In addition, the Council publishes annual report which includes this information to demonstrate compliance with the PSED.
4. A review of the Corporate Performance Management Framework has been undertaken to test the relevance of the current suite of strategic indicators to support delivery of the Council Plan 2015-2020. A new suite of equality objectives are proposed with the aim of reducing the areas of inequality identified in paragraph 4 of the attached report. In addition, a key priority from the Workforce Strategy has been included to reinforce the Council's commitment to ensuring its workforce is innovative, creative, diverse and inclusive
5. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATIONS**

6. It is recommended that Council approves the refreshed equality objectives.

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**TITLE OF REPORT:** Refresh of Equality Objectives 2016-2020

**REPORT OF:** Jane Robinson, Chief Executive

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### **Purpose of the Report**

1. Public sector organisations have been required to publish their equality objectives by 6 April 2012 and at least every 4 years thereafter. Cabinet is asked to endorse and recommend the Council to approve its refreshed equality objectives which aim to address the challenges of inequality across Gateshead, and to demonstrate the Council's compliance with the Public Sector Equality Duty (PSED).

### **Background**

2. The Equality Act 2010 places a requirement on public bodies to demonstrate compliance with each part of the PSED. This requires public authorities to have due regard to the need to:
  - Eliminate unlawful discrimination, harassment and victimisation and any other conduct which is unlawful under the Equality Act 2010
  - Advance equality of opportunity between people who share a protected characteristic and those who do not; and
  - Foster good relations between people who share a protected characteristic and those who do not.

These are often referred to as the three aims of the general equality duty.

### **Refresh of Equalities Objectives**

3. Guidance from the Equality and Human Rights Commission suggests that equality objectives should be viewed as part of an organisation's business planning processes, to ensure they are aligned to business priorities, and are an integral part of business performance.
4. The approach to refreshing the Council's equality objectives has therefore been to review the analysis undertaken as part of the development of the Council Plan 2015-2020, including the Joint Strategic Needs Assessment and the Council's Workforce Strategy 2015-2020.

The Council Plan identified the following areas of inequality:

- Poverty and deprivation
- Gateshead the place – the quality of the physical and natural environment
- Quality and number of jobs
- Health outcomes
- Levels of ambition and aspiration

## **Monitoring Progress**

5. Since 2012, the Council has monitored its progress in achieving the equality objectives via six monthly performance updates to Overview and Scrutiny Committees and Cabinet, as part of the corporate performance management framework. In addition, the Council publishes an annual report which includes this information to demonstrate compliance with the PSED.
6. A review of the Corporate Performance Management Framework has been undertaken to test the relevance of the current suite of strategic indicators to support delivery of the Council Plan 2015-2020. As part of this work, the strategic indicators that were developed to measure the current equality objectives are also being reviewed, and where required, new indicators developed. The findings of this review will be subject of a future report to Cabinet.

## **Proposal**

7. A new suite of equality objectives are proposed with the aim of reducing the areas of inequality identified in paragraph 4 above. In addition, a key priority from the Workforce Strategy has been included to reinforce the Council's commitment to ensuring its workforce is innovative, creative, diverse and inclusive.
8. It is therefore proposed the new equalities objectives shown below are adopted for the next four years:
  - To support vulnerable groups most at risk of poverty and deprivation
  - Gateshead the place – to improve the range of housing across Gateshead for vulnerable groups
  - To promote healthy and inclusive communities
  - To increase levels of ambition and aspiration of vulnerable groups across Gateshead
  - To develop the Council's workforce which recognises the diversity of the community it serves

## **Recommendation**

9. Cabinet is asked to endorse the refreshed equality objectives and recommend them to Council for approval.

For the following reason:

To demonstrate the Council's commitment to tackling areas of inequality in Gateshead, whilst ensuring compliance with the Public Sector Equality Duty.

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**CONTACT:** Marisa Jobling extension 2099

### **Policy Context**

1. The Council Plan 2015-2020 has outlined the challenges faced by Gateshead in terms of inequality. The refreshed equality objectives have been designed to address these inequalities and support the delivery of the shared outcomes described within the Council Plan.

### **Background**

2. The Public Sector Equality Duty required public sector organisations to publish equality objectives by 6 April 2012, and at least every four years thereafter. The Council's current equalities objectives, which are due to end in April 2016, were agreed as part of the Council Plan 2012-2017 and are identified below:
  - Diversity and equality within the workforce
  - Narrow the attainment gap of vulnerable young people
  - Support more people into employment to improve economic, digital and financial inclusion
  - Improve activity to safeguard vulnerable adults and raise awareness of hate crime and domestic violence
  - Deliver targeted support to carers – BME carers, LGBT carers, young people who are carers and carers within the Jewish community
  - Improve the take up of social care and health support among BME communities
  - Promote positive emotional and mental health amongst the school age population

### **Consultation**

3. Consultation has taken place with the Leader and Deputy Leader of the Council, as well as the Support Cabinet Member for Diversities and Equalities.

### **Alternative Options**

4. There are no alternative options with regard to the report as the recommendation supports the Council's general duty to comply with the Public Sector Equality Duty.

### **Implications of Recommended Option**

#### **5. Resources**

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no financial implications arising directly from this report.
- b) **Human Resource Implications** – The equality objective relating to the workforce will support the Council's ability to meet its duties under the Equality Act 2010.

- c) **Property Implications** – There are no property implications arising directly from this report.
6. **Risk Management Implications** – There are no risk management implications arising directly from this report.
7. **Equality and Diversity Implications** – The equality objectives have been developed with the aim of improving the lives of Gateshead’s residents.
8. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising directly as a result of this report.
9. **Health Implications** – There are no direct health implications arising directly as a result of this report.
10. **Sustainability Implications** - There are no direct sustainability implications arising directly as a result of this report.
11. **Human Rights Implications** - There are no direct human rights implications arising directly as a result of this report.
12. **Area and Ward implications** – There are no direct area and ward implications arising directly as a result of this report.

### **Background Information**

13. The following background papers have been used to inform this report:
- Objectives and the Equality Duty: A Guide for Public Authorities, Equality and Human Rights Commission
  - Council Plan 2015-2020
  - Workforce Strategy 2015-2020



**COUNCIL MEETING**

**17 March 2016**

## **INDEPENDENT REMUNERATION PANEL REVIEW OF MEMBERS' ALLOWANCES SCHEME**

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**Jane Robinson, Chief Executive**

**Mike Barker, Strategic Director, Corporate Services and Governance**

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### **EXECUTIVE SUMMARY**

1. This report proposes that Council approves the recommendations of the Independent Remuneration Panel following a review of the Members' Allowances Scheme.
2. The Council is required, under the Local Authorities (Members' allowances) (England) Regulations 2003, to provide a members' allowances scheme, which must include a basic allowance payable to all members and may provide for the following:
  - Special Responsibility Allowance
  - Childcare and Dependent Carers' Allowances
  - Travelling and Subsistence Allowances
  - Co-optees' Allowance
3. The Independent Remuneration Panel has reviewed the scheme in its entirety; interviewed a variety of councillors and considered all comments put forward by them. The Panel also had regard to allowances paid in the other Tyne and Wear authorities.
4. The Cabinet has fully considered all the facts and issues in the attached report and took relevant advice before formulating their recommendation.

### **RECOMMENDATION**

5. Council approve the recommendations of the Independent Remuneration Panel.

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**TITLE OF REPORT:** Independent Remuneration Panel  
Review of Members' Allowances Scheme

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

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### **Purpose of the Report**

1. This report informs Cabinet of the recent review of Gateshead Members' Allowances Scheme and the subsequent recommendations of the Independent Remuneration Panel.

### **Background**

2. The Local Authorities (Members' Allowances) (England) Regulations 2003. The regulations provide that an authority must make a members' allowances scheme which must include a basic allowance payable to all members and may provide for the following:
  - Special responsibility allowances (SRAs);
  - Childcare and Dependant Carers' allowances;
  - Travelling and Subsistence Allowances; and
  - Co-optees' allowances.
3. The Panel last undertook a full review of the members' allowances scheme in the period January – April 2014 and the revised scheme came into effect on 15 May 2014.
4. The scheme provided for members' allowances to be increased annually in accordance with the National Joint Council (NJC) pay scales for employees.
5. A copy of the latest report of the Independent Remuneration Panel is attached at Appendix 2.

### **Recommendation**

6. Cabinet request that Council approve the recommendations of the Independent Remuneration Panel in relation to the scheme of members' allowances for Gateshead.

For the following reason:

To ensure that the scheme of members' allowances remains adequate to recognise the time and effort given by councillors to their Council duties.

### Policy Context

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 state that a Council must have regard to any recommendations made by its Independent Remuneration Panel before establishing a new or amended scheme of members' allowances.

### Background

2. The Independent Remuneration Panel was established in accordance with the Local Government Act 2000 and associated guidance to consider and review the Council's scheme of members' allowances. The current Panel members are Malcolm Scott, Deputy Lieutenant of Tyne and Wear, Alan Baty, formerly Chair of Gateshead Primary Care Trust, and Pauline Dodgson, formerly Chief Executive of Gateshead Voluntary Organisations Council.
3. The Independent Remuneration Panel undertook a review of the members' allowances scheme in 2001 and made recommendations to the Council which were adopted as the scheme with effect from 10 May 2002, the date on which the Council's new constitution came into force. The Panel has since reviewed members' allowances in 2003, 2005, 2006, 2007, 2011 and 2014.
4. The last review of member's allowances was carried out between January and March 2014 with recommendations to Council made in May 2014.

### Consultation

5. The Panel invited all councillors to make written or verbal submissions regarding the review.
6. There has been no external consultation.

### Alternative Options

7. The Council is required by the Regulations to consult the Independent Remuneration Panel before making a new scheme of allowances. The Council may choose not to accept the Panel's recommendations but must have regard to them.

### Implications of Recommended Option

8. **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the recommendations of the Panel can be met from existing resources.
9. **Risk Management Implication** – There are no risk management implications arising from the recommended option.
10. **Human Resources Implications** – There are no human resource implications arising from the recommended option.

11. **Equality and Diversity Implications** – There are no equality and diversity implications arising from the recommended option.
12. **Crime and Disorder Implications** – There are no crime and disorder implications arising from the recommended option.
13. **Sustainability Implications** – There are no sustainability implications arising from the recommended option
14. **Human Rights Implications** – There are no human rights implications arising from the recommended option.
15. **Health Implications** – There are no health implications arising from the recommended options.
16. **Area and Ward Implications** – There are no specific ward implications.

### **Background Information**

Report of the Independent Remuneration Panel – January 2002  
The Local Authorities (Members' Allowances) (England) Regulations 2003  
Report of the Independent Remuneration Panel – September 2003  
Report of the Independent Remuneration Panel – February 2005  
Report of the Independent Remuneration Panel – January 2006  
Report of the Independent Remuneration Panel – January 2007  
Report of the Independent Remuneration Panel – January 2011  
Report of the Independent Remuneration Panel – April 2014

# **REVIEW OF MEMBERS' ALLOWANCES IN GATESHEAD COUNCIL**

## **REPORT OF THE INDEPENDENT REMUNERATION PANEL**

**November 2015**

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## **FOREWORD BY MALCOLM SCOTT, CHAIR OF THE PANEL**

This is the eighth review of member's allowances undertaken by the Independent Remuneration Panel.

We have looked at the allowances scheme in its entirety and considered whether the recommendations we made in our last report were still appropriate. We have interviewed a variety of councillors and considered all comments put forward by them. We are most grateful for the councillors' co-operation and input which is invaluable in forming our recommendations.

We have also had regard to the allowances paid in the other Tyne and Wear authorities.

The panel would also like to record thanks to the Council's officers - Martin Harrison, Keith Purvis, John Jopling and Emma Armstrong. They have been most helpful in the production of this report and made our task much easier to undertake.

I would further thank Panel colleagues for their considerable contribution to what I trust will be an acceptable set of recommendations for Gateshead Council.

## **INTRODUCTION**

1. This report presents the findings from our review of Gateshead Council's current members' allowances scheme.

## **THE PANEL**

2. The Independent Remuneration Panel ('the Panel') was first established in September 2001 and has conducted reviews in 2003, 2005, 2006, 2007, 2011 and 2014.
3. Details of the Panel members are attached at Appendix 1.
4. We, as a Panel, are required to review the operation of the allowances scheme in general and to make any recommendations we feel are appropriate.

## **BACKGROUND**

5. The relevant legislation is still The Local Authorities (Members' Allowances) (England) Regulations 2003. The regulations provide that an authority must make a members' allowances scheme which must include a basic allowance payable to all members and may provide for the following:
  - Special responsibility allowances (SRAs);
  - Childcare and Dependant Carers' allowances;
  - Travelling and Subsistence Allowances; and
  - Co-optees' allowances.
6. The Panel last undertook a full review of the members' allowances scheme in the period January – April 2014 and the revised scheme came into effect on 15 May 2014.
7. The scheme provided for members' allowances to be increased annually in accordance with the National Joint Council (NJC) pay scales for employees.

## **SCOPE OF THE REVIEW**

8. The current members' allowances scheme is based on the recommendations we originally made in January 2002 and new and revised elements which became part of the scheme in subsequent reviews.
9. The Panel's last report identified areas for further review in either one or two years. As it has been 18 months since the report was published, the Panel considers it appropriate to review all of the areas identified in the report this time.
10. The specific areas identified for review in the last report were:
  - Whether the levels of SRA set for the Chair and Vice Chairs of the Health and Wellbeing Board, Regulatory Committee, Licensing Committee and Audit and Standards Committee are still appropriate;

- Whether the Panel’s decision not to allocate any SRA to any Councillor who was a member of the North East Combined Authority (“NECA”) or any of its Committees is still appropriate; and
  - Whether the Panel’s decision not to allocate any SRA to members of Northumbria Police and Crime Panel is still appropriate.
11. The Panel was made aware that some councillors had raised issues about the parity of levels of allowances made to Vice Chairs of committees and felt that this was an area that it could review.
  12. The Panel also felt it would be appropriate to review the levels of allowance allocated to all of the Chairs of committees to ensure consistency.
  13. It is proposed that the recommendations detailed in this report are applied from 1 April 2016.

### **BASIC ALLOWANCE**

14. The current basic allowance for all members of the Council is £10, 343 per annum, which compares favourably with levels of basic allowance across the Tyne and Wear authority areas.
15. All of the councillors we spoke to felt that that the basic allowance as it stands is fair and provides an adequate recompense for the work they do.
16. Generally, it was felt that the allowance neither attracted nor deterred anyone from standing as a councillor with the general opinion being that no-one stands for election because of the allowance they will be paid.
17. **We recommend that the basic allowance remains the same.**

### **SPECIAL RESPONSIBILITY ALLOWANCES**

18. The current members’ allowances scheme in Gateshead includes 31 special responsibility allowances (SRAs). The posts which attract SRAs are the Leader, Deputy Leader, Cabinet Members, Leader and Deputy Leader of the Main Opposition Group and Chairs and Vice-Chairs of Overview and Scrutiny, Planning and Development, Regulatory, Licensing and Appeals Committees and the Health and Wellbeing Board.
19. We asked the councillors we interviewed about their views on the level of SRAs. The majority of councillors we spoke to felt that the levels of SRAs were fair and appropriate for the level of responsibility involved with each role.
20. The Panel recognises that some Chair and Vice-Chair roles will have a larger workload than others. It is acknowledged that the level of workload went beyond the time spent at meetings and this could depend on how each Chair and Vice-Chair saw their role and undertook preparation work. However, we did come to the view that the work attached to the role of chairing the Planning and Development Committee was of a higher magnitude than probably any other committee. That said, the responsibility of a particular Chair could not be said to be greater than



another and it was recognised that councillors are able to nominate themselves for particular positions and so were prepared to take on the work and responsibility involved.

21. The Panel did note that the SRA awarded to the Chair and Vice Chair of Appeals Committee is lower than that of the other Regulatory Committees. It was felt that given the workload of this role, there was no logic for this disparity and that it would be appropriate to raise the SRA to the same level as the others, thus achieving parity between the roles.
22. At this time, therefore, the Panel feels that the levels of SRA for all Chairs and Vice-Chairs of non OSC Committees should remain the same apart from those relating to Appeals Committee which should be equalised.
23. **We recommend that the level of SRA for the Chair and Vice Chair of Appeals Committee is raised to the same level as the other non OSC Committees, which will remain the same.**
24. As in previous reviews, the Panel noted that the level of SRA awarded to OSC Chairs is the same as that awarded to Cabinet Members. The Panel were reminded of the historical rationale for this which provided for senior development opportunities other than aspiring to Cabinet positions.
25. The Panel also considered the workloads of both roles and discussed this with the councillors we interviewed.
26. It was felt that the workload involved in being a Cabinet member was somewhat greater than the role of OSC Chair, and any significant further divergence of workload in the future might warrant a differentiation between the relevant SRA's. However, the Panel concluded that, on balance and at this stage, the rationale for the relative level of allowances still stood but that these could be further reviewed in the future.
27. **We recommend that the level of SRA awarded to Cabinet Members and OSC Chairs remains the same.**
28. The Panel noted that the level of SRA awarded to OSC Vice-Chairs is lower than that awarded to the Vice-Chairs of other committees. We discussed this with the councillors we interviewed and it was noted that this discrepancy had arisen due to the previous governance arrangements of OSCs, when there were two Vice Chairs for each committee – one from the majority group and one from the minority group. This arrangement was changed as part of the Chief Executive's review of decision making structures in 2014.
29. The Panel concluded that there was no real logic for the disparity and the Vice Chairs of OSCs should receive the same SRA as the Vice Chairs of the other committees.
30. **We recommend that the SRA for Vice-Chairs of OSC is increased to the same levels as Vice-Chairs of other committees.**

31. The Panel were informed that the Council has a Rights of Way Committee which has never been the subject of an SRA in the past. This was probably influenced by the fact that for many years the same Councillor who chairs Planning and Development Committee also chaired the Rights of Way Committee, so would not have received an SRA in any event. We received information on the work of the Rights of Way Committee and the likely time spent on it. We concluded that the Chair and Vice Chair positions, whilst undertaking valuable and necessary work, would not warrant an SRA, particularly in the light of our attempts to “equalise” other SRAs. We would prefer and hope that these positions are seen and used as development opportunities for councillors.
32. **We recommend that there is no SRA introduced for the Rights of Way Committee.**

### **CHILDCARE AND DEPENDENT CARERS’ ALLOWANCES**

33. As part of the general discussion in our interviews with councillors, we asked whether they were aware of any reasons why there is very little take up of the childcare and dependent carers’ allowance.
34. The general view from the councillors we spoke to was that the majority of councillors are unaware of this allowance and it was suggested that councillors should be reminded of it.
35. **We recommend that officers remind councillors about the allowances in the most appropriate manner.**
36. **We also recommend that Childcare and Dependent Carers Allowances remain the same and the rates are increased in line with any increase in the Council’s Home Care and Personal Budget rates.**

### **TRAVEL AND SUBSISTENCE ALLOWANCES**

37. As in previous reviews the issue of travel and subsistence allowances was raised during an interview, with a suggestion that there could be advantages to combining it with the basic allowance.
38. Again, as in previous reviews, the Panel understood this aspiration but were concerned that there were taxation and transparency issues that mitigated against such an approach.
39. **We recommend that the current travel and subsistence framework should remain in place and at the current HMRC approved rates.**

### **INDEX LINK**

40. At its last review, the Panel recommended that councillors’ allowances be linked to the National Joint Council increases, in line with those applicable to employees. This was agreed and an increase was made in 2014.

41. During our interviews with councillors, we asked for their views on whether this index link was appropriate. All of the councillors we spoke to felt that it was appropriate to make any increase that they receive the same as employees.
42. **We recommend that the scheme remains linked to the National Joint Council pay scales and increases are awarded as appropriate.**

## **OTHER ISSUES**

### **Combined Authority**

43. The Panel noted that the NECA has been established and that there are various roles allocated to councillors within this body.
44. Although there is a lot of work ongoing, in connection with devolution proposals, the Panel did not feel persuaded that there should be a SRA allocated to any of the roles within the NECA. In two years' time there will hopefully be clarity on the impact of the devolution proposals and on the full extent of the functions of NECA.
45. **We recommend that no Special Responsibility Allowance is created in relation to the North East Combined Authority and that this position is reviewed in two years, unless there are any major structural changes regionally.**

### **Police and Crime Panel**

46. The Panel noted that the statutory Police and Crime Panel continues to be administered by Gateshead Council and that each local authority in the Northumbria area is allocated places on the Committee. It was also noted that the Panel is chaired by a Gateshead councillor.
47. As had been noted in the last review, there is no provision for members of the committee to be paid centrally, and that it is the decision of each authority to decide on the appropriateness of provision to be made within its own remuneration scheme.
48. We also noted that there are other outside bodies where Gateshead is represented which do not hold an SRA. The Panel were not convinced that the level of work and responsibility attached to this role warranted a separate SRA.
49. **We recommend that no Special Responsibility Allowance is allocated to members of the Police and Crime Panel at the current time. This should be reviewed in two years.**

### **Co-opted Members**

50. The Panel noted from comparator information that had been provided by officers, that the rate paid to co-opted members of committees is significantly lower than that paid by other local authorities in the Tyne and Wear area.

51. The Panel noted that co-opted members are a fundamental part of the democratic process in Gateshead and are members of Audit and Standards Committee, Families and Children OSC and Corporate Parenting OSC.
52. The Panel also noted that the rate for co-opted members had not been increased for many years, other than index linked increases, and felt it would be appropriate to increase it at this time, to ensure parity with other local authorities in Tyne and Wear.
53. **We recommend that the current allowance for Co-opted Members is increased to £684.**

## **FUTURE REVIEWS**

54. We have recommended in two areas that the position should be reviewed in two years' time. Generally, we came to the view that two years would be an appropriate time after which to review all of the matters set out in the report. Provision is made within the legislation for the index link to apply even though a full review is not undertaken. If any specific issues arise during this time the Panel is, of course, willing to re-assemble to consider them.
55. **We recommend a further review in two years' time with the agreed index link to apply in the interim.**

## 56. SUMMARY OF RECOMMENDATIONS

We recommend the following members' allowances scheme to take effect from April 2016:

|   | <b>£ per annum</b> |
|---|--------------------|
| Basic Allowance                                 | 10,343             |
| <u>Special Responsibility Allowance</u>         |                    |
| Leader  | 31,037             |
| Deputy Leader                                   | 20,687             |
| Cabinet Members (8)                             | 15,519             |
| Chairs – Overview and Scrutiny Committees       | 15,519             |
| Chair – Audit and Standards Committee           | 12,927             |
| Chair – Health and Wellbeing Board              | 12,927             |
| Chair – Planning and Development Committee      | 12,927             |
| Chair – Regulatory and Licensing Committee      | 12,927             |
| Chair – Appeals Committee                       | 12,927             |
| Vice-Chairs – Overview and Scrutiny Committees  | 6,467              |
| Vice-Chair – Audit and Standards Committee      | 6,467              |
| Vice-Chair – Health and Wellbeing Board         | 6,467              |
| Vice-Chair – Planning and Development Committee | 6,467              |
| Vice-Chair – Regulatory and Licensing Committee | 6,467              |
| Vice-Chair – Appeals Committee                  | 6,467              |
| Leader of the Main Opposition Group             | 15,519             |
| Deputy Leader of the Main Opposition Group      | 6,389              |
| Co-opted Members of Council Committees          | 684                |

- No member should be eligible for more than one SRA.
- The current travel and subsistence framework should remain in place and be adjusted in line with current HMRC approved rates.
- Childcare and Dependent Carers Allowances should remain set in line with the Council's Home Care and Personal Budget Rates. The current rates are £11.91 per hour for qualified carers and £7.50 per hours for non-registered persons.
- There is no access to the Local Government Pension Scheme for councillors after 1 April 2014. Councillors currently in the scheme will remain so until the expiration of their current term of office.

**Membership of the Panel**

Malcolm Scott (Chair) is a Deputy Lieutenant of Tyne and Wear.

Alan Baty CPFA IRRV is formerly Chief Executive, Tynedale District Council and formerly Chair of Gateshead PCT and a resident of Gateshead.

Pauline Dodgson OBE is formerly Chief Executive, Gateshead Voluntary Organisations Council.

**Representations from councillors**

Interviews were held with the following:

- Councillor Mick Henry, Leader of the Council;
- Councillor Jonathan Wallace, Leader of the Opposition Group;
- Councillor Stuart Green, Chair of Care, Health and Wellbeing OSC;
- Councillor Malcolm Brain, Chair of Families and Children OSC and Corporate Parenting Sub OSC;
- Councillor John Hamilton, Chair of Planning and Development Committee;
- Councillor John McClurey, Ward Councillor, Whickham South and Sunnside;
- Councillor Malcolm Graham, Ward Councillor, High Fell;
- Councillor Gary Haley, Cabinet Member for Culture, Sport and Leisure;
- Councillor Alex Geddes, Ward Councillor, Ryton, Crookhill and Stella.

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**COUNCIL MEETING**

**17 MARCH 2016**

**LOCALISM ACT 2011 – PAY ACCOUNTABILITY PAY POLICY STATEMENT**

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**Jane Robinson, Chief Executive**

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**EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of a revised pay policy statement.
2. Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement, which must be approved by Council before 31 March each year, but may be amended by Council during the course of the year.
3. The Council's pay policy reflects the statutory requirements and in its development the guidance issued by the Department for Communities and Local Government under Section 40 of the Act has been duly considered.
4. The Pay Policy statement as proposed in Appendix 2 of the attached report 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.
5. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

**RECOMMENDATIONS**

6. It is recommended that Council approves the pay policy statement as set out in appendix 2 of the attached report.

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

**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 a Chief Officer.
5. The Council's Pay Policy reflects the statutory requirements and in its development the guidance issued by the Department for 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 26 March 2014.
6. Low pay continues to be a matter of focus and debate both nationally and regionally. The new statutory National Living Wage (NLW) for employees aged 25 and above will be introduced on 1 April 2016 and will begin at £7.20 per hour in 2016. It is projected to rise to at least £9 per hour (possibly up to £9.35) by 2020. The UK Living Wage, as promoted by the Living Wage Foundation, rose to £8.25 per hour outside London with effect from 2 November 2015 and is likely to be reviewed again in November 2016.
7. At its meeting on 25 February 2016, the Council approved further changes to the pay and grading structure to ensure compliance with the new statutory National Living Wage, which have been reflected in the Pay Policy.

8. 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.

### **Proposal**

9. The Pay Policy Statement 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. It is further proposed that Cabinet considers further reports on low pay during the course of 2016/17 with a view to addressing the issues of low pay within the Council's workforce, as described in the attached Pay Policy Statement.

### **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 17 March 2016.

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 for the year 2016/17 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 incorporates the key principles that underpin these arrangements.
3. The Council, at its meeting on 25 February 2016, agreed to further measures to address low pay in its workforce by deleting the lowest spinal column point on the pay structure with effect from 1 April 2016. The Pay Policy has been updated to reflect this and proposes that the issue of low pay continues to be addressed. It has also been amended to include the revised ratio between highest paid employee and median rate of pay, which is a requirement of the Local Government Transparency Code 2014,
4. Although the Council does not have a significant issue in relation to recruitment and retention of staff, there are a small number of instances where this has needed to be addressed. The Pay Policy has been updated to ensure there is a consistent and transparent approach to the application of market supplements.

### Consultation

5. The Council's recognised non-teaching Trade Unions have been consulted and their comments have been incorporated.

### Alternative Options

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

### Implications of Recommended Option

#### 7. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the financial implications arising from this report have been considered and accounted for within the framework 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.

8. **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.
9. **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.

The Council's pay structure for staff was specifically introduced to address historical pay anomalies and minimise the risk of Equal Pay claims. The pay structure has since then been amended to support the Council's aspirations to address pay issues for the lowest paid employees, who are predominantly female.

10. **Crime and Disorder Implications** – There are no crime and disorder implications.
11. **Health Implications** - There are no health implications.
12. **Sustainability Implications** - There are no sustainability implications.
13. **Human Rights Implications** - Employees have a right to representation through both individual representation and free collective bargaining, and pay & grading appeals mechanisms are in place to ensure this.
14. **Area and Ward Implications** - There are no area and ward implications.
15. **Background Information**  
Gateshead Council's pay policy 2013/14, 2014/15 and 2015/16.

**Gateshead Council**

**Pay Policy Statement 2016/17**

**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 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 2016. 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 last pay award, which was implemented with effect from 1 January 2015. At the time of publication, National Employers have made final two- year pay offers for 2016 – 18 as follows:
  - For NJC Green Book the pay offer is 1% for scps18 and above with bottom-loading for scps 6 -17. The trade unions are currently consulting their members on the offer.
  - For JNC Craft & Associated employees the pay offer for 2016 ranges from 1.65% to 6.30% depending on trade. For 2017 it ranges from 1.76% to 3.12%.
  - For JNC Chief Officers the offer is 1% for each of the years 2016 and 2017 which is still subject to agreement.

## **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, Corporate Resources, 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 £158,307 and is not eligible for salary increments. The Council's lowest pay point, Grade A (SCP 9), is also a spot salary of £14,075. Increments are paid on 1<sup>st</sup> April each year until an employee reaches 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. An example would be where the appointment is made at a higher level within the grade in order to match the employee's previous salary.
13. The Council operates a recruitment and retention policy which is shown at annexe 2. This allows a market supplement to be applied on top of basic salary in order to attract applicants of the right calibre and retain employees with necessary skills and experience. A market supplement can only be approved by the Strategic Director, Corporate Services and Governance and is 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, then the Council will generally pay salary on the next-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 collective agreements and 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. In order to protect employment or to win contracts, it may from time to time be appropriate and necessary to agree local variations to terms and conditions of employment in full consultation with the Trade Unions. The general objective, however, is to apply standard terms and conditions as far as possible right across the Council so that employees are paid the same enhancements or premiums for working in similar situations.
18. The Council does not operate performance bonus payment schemes at any level of the organisation.

### **National Living Wage / UK Living Wage, Lowest Paid Employees and Chief Officers**

#### ***National Living Wage / UK Living Wage:***

19. The new compulsory National Living Wage (NLW) for employees aged 25 and above will be introduced on 1 April 2016 and will begin at £7.20 per hour in 2016. It is projected to rise to at least £9 per hour (possibly up to £9.35) by 2020.

20. On 25 February 2016, in response to the introduction of the National Living Wage (NLW) and as part of the Council's commitment to addressing the issue of low pay and taking a further move towards the UK Living Wage, the Council agreed an amendment to the NJC pay structure that deleted the Council's lowest incremental point on the NJC spinal column and a change to the grading structure at that level. The revised pay scale is attached as Annexe 1 to this policy statement. The Council remains committed to reviewing low pay and has the objective of moving towards a Living Wage at a pace and in steps that are affordable and minimise the risk of job loss.

The current Living Wage of £8.25 per hour outside London was announced on 2 November 2015 and is likely to be reviewed again in November 2016.

***Lowest-paid employees:***

21. In previous versions of this policy, 'lowest paid employees' was defined as those full-time employees in jobs paid at Grade A at spinal column point 8, as this was the lowest salary paid to suitably experienced and competent members of staff. It excluded apprentices, whose pay remains subject to other regulations or conditions, and has specific treatment under this policy.
22. Spinal column point 9 is now the lowest pay point for the purposes of this policy. It is £0.10 (£0.56) per hour more than the National Living Wage and £0.95 (£0.49) per hour less than the Living Wage (outside London).
- Spinal Column point 9 is currently £14,075.
  - The mode (i.e. most frequently used) salary for full-time employees falls within Grade D, the maximum of which is £17,372.
  - The median average salary for full-time employees, excluding overtime and any other additional payments, is £20,253

***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, or 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; 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 18, 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
- the Deputy Strategic Director, Corporate Finance
- Service Directors
- Consultants in Public Health
- Change Programme Lead
- Digital Lead

25. The Chief Executive is paid on a fixed salary point of £158,307\* p.a.

26. The current ratio of lowest paid employee to highest paid employee is therefore slightly higher than 1:11.

27. Strategic Directors are all paid on the same pay band, which is:

|         |         |           |           |           |
|---------|---------|-----------|-----------|-----------|
| £94,074 | £98,911 | £101,964* | £107,211* | £112,569* |
|---------|---------|-----------|-----------|-----------|

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

|         |          |         |         |         |
|---------|----------|---------|---------|---------|
| £76,234 | £80,154  | £84,279 | £88,613 | £93,170 |
| £62,669 | £65,891  | £69,282 | £72,848 | £76,594 |
| £55,135 | £57, 974 | £60,958 | £64,091 | £67,388 |

29. Salaries in the pay bands at paragraphs 22 and 23 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 last pay increase for the Chief Executive and Chief Officers had been effective from 1 April 2008, but a 2% pay increase from 1 January 2015 was agreed for Chief Officers earning less than £100,000 p.a. The new salaries are included in the table above. Those marked with an asterisk(\*) remain unchanged from the April 2008 rates.
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 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. 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.

### **Apprenticeships**

32. Rate for first year of Apprenticeship:

- £4.26 per hour (£8,209 p.a.), irrespective of age

From second year of Apprenticeship:

Non-Craft Apprentices:

- 17 year olds                      £4.26 per hour (£8,209 p.a.)
- 18-20 year olds                  £5.30 per hour (£9,896 p.a.)
- 21-24  
p.a.) 1/10/15                      National Minimum Wage rate, £6.70 p.h. (£12,926 p.a.)

Craft Apprentices will be 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 and equal pay exercise, following the provisions and processes of the national JE scheme. It was introduced in two stages, in 2005 and 2008. 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
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. 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 councillors who oversee pay and conditions issues for all posts that attract Chief Officer pay and conditions. The Chair of the Corporate Resources Overview & Scrutiny Committee has *ex officio* observer status on the Contracts Committee.
36. Contracts Committee reviewed the Chief Officer and the Head of Service pay structure in January 2007. At this meeting, the Committee decided that the 5<sup>th</sup> salary step at the top of each pay band, which had originally been set aside for performance, should be incorporated into the normal incremental progression arrangements as for other employees.
37. It had been anticipated that the pay structure would need to be reviewed after three years of operation but Contracts Committee in 2008 deferred further discussion on the pay structure and associated payment levels because the emerging financial and economic situation.
38. The general pay uplift for Chief Officers on January 2015 was 2%, with no further increase due until 1 April 2016.
39. The NJC negotiations in 2014 resulted in industrial action, and the eventual Agreement was complex, involving payment of variable lump sums and bottom-end loading, but in essence pay was lifted by 2.2% in January 2015 until 31 March 2016. This resulted in compression of pay relativities and minor changes to the Council's pay structures.
40. 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 of 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.

41. A review of senior managers' grading took place in August 2012 alongside a reduction in organisational tiers and numbers and deleting the 'Head of Service' designation. Since 1 October 2012, all Strategic Directors and Service Directors have been employed on JNC Chief Officer terms and conditions.
42. There have been further reductions in the number of Chief Officers following the Council's Functional Review of October 2014. The top three levels of the revised organisation structure and their associated pay bands have been published on the Council's website in accordance with the requirements of the Local Government Transparency Code 2014. There is now a requirement for this information to be published no later than 2 February each year, in addition to the requirement to publish the annual pay policy by 31 March.

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

43. Contracts of employment of Chief Officers require them to be available for work on Council business outside 'normal' office hours and to work the hours and times necessary to fulfil their roles and responsibilities.
44. Chief Officers are not eligible for overtime and/or premium rates of pay for unsocial hours that apply to other groups of staff.
45. 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 their Strategic Director.
46. 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 and Governance. These payments may include honoraria and 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**

47. 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. Details of both the policy and scheme, as agreed by Full Council and varied from time to time, can be found on the Council's website.
48. In order to facilitate effective workforce planning and manage turnover at Chief Officer level in the interests of the Council, the Contracts Committee may agree to replace a current open-ended employment contract with one of fixed term duration. The Chief Officer may be compensated for this by adjustment to salary at the Committee's discretion (up to a maximum of 5%) for the duration of the fixed term, and will be required to contract out of certain employment rights within a suitably drafted legal agreement. The Committee may agree to application of the early retirement provisions in appropriate circumstances and in accordance with the Council's retirement policy and the Local Government Pension Scheme.
49. Whilst there is nothing to prevent former employees from working for another organisation or for themselves, it has been made clear in correspondence inviting applicants for voluntary redundancy that 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.
50. There should therefore be a minimum of 12 months' break before consideration is given to their return to employment within the Council. 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**

51. 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.

(The following link can be used from e-versions of this document:)

**Local Government Pay Scales from 1 January 2015****The table reflects the changes to Grades A & B agreed by Council on 25 February 2016**

| Grade | SCP | Salary | Hourly Rate |        |
|-------|-----|--------|-------------|--------|
|       |     | £      |             |        |
|       | A   | 9      | 14,075      | £7.30  |
| B     |     | 10     | 14,338      | £7.43  |
| B     |     | 11     | 15,207      | £7.88  |
|       | C   | 12     | 15,523      | £8.05  |
|       | C   | 13     | 15,941      | £8.26  |
|       |     | 14     | 16,231      | £8.41  |
| D     |     | 15     | 16,572      | £8.59  |
| D     |     | 16     | 16,969      | £8.80  |
| D     |     | 17     | 17,372      | £9.00  |
|       | E   | 18     | 17,714      | £9.18  |
|       | E   | 19     | 18,376      | £9.52  |
|       | E   | 20     | 19,048      | £9.87  |
|       | E   | 21     | 19,742      | £10.23 |
|       |     | 22     | 20,253      | £10.50 |
| F     |     | 23     | 20,849      | £10.81 |
| F     |     | 24     | 21,530      | £11.16 |
| F     |     | 25     | 22,212      | £11.51 |
| F     | G   | 26     | 22,937      | £11.89 |
|       | G   | 27     | 23,698      | £12.28 |
|       | G   | 28     | 24,472      | £12.68 |
|       | G   | 29     | 25,440      | £13.19 |
|       |     | 30     | 26,293      | £13.63 |
| H     |     | 31     | 27,123      | £14.06 |
| H     |     | 32     | 27,924      | £14.47 |
| H     |     | 33     | 28,746      | £14.90 |
| H     | I   | 34     | 29,558      | £15.32 |
|       | I   | 35     | 30,178      | £15.64 |
|       | I   | 36     | 30,978      | £16.06 |
| J     | I   | 37     | 31,846      | £16.51 |
| J     |     | 38     | 32,778      | £16.99 |
| J     |     | 39     | 33,857      | £17.55 |
| J     | K   | 40     | 34,746      | £18.01 |
|       | K   | 41     | 35,662      | £18.48 |
|       | K   | 42     | 36,571      | £18.96 |
| L     | K   | 43     | 37,483      | £19.43 |
| L     |     | 44     | 38,405      | £19.91 |
| L     |     | 45     | 39,267      | £20.35 |
| L     | M   | 46     | 40,217      | £20.85 |
|       | M   | 47     | 41,140      | £21.32 |
|       | M   | 48     | 42,053      | £21.80 |
| N     | M   | 49     | 42,957      | £22.27 |
| N     |     | 50     | 43,898      | £22.75 |
| N     |     | 51     | 44,842      | £23.24 |
| N     |     | 52     | 45,782      | £23.73 |



## **Recruitment and Retention 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. 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 market supplement needs to be paid to attract and retain the right person for the job.

#### **2. Definition of Market Supplement**

A market supplement 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 that 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

## **Recruitment and Retention Procedure**

### **5. Objective Justification for Payment of a Market Supplement**

Where a manager considers there is a case for payment of a market supplement in order to either recruit or retain employees, it will be necessary to submit a portfolio of supporting evidence to their Strategic Director. Where the Strategic Director considers that a market supplement is appropriate based on the evidence provided and that there is a clear business requirement, they will forward the portfolio to Human Resources for further consideration.

It will then be referred to the Strategic Director, Corporate Services and Governance for a final decision as to whether it can be authorised.

Any decision to award a market supplement must be clearly evidenced to ensure that the policy is applied fairly, consistently and is free from any bias. HR Advice will maintain a central record of any market supplements awarded and all supporting evidence.

The portfolio of evidence should include the following:

#### **5.1 In Cases for Recruitment**

- 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.
- HR Form requesting payment of Market Supplement.

#### **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 that would provide better promotional opportunities. Payment of a market supplement 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 three months including copies of job profiles/job descriptions and person specifications.

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

## **6. Approval of a Request to Pay a Market Supplement**

The manager will forward this portfolio to their Strategic Director who will assess the evidence to objectively justify the need for a market supplement. The Strategic Director will provide objective reasons why they support the payment of a market supplement. Any decision of the Strategic Director not to support the payment of a market supplement is final. The Strategic Director will then indicate the monetary value of the market supplement requested and forward the portfolio and their comments to Human Resources.

Human Resources will review and assess the information provided using comparative benchmark data.

Human Resources will refer the request to the Strategic Director, Corporate Services and Governance for a final decision.

### **6.1 Criteria for Payment of a Market Supplement**

Human Resources will review the request and will undertake further research using comparative salary benchmark data to establish whether:

- a) The external employment market is paying substantially more for comparable jobs (i.e. the salary for that particular job is at least 10% of, or lower than, the market median).

**AND**

- b) This causes significant recruitment and retention difficulties which are detrimental to operational activities

**AND**

- c) A market supplement would not contravene equal pay legislation and the Council's Equal Opportunities Policy.

**AND**

- d) The Service Accountant has confirmed that there is sufficient funding available to pay the market supplement.

### **6.2 Salary Benchmarking**

Human Resources will undertake further research to validate the request for payment of a market supplement by using salary benchmark data for similar posts. Sources

can include IDS and Local Government Employers, published pay and trend data in journals for example IRS reviews, labour force surveys and earnings surveys.

### **6.3 Value of Market Supplement**

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

The market supplement will be paid at the equivalent of either the mean market salary or 15% of basic pay, whichever is lower.

## **7. Review of Market Supplements**

To ensure that the payment of a supplement continues to be justified, it is necessary to review the position every two years against the same criteria that was applied to the initial assessment.

For this reason, the Strategic Director, Corporate Services and Governance will only approve payment of a market supplement for an initial period of two years subject to review. Human Resources will then assess the need to continue the payment using comparative benchmarking data. The decision to continue the payment rests with the Strategic Director, Corporate Services and Governance.

## **8. Conditions Applicable to Market Supplements**

- The payment will be expressly identified as a separate pay element and will be subject to the usual deductions for tax, national insurance and superannuation.
- 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 market supplement moves to an alternative post within the Council, which does not attract a market supplement, the payment shall cease from the date on which the post holder leaves the post, which attracts the pay supplement.
- A market supplement will be adjusted in line with annual pay increases.



**COUNCIL MEETING**

**17 MARCH 2016**

**TREASURY POLICY STATEMENT AND TREASURY STRATEGY  
2016/17 TO 2018/19**

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**Jane Robinson, Chief Executive**

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**EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the Treasury Policy Statement and Treasury Strategy for 2016/17 to 2018/19.
2. The proposed Treasury Policy and Treasury Strategy have been prepared taking into account the Local Government Act 2003, Communities and Local Government's (CLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Code of Practice on Treasury Management.
3. The Audit and Standards Committee reviewed the Treasury Policy Statement and Treasury Strategy on 7 March 2016 and raised no comments for submission to Council.
4. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

**RECOMMENDATIONS**

5. It is recommended that Council approves the Treasury Policy Statement and the Treasury Strategy as attached at appendices 2 and 3 of the attached report.

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**Title of report: Treasury Policy Statement and Treasury Strategy 2016/17 to 2018/19**

**Report of: Darren Collins – Strategic Director, Corporate Resources**

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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 2016/17 to 2018/19.

### **Background**

2. To provide a framework for the Strategic Director, Corporate Resources to exercise his delegated powers, the Council agrees a three 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 taking into account the Local Government Act 2003, Communities and Local Government's (CLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Code of Practice on Treasury Management.
4. The Audit and Standards Committee reviewed the Treasury Policy Statement and Treasury Strategy on 7 March 2016 and raised no comments for submission to Council.

### **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 recommend the Council to approve the Treasury Policy Statement and the Treasury Strategy as attached at appendices 2 and 3 to the report.

For the following reason:

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

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## **Policy Context**

1. The proposals in this report are consistent with the Council's vision and medium term priorities as set out in Vision 2030 and the Council Plan and in particular they ensure that effective use is made of the Council's resources to ensure a sustainable financial position.

## **Background**

2. 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.
3. In addition, under Section 15 of the Local Government Act 2003, authorities are required to have regard to the CLG'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.
4. CIPFA has produced the Code of Practice on Treasury Management 2011 (the Code) which represents best practice. The Council fully complies with the Code and this contributes towards achieving good practice.
5. Under Part 4 of the Council's Constitution the Strategic Director, Corporate Resources will produce a Treasury Policy Statement annually, setting out the general policies and objectives of the Council's treasury management function.
6. The Council also provides a treasury management service to the Police and Crime Commissioner for Northumbria (PCC) via a Support Services Agreement and a treasury management service to the Gateshead Housing Company through a Service Level Agreement.

## **Treasury Policy**

7. 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.
8. 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.
9. CIPFA's 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 12 treasury management practices (TMPs).



10. 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 CLG 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**

11. The Treasury Strategy for 2016/17 to 2018/19 is attached at appendix 3. This covers the specific activities proposed for 2016/17 to 2018/19 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.
12. The Council has produced the Treasury Strategy to comply with the requirements of the Code, the Prudential Code for Capital Finance in Local Authorities and Part 1 of the Local Government Act 2003. The Council considers that compliance with the above ensures that best practice is followed.

### **Consultation**

13. Consultation on the production of the Treasury Policy Statement, including the Treasury Strategy for 2016/17 to 2018/19, has taken place with the Council's treasury advisers (Capita Asset Services, Treasury Solutions). The outcome of the consultation process, along with guidance issued by CIPFA and the CLG, has informed the format and content of the policy and strategy statements.

### **Alternative Options**

14. 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.

### **Implications of recommended options**

15. **Resources:**

**a) Financial Implications** - The Strategic Director, Corporate Resources 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.

16. **Risk Management Implications**

The Treasury Policy and Treasury Strategy which informs activity in this area was 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.

17. **Equality and Diversity Implications**

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

18. **Crime and Disorder Implications**

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

19. **Sustainability Implications**

There are no sustainability implications arising from this report.

20. **Human Rights Implications**

There are no human rights implications arising from this report.

21. **Area and Ward Implications**

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

22. **Background Information:**

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

- Local Government Act 2003
- CLG Guidance on Local Government Investments
- CIPFA's Prudential Code for Capital
- CIPFA's Code of Practice on Treasury Management
- Council's approved Treasury Management Practice Statements

## Treasury Policy 2016/17 to 2018/19

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

- 1.1 CIPFA has produced the Code of Practice on Treasury Management in Public Services (the Code), which represents best practice. Treasury management activities are defined by CIPFA as:
- 1.2 “The management of the organisation’s investments and cash flows, its bankings, 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”.
- 1.3 Gateshead Council provides a treasury management service to the PCC via a Support Services Agreement. The necessary power for this exists within Section 113 of the Local Government Act. A separate bank account enables the PCC cash balances to be monitored daily. The risk associated with investments is carried by the PCC and interest on investments is based on actual interest earned.
- 1.4 The Council also provides a treasury management service to the Gateshead Housing Company through a Service Level Agreement. Borrowing to fund the capital programme of the Company is also carried out by the Council and is included in the overall borrowing figure.

### 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.
- 2.2 The Treasury Strategy encompasses the requirements of CIPFA’s Treasury Management Code of Practice, Prudential Code for Capital and the CLG Guidance on Local Government Investments.
- 2.3 The Treasury Strategy covers the following:
  - a) treasury limits in force which will limit the treasury risk and activities of the Council, including prudential and treasury indicators;
  - b) prospects for interest rates;
  - c) the borrowing strategy;
  - d) debt rescheduling;
  - e) policy on borrowing in advance of need;
  - f) the investment strategy; and
  - g) the policy on the use of external service providers.

The strategy for 2016/17 to 2018/19 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 following indicators have been adopted:

- Compliance with the Code of Practice on Treasury Management in the public services;
- Calculations of:
  - Authorised limit;
  - Operational boundary;
  - Actual external debt;
  - Upper limit on fixed interest rate exposures;
  - Upper limit on variable interest rate exposures;
  - Maturity structure of borrowing; and
  - Upper limits for principal sums invested for periods of over 364 days.

3.3 Given the link to the budget and capital programme, these indicators were approved by the Council on 25 February 2016 as part of the Budget and Council Tax Level 2016/17 report. For completeness, the approved indicators are attached at Appendix 4.

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

4.1 Part 1 of the Local Government Act 2003 relaxed the constraints under which local authorities can invest.

4.2 The CLG 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.

4.3 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.

4.4 The Annual Investment Strategy document will include:

- The Council’s risk appetite in respect of security, 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 ; and
- Guidelines for making decisions on investments and borrowing.

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

- 5.1 The Budget and Council Tax Level 2016/17, approved by Council on 25 February 2016, sets treasury limits for the maximum and minimum level of exposure to fixed and variable interest rates. 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, Corporate Resources will require approval from the Council prior to entering into any arrangement of this nature.

## **6. Policy on External Managers**

- 6.1 Treasury management advisers (Capita Asset Services) have been appointed to assist in achieving the objectives set out in the Treasury Policy Statement. The Strategic Director, Corporate Resources has not appointed external investment fund managers to directly invest the Council's cash. This position is subject to an annual review.

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

- 7.1 It is the Council's responsibility under the Code to approve a treasury policy statement.
- 7.2 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, Corporate Resources. Any proposals to approve, adopt or amend policy require the consent of the Council and are matters for the Council to determine.
- 7.3 Council will receive:
- a) a Treasury Policy Statement and three year Treasury Strategy report, including the annual Investment Strategy, for approval before the commencement of each financial year; and
  - b) an annual report on borrowing and investment activity by 30 September of each year.
- 7.4 The Audit and Standards Committee will receive:
- a) a Treasury Policy Statement and three year Treasury Strategy report for scrutiny; and
  - b) a mid-year report on borrowing and investment activity.

## Treasury Strategy 2016/17 to 2018/19

### 1. Introduction

- 1.1 The CIPFA Code of Practice on Treasury Management 2011 (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 of capital and liquidity when investing 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).
- 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/<br/>Committee/ Officer</b>   | <b>Frequency</b>                                   |
|---|--|--|
| Treasury Management Policy & Strategy / Annual Investment Strategy  | Council with review delegated to Cabinet | Annually before the start of the year              |
| Annual Report   | Council with review delegated to Cabinet | Annually by 30 September after the end of the year |
| In year changes to agreed Treasury Management Policy & Strategy / Annual Investment Strategy / Prudential and Treasury Indicators | Cabinet                                  | By exception                                       |
| Scrutiny of treasury management performance via mid-year report   | Audit and Standards Committee            | Mid-Year   |
| 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, Corporate Resources  | Monthly/Weekly                                     |
| Treasury Management Practices   | Strategic Director, Corporate Resources  | Monthly  |

1.4 The revised Treasury Management Code covers the following Prudential Indicators which were approved by Council on 25 February 2016:

- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt
- Upper limits on fixed and variable rate exposure
- Upper and lower limits to the maturity structure of borrowing
- Upper limits to the total principal sums invested longer than 364 days.

1.5 In addition to the above indicators, 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.

1.6 The strategy covers:

- a) Prospects for interest rates;
- b) Treasury limits in force which will limit the treasury risk and activities of the Council, including prudential and treasury indicators;
- c) The borrowing strategy;
- d) Sensitivity forecast;
- e) External and internal borrowing;
- f) Debt rescheduling;
- g) Policy on borrowing in advance of need;
- h) The investment strategy; and
- i) 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 Capita Asset Services as at 12 February 2016, and various brokers.

|                   | <b>March<br/>2016</b> | <b>June<br/>2016</b> | <b>Sept<br/>2016</b> | <b>Dec<br/>2016</b> | <b>March<br/>2017</b> | <b>March<br/>2018</b> | <b>March<br/>2019</b> |
|-------------------|-----------------------|----------------------|----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| <b>Bank Rate</b>  | 0.50%                 | 0.50%                | 0.50%                | 0.50%               | 0.75%                 | 1.25%                 | 1.75%                 |
| <b>5 yr PWLB*</b> | 1.70%                 | 1.90%                | 2.00%                | 2.10%               | 2.20%                 | 2.80%                 | 3.10%                 |
| <b>10 yr PWLB</b> | 2.30%                 | 2.40%                | 2.50%                | 2.60%               | 2.70%                 | 3.30%                 | 3.60%                 |
| <b>25 yr PWLB</b> | 3.20%                 | 3.20%                | 3.30%                | 3.30%               | 3.50%                 | 3.70%                 | 3.80%                 |
| <b>50 yr PWLB</b> | 3.00%                 | 3.00%                | 3.10%                | 3.10%               | 3.30%                 | 3.50%                 | 3.70%                 |

\* Public Works Loan Board, a statutory body operating within the UK Debt Management Office, which is an executive agency of HM Treasury. The PWLB's function is to lend money to other prescribed public bodies.

### Short Term Interest Rates

- 2.2 The Council's treasury management advisers forecast that UK growth is likely to strengthen marginally in 2016 and 2017. It is not expected that the base rate will increase from 0.50% until quarter 1 of 2017 at the earliest and subsequent rate rises are expected to be slow and gradual.

### Long Term Interest Rates

- 2.3 Following advice from the Council's treasury management advisers, the Council's view on longer term fixed interest rates is that there will be little difference between 25 year and 50 year rates which are expected to remain below 3.50% throughout 2016/17. It is also expected that PWLB rates on loans less than ten years in duration will be lower than longer term loans.

## 3. Treasury Limits for 2016/17 to 2018/19 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.
- 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.



- 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 requires the Council to agree and monitor a minimum number of prudential indicators which were approved by Council on 25 February 2016 as attached at Appendix 4.
- 3.6 The Strategic Director, Corporate Resources 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 2016/17 are PWLB loans, 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 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 variable and fixed interest rate loans and Lender Option/Borrower Option (LOBO) loans. A LOBO is a loan where the lender can exercise their right to increase the interest rate of the loan at each call date. The borrower can then choose to either accept the higher interest rate or repay the loan. These loans are usually offered at an interest rate lower than the corresponding PWLB loan rate but this option increases the risk that it may be necessary to replace a loan at a time when the interest rates are high.
- 4.5 To mitigate this 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 2016/17.
- 4.6 The main strategy is therefore:
- When 25 year PWLB rates fall within the average forecast rate for 2016/17 of 3.20% borrowing should be considered, with preference given to terms of less than 35 years to enhance the diversity of the borrowing portfolio.
  - 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 Capita 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 much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and 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 with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.*
  - *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered*
- 4.8 Against this background, caution will be adopted in the management of the 2016/17 treasury operations. The Strategic Director, Corporate Resources 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 12 February 2016 the Council has net debt of £511.296m; this includes total borrowing of £617.899m and investments of £106.603m.
- 4.10 Investment returns are likely to remain relatively low during 2016/17 and beyond and interest rates are expected to be below long term borrowing rates therefore value for money considerations indicate that best value can be obtained by delaying new external borrowing and by using internal cash balances to finance new capital expenditure in the short term (this is referred to as internal borrowing). Any short term savings gained from adopting this approach will be weighed against the potential for incurring additional long term costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher. This position will be monitored on an ongoing basis during 2016/17 in response to any changes to interest rates and forecasts.
- 4.11 The Council has examined the potential for undertaking early repayment of some external debt to the PWLB 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 PWLB 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 the PWLB.

## **Borrowing in advance of need**

- 4.12 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.

- 4.13 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**

- 4.14 It is likely that the Municipal Bond Agency, will be offering loans to local authorities in the near future. The agency has declared itself open for business after issuing its first operating framework to councils. Once approved the agency will develop plans for its first issue of bonds. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Council will 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; 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, Corporate Resources in line with delegated powers outlined in the approved Treasury Management Practice Statement, will approve all rescheduling.
- 5.4 As short term borrowing rates are expected to be cheaper than longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. Opportunities identified will take into consideration the likely cost of refinancing these short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.
- 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.

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

## **6. Investment Strategy 2016/17 to 2018/19**

### **Introduction**

- 6.1 The Council has regard to the CLG'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 three year period.
- 6.2 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**.
- 6.3 Specified investments are denominated in Sterling, are for periods of 364 days or less and do not involve the acquisition of share or loan capital in any corporate body. Such an investment will be with either:
- the UK Government or a local authority, parish or community council, precepting or levying body or
  - a body or investment scheme which has been awarded a high credit rating by a credit rating agency.
- 6.4 Non-specified investments are deemed more risky and guidance on local government investments requires more detailed procedures. Such procedures are required in order to regulate prudent use and establish maximum amounts which may be invested in each category.
- 6.5 Both specified and non-specified investment types currently utilised by the Council are detailed in Appendix 6, along with approved limits. 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.

### **Changes to the Credit Rating Methodology**

- 6.9 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions.

## 6.10

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency

- 6.11 In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.
- 6.12 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA+. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background, will still have an influence on the ratings of a financial institution.
- 6.13 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

### **Creditworthiness Policy**

- 6.14 The Council uses the creditworthiness service provided by Capita Asset Services to assess the creditworthiness of counterparties. The service provided by Capita Asset Services uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on 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.

6.15 The end product of this modelling system is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. 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.

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

6.17 The Council has also 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 364 days or less to be classified as **specified investments**. The Council’s approved limits for this “high” credit rating for deposit takers are as follows:

| High Rated                                       | Fitch | Moody’s | Standard & Poor’s |
|--|-------|---------|-------------------|
| Short Term<br>(ability to repay short term debt) | F1    | P1      | A1                |
| Long Term<br>(ability to repay long term debt)   | AA-   | Aa3     | AA-               |

6.18 To ensure consistency in monitoring credit ratings throughout 2016/17 the Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties, as the credit rating agency issuing the lowest rating could change throughout the year as agencies review the ratings that they have applied to countries, financial institutions and financial products. The ratings of all three agencies will be considered, with Fitch being used as a basis for inclusion on the lending list. In addition to this the Capita Asset Services creditworthiness service will be used to determine the duration that deposits can be placed for. This service uses the ratings from all three agencies, but by using a scoring system, does not give undue consideration to just one agency’s ratings.

6.19 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Capita 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.

6.20 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.

- 6.21 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.
- 6.22 A number of counterparties are also approved by the Strategic Director, Corporate Resources 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, Corporate Resources prior to investments being placed.

### **Nationalised/Part Nationalised Banks**

- 6.23 A number of banks in the UK do not conform to the credit criteria usually used to identify banks that are of high credit worthiness. In particular, as they are no longer separate institutions in their own right it is impossible for an individual rating to be assigned to them. Due to Government ownership these institutions now have the highest short-term rating possible as they effectively take on the creditworthiness of the Government and deposits placed with them are effectively with the Government. Taking this into consideration they have the highest rating possible. As a result of this when deposits are being considered with these counterparties the limits will be in accordance with the Capita Asset Services creditworthiness list.
- 6.24 Where the bank has not been fully nationalised but receives support from the UK Government the individual rating of the bank will not be taken into consideration and the relevant banks will be included on the Council's lending list as prescribed by the Capita Asset Services creditworthiness list as detailed in 6.23.

### **Foreign Banks**

- 6.25 Only 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 London. Limits will be prescribed by the Capita Asset Services creditworthiness list and limited to 364 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+ are shown in Appendix 7.

### **Local Authorities**

- 6.26 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, Corporate Resources, prior to funds being placed. Limits are detailed at Appendix 6.

## Non-specified Investments

- 6.27 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-                |

Limits for non-high rated counterparties and non-rated building societies are detailed at Appendix 6.

- 6.28 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 Capita Asset Services creditworthiness service. Ongoing monitoring of ratings also takes place in response to ad-hoc e-mail alerts from Capita 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, Corporate Resources.
- 6.29 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.

## Investment balances / Liquidity of investments

- 6.30 The Council deposits funds beyond 364 days to a maximum of 3 years. This 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 364 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) 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.
- 6.31 Deposits for periods longer than 364 days are classed as **non-specified investments** and this will increase the total limit of overall deposits in this classification to 75%.

## Investments defined as capital expenditure

- 6.32 The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of 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**'



- 6.33 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 made for policy reasons (e.g. to a registered social landlord for the construction/improvement of dwellings) or if it is an investment for treasury management purposes. The latter will be governed by the framework set by the Council for 'specified' and 'non-specified' investments.

### **Internal Investment Strategy**

- 6.34 The Strategic Director, Corporate Resources will monitor the interest rate market and react appropriately to any changing circumstances.
- 6.35 The Council takes the view that base rate will remain unchanged at 0.50% before starting to rise from quarter 1 of 2017 so short term deposits, up to 364 days, will be utilised to cover cash flow and minimise risk to the Council. Bank rate forecasts for financial year end are 2016/17 0.75%, 2017/18 1.25% and 2018/19 1.75%.
- 6.36 The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and/or forecasts for increase in inflation rise, there could be an upside risk.
- 6.37 The Council will avoid locking into longer term deals while investment rates are down at historically low levels. Long term deposits, beyond 364 days, will only be used where minimal risk is involved and the counterparties are considered to be supported by the UK Government.

### **Investment Risk Benchmark**

- 6.38 The council will use an investment benchmark to assess the investment performance of its investment portfolio against the 7 day LIBID. The Council is also a member of the Capita Asset Services(CAS) investment benchmarking Group who meet semi-annually. As a member, quarterly reports on comparative performance with other members of the group and the wider CAS client base are received. The benchmark return for the group is reasonable target for the council, which allows the relative risk appetite to be considered as part of the benchmark.

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

- 6.39 By the end of September each year the 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**

- 6.40 The Council currently uses Capita Asset Services as its external treasury management advisers.
- 6.41 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 6.42 It also recognises that there is value in employing external providers of treasury management services in order to access 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**

6.43 As required by the Guidance Notes for Local Authorities the Treasury Management Scheme of Delegation is detailed below.

#### **Council**

- Approve treasury management policy and strategy prior to the start of each financial year;
- Approve the annual investment strategy prior to the start of each financial year; and
- Agree the annual report.

#### **Cabinet**

- Receive and review treasury management policy and strategy prior to the start of each financial year;
- Receive and review the annual investment strategy prior to the start of each financial year;
- Approve and monitor prudential and treasury indicators.
- Receive and review the annual report; and
- Approve any proposed variations in treasury management policy and strategy, annual investment strategy or prudential and treasury indicators.

#### **Audit and Standards Committee**

- Scrutinise the treasury management policy, strategy and practices and make recommendations to Cabinet; and
- Agree mid-year monitoring report.

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

6.44 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.

## **7. Other Issues**

### **Heritable Bank Deposits**

- 7.1 When Heritable bank entered administration in October 2008 the Council had £2.8m invested which was due to mature with interest by the end of 2008/09.
- 7.2 To date dividends totalling £2.736m (98.00p in the £) have been received. This is an overachievement against the initial estimate of a return of 90p in the £. The most recent update from the administrators confirmed that they do not intend to make any further distributions of dividend until the resolution of the ongoing litigation of their claim with Landsbanki.

## Prudential Indicators – Treasury Management

| <b>Authorised Limit For External Debt</b> |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | <b>2016/17<br/>£000</b> | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> |
| Borrowing                                 | 750,000                 | 765,000                 | 770,000                 |

| <b>Operational Boundary For External Debt</b> |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | <b>2016/17<br/>£000</b> | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> |
| Borrowing                                     | 725,000                 | 740,000                 | 745,000                 |

## Treasury Indicators

| <b>Upper Limit on Fixed and Variable Interest Rates Exposures</b> |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| <b>Range</b>  | <b>2016/17<br/>£000</b> | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> |
| <b>Fixed Rate:</b>  |                         |                         |                         |
| <b>Upper</b>  | 624,164                 | 622,283                 | 620,814                 |
| <b>Lower</b>  | 357,170                 | 333,322                 | 342,848                 |
| <b>Variable Rate:</b>   |                         |                         |                         |
| <b>Upper</b>  | 152,227                 | 192,476                 | 186,854                 |
| <b>Lower</b>  | (30,000)                | (30,000)                | (30,000)                |

| <b>Upper and Lower Limits for the Maturity Structure of Borrowings</b> |                        |                        |
|--|------------------------|------------------------|
|  | <b>Upper<br/>Limit</b> | <b>Lower<br/>Limit</b> |
| Under 12 months  | 20%                    | 0%                     |
| 12 months and within 24 months   | 20%                    | 0%                     |
| 24 months and within 5 years   | 50%                    | 0%                     |
| 5 years and within 10 years  | 50%                    | 0%                     |
| 10 years and within 20 years   | 50%                    | 0%                     |
| 20 years and within 30 years   | 50%                    | 0%                     |
| 30 years and within 40 years   | 50%                    | 0%                     |
| 40 years and within 50 years   | 60%                    | 0%                     |
| 50 years and above   | 30%                    | 0%                     |

| <b>Upper Limit on Amounts Invested Beyond 364 Days</b> |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | <b>2016/17<br/>£000</b> | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> |
| Investments  | 15,000                  | 15,000                  | 15,000                  |

## Specified Investments (All Sterling Denominated)

| Investment type   | Share/<br>Loan<br>Capital | Repayable/<br>Redeemable<br>within 12<br>months | Security /<br>Minimum<br>Credit Rating                                  | Capital<br>Expenditure | Circumstance<br>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 364 days. | No                        | Yes   | High security although LA's not credit rated.<br><i>See section 6.3</i> | No                     | In-house               | 364 days   |
| <b>Term deposits</b> with credit-rated deposit takers (banks and building societies), including callable deposits with maturities up to 364 days.                             | No                        | Yes   | Secure<br>Varied<br>minimum credit<br>rating<br><i>See section 6.3</i>  | No                     | In-house               | 364 days   |
| <b>Money Market Funds (including 7 day notice account)</b> These funds are instant access and therefore do not have a maturity date.  | No                        | Yes   | Secure<br>Varied<br>minimum credit<br>rating<br><i>See section 6.3</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). |

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

| Investment type   | (A) Why use it<br>(B) Associated risks   | Share/<br>Loan<br>Capital | Repayable/<br>Redeemable<br>within 12<br>months | Security /<br>Minimum<br>credit<br>rating   | Capital<br>Expenditure | Circumstance<br>of use | Max % of<br>overall<br>investments | Maximum<br>maturity of<br>investment                   |
|---|--|---------------------------|---|---|------------------------|------------------------|------------------------------------|--|
| <b>Rated deposit takers (banks and building societies) which do not meet the Council's "high" credit rating</b><br><br>Page 143         | (A) To improve ability to place smaller amounts<br>(B) Greater risk than "high" credit rating counterparties but advance warning by rating agency of potential problems.<br>The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.  | No                        | Yes   | Secure<br>Varied minimum<br>Credit rating<br><i>Minimum:</i><br><i>Long term</i><br>A-<br><i>Short term</i><br>F1 | No                     | In-house               | 75%                                | 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.<br>B) Lower liquidity and greater risk of adverse interest rate fluctuations.<br>The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk. | No                        | No  | Secure<br>Varied minimum<br>credit<br>rating  | No                     | In-house               | 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<br>Varied minimum<br>Credit rating<br><i>Minimum:</i><br><i>Fitch</i><br><i>Long term</i><br><i>A-</i><br><i>Short term</i><br><i>F1</i> | No | In-House | 20% | 12 months (but set on an individual counterparty basis) |
|---|--|----|-----|---|----|----------|-----|---|



## Maximum Maturity Periods and Amounts

| Organisation   | Criteria  | Max Amount*                            | Max Period |
|--|---|--|------------|
| High Rated<br>(Specified Investments – High rated and up to 364 days see Appendix 5) | Minimum Fitch rating of F1 short term and AA- long term.<br><br>Consideration to be given to Moody's minimum rating of P1 short term backed by Aa3 long term and S&P minimum rating of A1 short term and AA- long term. | £20m<br>(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                     | 364 Days   |
| Non-High Rated   | Minimum Fitch rating of F1 short term and A- long term.<br><br>Consideration to be given to 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.    | £5m                                    | 6 months   |
| UK Local Authorities   | (i.e. local authorities as defined under Section 23 of the 2003 Act)<br>Each investment is considered on an individual basis  | £10m                                   | 3 years    |
| Money Market Funds   | AAA long-term rating backed up with lowest volatility rating (MR1+) with assets >£1bn   | £7.5m                                  | Overnight  |

\* Restricted to a maximum of either 40% or 20% of total investments depending on the counterparty.

This list is based on those countries which have sovereign ratings of AA+ or higher at 05/02/2016.

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- U.S.A

AA+

- U.K.



## COUNCIL MEETING

17 March 2016

### IMPLEMENTATION OF NEW CHARGEABLE SERVICE – SUPPORTING INDEPENDENCE SERVICE

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**Jane Robinson, Chief Executive**

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#### EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of the implementation of a new chargeable service delivered by Facilities Management with effect from 1 April 2016.
2. From 1 April 2016 a proposed new service will be delivered under the operating name of the Supporting Independence Service. This will utilise the existing pool of experienced staff from within Facilities Management.
3. The service provided will be tailored to meet individual needs and can include:
  - i. Collection of shopping and prescriptions
  - ii. Accompanied shopping and collection of benefits
  - iii. General housework – ironing, washing up, vacuuming, dusting etc
  - iv. Sitting service
  - v. Assistance with correspondence, finances and benefit claims etc
  - vi. Monitoring health and wellbeing as well as safety around the home
4. Prices will be set at £11.50 per hour for 2016/17 and will be added to the published list of fees and charges. It is projected that the service will be financially sustainable within two years; in the meantime it may require up to £60,000 of transitional support from Facilities Management trading.
5. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

#### RECOMMENDATIONS

6. It is recommended that Council approves the implementation of the Supporting Independence Service with effect from 1 April 2016 and introduction of the charge of £11.50 per hour for the service and for this charge to be added to the published list of fees and charges for 2016/17.

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**TITLE OF REPORT:** Implementation of New Chargeable Service – Supporting Independence Service

**REPORT OF:** Paul Dowling, Strategic Director, Communities and Environment

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### **Purpose of the Report**

1. To request that Cabinet recommends the Council to approve the implementation of a new chargeable service delivered by Facilities Management with effect from 1 April 2016.

### **Background**

2. One of the savings proposals accepted in the budget agreed by Council on 25 February 2015 was the removal of the budget for Older People Support Service (OPSS) which meant the cessation of both the OPSS and the Home Support Service (HSS). Following the consultation and feedback from clients, residents, stakeholders (e.g. Age UK) and Trade Union representation a decision to fund the service from reserves for 2015-2016 was taken. This decision would provide the time to investigate the sustainability of a self-funding service. As part of this process, on 1 October 2015 a charge of £7.50 per hour was introduced for OPSS, whilst not fully recovering all costs this has allowed the continuation of service delivery until the end of March 2016.
3. Both OPSS and HSS offered a service that assisted individuals who were experiencing difficulties in living independent lives. The service set out to improve their quality of life and reduced their reliance on more expensive, comprehensive care packages. Of our customers 66% self-identified as having a disability. In the most recent customer survey 73% of customers were being helped with planning healthy meals and shopping and 89% of respondents were made to feel safer in their own home.
4. The population of over 65's in England is expected to increase by 9.8% by 2020<sup>1</sup>, in Gateshead the increase in population for this age group is expected to be 16% by 2025<sup>2</sup>.
5. The years of delivering OPSS and HSS have provided the opportunity for the Facilities Management Service to develop a pool of talented individuals and robust systems to allow effective and efficient service delivery.
6. It was agreed that transformation opportunities would be explored in order to develop a financially sustainable replacement service.

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<sup>1</sup> Office of National Statistics England Population in Age Groups 2014

<sup>2</sup> Joint Strategic Needs Assessment Demography data 2015

## Proposal

7. From 1 April 2016 a new service will be delivered under the operating name of the Supporting Independence Service. This will utilise the existing pool of experienced staff from within Facilities Management. Processes will be adjusted to reflect the delivery of a single service. This new service will not be liable to VAT.
8. There will be an eligibility test for the fee paying service which is critical to achieve the VAT exemption. An assessment will be carried out of prospective customers to verify that there is a risk to physical or mental health, or welfare because they are unable to carry out the tasks required safely or adequately, or without significant pain or discomfort. It is expected that these eligibility criteria will not lead to the exclusion of a significant number of former OPSS and HSS customers.
9. The services provided will be tailored to meet individual needs and can include:
  - (i) Collection of shopping and prescriptions
  - (ii) Accompanied shopping and collection of benefits
  - (iii) General housework – ironing, washing up, vacuuming, dusting etc
  - (iv) Sitting service
  - (v) Assistance with correspondence, finances and benefit claims etc
  - (vi) Monitoring health and wellbeing as well as safety around the home
10. The actual practical support offered to individual customers will be flexible so that individuals' specific needs can be addressed and customer satisfaction guaranteed.
11. Prices will be set at £11.50 per hour for 2016/17 and will be added to the published list of fees and charges. It is projected that the service will be financially sustainable within two years; in the meantime it may require up to £60,000 of transitional support from Facilities Management trading.
12. An Equality Impact Assessment has been undertaken on the proposal.

## Recommendations

13. Cabinet is asked to recommend the Council to approve the implementation of the Supporting Independence Service with effect from 1 April 2016 and introduction of the charge of £11.50 per hour for the service and for this charge to be added to the published list of fees and charges for 2016/17.

For the following reasons:

- (i) To initiate a new financially sustainable service that will help people to live independently in their own homes.
- (ii) To reduce the demand on services provided by the Council to meet its statutory duties.
- (iii) Sustain employment opportunities with the Council in a financially sustainable service.

## Appendix 1

### Policy Context

1. The Council is operating in a challenging national policy context which has been compounded by recent government funding announcements that reduces the resources available to local government.
2. The proposal in this report is consistent with the Council's vision and medium term objectives as set out in Vision 2030 and the Council Plan, in particular 'Ensuring a Sustainable Gateshead' by ensuring best use of resources and 'Active and healthy Gateshead' by supporting individuals struggling to live independently.

### Background

3. There has been an examination of the liability for VAT to the delivery of services that support independence. The service proposed will be exempt VAT on the proviso that certain conditions are met, chiefly:
  - (i) The service is offered to promote the physical or mental welfare of elderly, sick, distressed or disabled persons; and
  - (ii) An assessment of the recipient's health condition, medical needs and ability to perform each task has been carried out. This assessment must show that the recipient is unable to carry out the tasks safely or adequately and that this inability presents a risk to their health or welfare.
4. A competitive price can be set that will cover costs provided VAT is not applicable to the delivery of the service.
5. The Supporting Independence Service will act as an early intervention to address declining ability, or a stable but low level of ability, to perform everyday tasks.
6. The provision of the service will contribute to the Council's work with health professionals across the Strategic Partnership. We have evidence which suggests that recipients of OPSS services were a third as likely to be admitted to hospital as the general North East population for that age group. With 450 recipients of OPSS and HSS, their lower admission rate meant that from this group alone there would have been 211 less hospital admissions per year.
7. This proposal has been developed considering the cost of delivering the service, the anticipated level of demand and the potential for further savings targets in the future.

### Consultation

8. Existing customers of OPSS were consulted regarding the implementation of a charge, 73% responded that they would pay for the service they receive. The Existing HSS customers would continue to pay the same hourly rate as at present, albeit there would be no VAT included in that price.

9. Councillors were consulted on the proposal through portfolio meetings and briefing sessions. The trade unions, employees, customers and other stakeholders were consulted as part of the formation of the business plan.

### **Alternative Options**

10. From 31<sup>st</sup> March 2016 both OPSS and HSS will cease and no alternative will be offered. Those experiencing difficulties living independently will need to find alternative support from families and friends, charities or via statutory duties placed on public sector organisations.

### **Implications of Recommended Option**

11. **Resources:**

- a) **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the proposals form part of the agreed budget for 2016/17.
- b) **Human Resources Implications** – If the proposal is not approved the employees currently engaged in HSS and OPSS will be made redundant. If the proposal is approved those staff will be employed on grade B which represents an improvement in remuneration for former HSS employees. A number of employees currently have posts on both OPSS (Grade B) and HSS (Grade A) however employees who only have a post in HSS may need to be upskilled to undertake the additional responsibilities required. If capability issues arise as a result, the service will manage this through consultation with Human Resources and use of the relevant policy and procedure. If necessary the Council's Redundancy and Redeployment policies will be followed in an attempt to reduce the number of compulsory redundancies.
- c) **Property Implications** – There are no direct property implications arising from this report.
12. **Risk Management Implication** – The risks associated with the impact on demand for services have been assessed when considering this proposal.
13. **Equality and Diversity Implications** - The Equality Impact Assessment produced in relation to this proposal identifies a positive impact for customers with the following protected characteristics: age and disability. Employment opportunities with the Council will also improve for predominantly low paid female workers across the borough.
14. **Crime and Disorder Implications** - There are no direct crime and disorder implications.
15. **Health Implications** – These are included in the Equality Impact Assessment.
16. **Sustainability Implications** – There are no sustainability implications.
17. **Human Rights Implications** – There are no human rights implications.



18. **Area and Ward Implications** - The recommendations apply to all Areas and Wards.

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# COUNCIL MEETING

17 March 2016

## GATESHEAD COUNCIL

### REPORT FROM THE CABINET

#### 1. PURPOSE OF THE REPORT

This is the report from the Cabinet. Its purpose is to report on issues for the period February – March 2016.

#### PROGRESS ON KEY ISSUES

#### 2. PEOPLE

##### *Children and Young People*

##### Improvement in NEET figures

The numbers of 16-18 year olds not in education, employment or training has reduced, down to 5.3% compared with 7.6% for the same period last year. This is after a period of sustained and targeted work led by Connexions Gateshead.

This equates to 330 young people, out of a total cohort of over 6,300. Five years ago, this figure stood at 9.1%. What is particularly commendable is that this year's figure was achieved alongside a 'Not Known' figure of 3.3%, down from 4.8% last year, making this data very robust.

Of the 330 young people who were NEET, Connexions were also able to report that only 136 were aged 16 or 17.

The figures are up amongst the very best in the region and will be used to inform a 'Social Norming' publicity exercise, promoting the fact that most young people in Gateshead are positively engaged.

##### Early Implementers Innovators

Gateshead is one of 25 local authorities to be selected by the Department of Education as an Early Implementer Innovator to support the delivery of the additional 15 hours of free childcare for children of working parents, from September 2017.

The 25 authorities will focus on a specific theme to support the rollout of this additional entitlement. Gateshead will focus on developing a flexible offer that is crafted to meet local needs. Children and families will be at the heart of partnership working between schools and childcare providers, to ensure that any transition between provision is the best that it can be.

The first stage will establish the level of demand and patterns of attendance needed in order to determine where additional places are to be grown. Consultation with parents is being planned.

### Syrian Refugees - Education

Last November 2015, Gateshead welcomed a number of Syrian refugee families, of which 17 were children and young people. Working closely with schools, the Education Support Service, educational psychology, Ethnic Minority Service (EMTAS) and special educational needs, these children and young people have now successfully been integrated into mainstream schools, apart from one young person who is currently undergoing further assessments to ascertain the most appropriate educational provision to meet his needs. Three primary schools and a secondary academy have taken the children and young people, following language assessments undertaken by EMTAS and educational information gathering undertaken by the Education Support Service.

All of the children were placed into schools via the Fair Access process to ensure there was transitional support (via the Education Support Service) back into education. Initial feedback from schools and staff working with these children and young people is that they have settled well initially. They are for the most part courteous, polite and well mannered, well behaved and eager to learn and take part in the activities on offer. They are ready to have a laugh and very friendly. They want to be in the classroom with their peers.

Schools have been very positive about the admissions of the refugees into their school and accommodating of their needs.

## **3. PLACE AND ECONOMY**

### ***Economy***

#### Coatsworth Road Townscape Heritage Initiative

The scheme to repair and restore 30 properties is progressing, with the completion of three properties to date: Danskys and the largest project of the scheme, Adam's Continental Foods, and the Shah Jalal Majid. The Station Stamp shop will be finished next week with the arrival of the sign-writer to paint the sign boards. A further eight properties are in the pipeline for completion in 2016.

The business consultant Bsupplied, appointed by the Townscape Heritage Initiative (THI), continues to provide one-to-one business support and mentoring to all of the traders in the THI area and not just the grantees. The Coatsworth Road Village Association is up and running and involves both residents and retailers coming together to promote closer community links.

In January, Northern Architecture was appointed to promote the aims of the THI and to leave a lasting legacy by helping to improve local knowledge of conservation, design and planning. In the coming year, they are connecting with two or three local schools to involve children in various activities and projects. They will also issue a quarterly newsletter and publish on social media.

### District Energy Scheme Update

Construction of the Gateshead Town Centre District Energy Scheme is progressing well, with the following progress:

- The Energy Centre steel structure is complete and work has commenced on building fabric. By the end of March, the flues and thermal storage tanks are due to be delivered to site;
- The contractor for the Energy Centre, Balfour Beatty, has engaged Gateshead College students to provide temporary art work for hoardings, as well as hosting site visits for construction students;
- Energy network construction has commenced, with almost 300m of excavations open to date in four locations, ready to take the first sections of heating pipes before end of February;
- Traffic management is being co-ordinated with all stakeholders, to minimise the disruption as much as feasibly possible. Details of current and forthcoming road closures for the scheme can be found on the Council's website.

The project has incurred some minor delays over the winter period due to weather, and is currently planned to be operational in Autumn 2016.

### ***Environment and Transport***

#### Road Safety GB North East – Regional ‘Look Out for Each Other’ Campaign

Road Safety GB North East (RSGBNE) have recently engaged with a publicity and marketing company DTW to assist in the delivery of a comprehensive two-year programme to address casualties across the region. The contract commenced in February and will run until February 2018.

The ‘Look Out for Each Other’ campaign will be a regional campaign that appeals to all road users to look out for each other’. The primary focus will centre on the need for everyone to share the road in safety. Particular emphasis will be placed on education in relation to junctions, the benefits of lower speeds and encouragement of compliance with speed limits.

Targeting of key road users will be undertaken through schools, colleges, businesses and individuals using social media, web advertising, campaign launches and through press releases and optional paid media. Each campaign message will directly support positive behaviour while raising awareness of the consequence of irresponsible behaviour.

The regional data analyst will monitor our key casualty groups throughout the duration of the contract.

#### Buses Bill

On 11 February, the Parliamentary Under Secretary of State at the Department for Transport, Andrew Jones, announced the Government's intention to introduce a new ‘Buses Bill’ into Parliament. Under the changes to be put forward in the Bill, local authorities will be given the choice to franchise services or enter into new partnerships with operators, although they will not have to use the new powers if they decide they are happy with the arrangements already in place.

The reforms are intended to give authorities the tools to drive up standards in the interests of residents, while also allowing the Government to honour a number of devolution deal commitments to provide local authorities with bus franchising powers.

The Bill will be introduced into Parliament later this year and the Government is hoping for Royal Assent by early next year. The detail of the Bill as it emerges will be a key factor for the North East Combined Authority as it considers how to move on from the QCS Board's opinion on the Quality Contract proposal for Tyne and Wear.

#### Clara Vale

Concerns have been raised over an extended period of time by residents and ward councillors regarding a proliferation of untaxed vehicles being stored in Clara Vale. In addition to the untaxed vehicles, complaints have been received regarding obstructive parking and the inappropriate use of the highway. An operation was organised in response to the concerns to investigate any untaxed or uninsured vehicles; any obstructive or dangerous parking; items stored in the highway; inappropriate work taking place in the highway and any other issues that could be addressed using available enforcement powers. During the operation, which lasted around 1½ hours, enforcement action was taken as follows:

- three untaxed vehicles seized;
- one resident warned regarding obstructing the footway with white goods and advised regarding fly tipping offences;
- one caravan served with a removal notice; and
- two further vehicles from the former Pit Baths site taxed and insured before being removed.

#### NECA Car Club

The North East Combined Authority has secured funding for additional car club vehicles in the North East. This will allow for the provision of three more vehicles in Gateshead. It is intended the new cars will be located in Gateshead Town Centre, Gateshead Quays and west Gateshead (probably Blaydon).

#### **4. CONCLUSION**

The Council is asked to note this report.



**COUNCIL MEETING**

**17 March 2016**

**GATESHEAD METROPOLITAN BOROUGH COUNCIL**

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## **NOTICE OF MOTION**

Councillor S Green will move the following motion:

“This Council commits to working with NHS bodies to ensure that in-patient mental health provision continues to be delivered at an accessible site for residents across Gateshead.”

Proposed: Councillor S Green

Seconded by: Councillor M Hood

Supported by: Councillor M Brain  
Councillor L Green

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**COUNCIL MEETING**

**17 March 2016**

## **GATESHEAD METROPOLITAN BOROUGH COUNCIL**

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### **NOTICE OF MOTION**

Councillor M Brain will move the following motion:

"This Council recognises the concerns of residents in parts of the West of Gateshead regarding the impact of landfill sites on local people. It welcomes the enforcement work already undertaken and calls upon the Environment Agency to ensure timely implementation of the odour management plan it has received from the operators of Path Head.

It calls upon the operators and the Environment Agency to ensure adequate monitoring of emissions of gases and odours from the quarries and to work closely with Public Health in continuing to monitor the situation.

The Council further agrees to write to our local MPs, requesting them to press the Government to provide stronger protection for our communities, by ensuring the Environment Agency is given greater powers to control and manage operators of landfill sites."

|               |   |
|---------------|---|
| Proposed:     | Councillor M Brain                            |
| Seconded by:  | Councillor D Robson                           |
| Supported by: | Councillor B Oliphant<br>Councillor A Douglas |

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**COUNCIL MEETING**

**17 March 2016**

**GATESHEAD METROPOLITAN BOROUGH COUNCIL**

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**NOTICE OF MOTION – ALTERATION (in accordance with Council Procedure Rule 12.2)**

Revised wording:-

“This Council recognises the concerns of residents in parts of the west of Gateshead regarding the impact of landfill sites on local people. It recognises the enforcement work already undertaken by the Environment Agency but, despite this, the unacceptable odours remain. The Council calls upon the Environment Agency and Council officers to ensure timely implementation of the Odour Management Plan it has received from the operators of Path Head

It further calls upon the operators and the Environment Agency to ensure adequate monitoring of emissions of gases and odours from the quarries and to work closely with Public Health in continuing to monitor the situation, taking into account the very real concerns of residents about their short and long term health.

The Council further agrees to write to our local Members of Parliament requesting them to press Government to ensure that the Environment Agency is given greater powers to control and manage operators of landfill sites and to strengthen national planning guidance on landfill sites, to provide stronger protection for our communities.”

Proposer: Councillor M Brain

Seconder: Councillor D Robson

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