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All Members of the Council

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

Contact Rosalyn Patterson
Tel: 0191 4332088

Date: Wednesday, 8 March
2017

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, 16 March 2017** to transact the following business:-

- 1 To confirm the Minutes of the meeting held on 2 February, 23 February and 8 March 2017** (Pages 3 - 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)

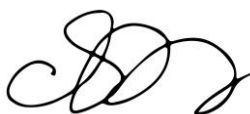
RECOMMENDATIONS FROM CABINET

- 5 Charging and Financial Assessment for Adult Care and Support Services**
(Pages 19 - 46)

- 6 Treasury Policy Statement and Treasury Strategy 2017/18 to 2019/20** (Pages 47 - 76)
- 7 Discretionary Rate Relief Policy** (Pages 77 - 84)
- 8 Revised Appraisal & Development Framework** (Pages 85 - 98)
- 9 Localism Act 2011 - Pay Accountability Pay Policy Statement** (Pages 99 - 120)
- 10 Report from the Cabinet** (Pages 121 - 126)

MOTIONS AND QUESTIONS

- 11 Notice of Motion**
(to consider any notices of motion submitted in accordance with Council Procedure Rule 9.1)
- 11a** Notice of Motion - RMT (Page 127)
- 11b** Notice of Motion - Schools Budgets (Page 129)
- 12 Questions**
(to deal with any questions submitted in accordance with Council Procedure Rule 8.1)



Sheena Ramsey
Chief Executive

GATESHEAD METROPOLITAN BOROUGH COUNCIL

COUNCIL MEETING

Thursday, 2 February 2017

PRESENT: THE MAYOR COUNCILLOR A THOMPSON (CHAIR)

Councillors: P Dillon, J Adams, R Beadle, C Bradley, M Brain, M Charlton, B Clelland, P Craig, S Craig, D Davidson, K Dodds, A Douglas, D Duggan, John Eagle, K Ferdinand, M Foy, M Gannon, A Geddes, B Goldsworthy, M Goldsworthy, J Graham, M Graham, T Graham, J Green, L Green, S Green, G Haley, M Hall, M Henry, M Hood, H Haran, L Kirton, J Lee, K McCartney, J McClurey, J McElroy, C McHugh, E McMaster, M McNestry, P Mole, R Mullen, B Oliphant, C Ord, M Ord, I Patterson, S Ronchetti, C Simcox, J Simpson, J Turnbull, L Twist, J Wallace, A Wheeler and K Wood

APOLOGIES: Councillors: L Caffrey, S Dickie, C Donovan, P Foy, S Hawkins, J Kielty, P Maughan and N Weatherley

CL81 TO CONFIRM THE MINUTES OF THE MEETING HELD 15 DECEMBER 2016

COUNCIL RESOLVED - That the minutes of the meeting held on 15 December 2016 be approved.

CL82 OFFICIAL ANNOUNCEMENTS

(A) British Institute of Cleaning Science (BICS) – North East Awards 2016

The Mayor announced the success of Dawn Francis, Facilities Management Team, who won the Supervisor of the Year award, recognising her excellent standards of service delivery. Dawn was also awarded the Chairman's award, which was selected by the Regional Chairman from all of the award finalists.

The Mayor presented Dawn with her awards in recognition of her achievement.

(B) New Year's Honours 2017

The Mayor announced that within the Queen's New Year's Honours List 2017, people that live and work within the borough were recognised:

Ian Norman Dodds, Senior Policy Adviser for the Cabinet Office, was awarded an OBE for services to Civil Society and Community Action in the North East of England.

Fabulous Flournoy was awarded an MBE for services to British Basketball and the community in the North East.

Ailsa Margaret Rutter, Director of FRESH Smokefree North East, was awarded an

OBE for services to Tobacco Control.

Vera Baird, Northumbria Police and Crime Commissioner, was awarded a Damehood for services to Women and Equality.

Roselyn Christine Jones, Mayor of Doncaster Council and part of the Peer Review Team for Gateshead, was awarded a CBE for services to Local Government.

CL83 CONTRACT DIRECTOR OF NATIONAL CITIZEN SERVICE NORTH EAST - PRESENTATION

Kim Smith, Contract Director of National Citizen Service North East, attended the meeting and gave a presentation on the work of the National Citizen Service.

CL84 PETITIONS

There were no petitions submitted.

CL85 QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions submitted by members of the public.

CL86 HOUSING REVENUE ACCOUNT AND HOUSING CAPITAL PROGRAMME

Consideration was given to a report seeking approval of the Housing Revenue Account, rent changes, fees and charges and the Housing Capital Programme for the next five years.

- COUNCIL RESOLVED -
- i) That the Housing Revenue Account, including The Gateshead Housing Company management fee, the repairs and management budget and savings, be approved.
 - ii) That the weekly rent reduction of 1% from 1 April 2017 be approved.
 - iii) That the fees and charges schedule be approved.
 - iv) That the Housing Capital Programme for the five years 2017/18 to 2021/22 be approved.

CL87 COUNCIL HOUSING REPAIRS POLICY

Consideration was given to a report seeking approval for changes to the repairs

policy for council housing stock.

COUNCIL RESOLVED - That changes to the repairs policy and standards of service delivery, as set out in Appendix 2, be approved.

CL88 INTRODUCTION OF FIXED PENALTY NOTICES FOR FLYTIPPING AND REVIEW OF CURRENT FIXED PENALTY CHARGES.

Consideration was given to a report seeking approval of the introduction of new Fixed Penalty Notice tariffs and the introduction of a Fixed Penalty Notice in relation to flytipping.

COUNCIL RESOLVED -

- i) That the introduction of a new Fixed Penalty Notice in respect of flytipping be approved.
- ii) That the Fixed Penalty Notice tariffs be amended in line with Table 2 of the report.

CL89 GATESHEAD FLOOD RISK MANAGEMENT STRATEGY

Consideration was given to a report seeking approval of the Gateshead Flood Risk Management Strategy, which is required under the Flood and Water Management Act 2010.

COUNCIL RESOLVED - That the Gateshead Flood Risk Management Strategy, as set out in Appendix 2, be approved.

CL90 CORPORATE COMMISSIONING AND PROCUREMENT STRATEGY

Consideration was given to a report seeking approval for the implementation of a Corporate Commissioning and Procurement Strategy, setting out how the Council will work with partners, allocate resources and deliver the best outcomes.

COUNCIL RESOLVED -

- i) That the Corporate Commissioning and Procurement Strategy, as detailed in Appendix 2, and its implementation across the Council be approved.
- ii) That the development and roll out of a comprehensive training programme to all officers engaged in commissioning and procurement activity be approved.

CL91 IMPLEMENTATION OF PROCUREMENT PROTOCOLS

Consideration was given to a report seeking approval for the adoption of procurement protocols and an amendment to the Constitution to reflect the change.

- COUNCIL RESOLVED -
- i) That the adoption and implementation of the Protocols across the Council, as set out in Appendix 3, be approved.
 - ii) That an amendment to the Constitution to provide for the Protocols be approved.

CL92 CALENDAR OF MEETINGS 2017/18

Consideration was given to a report seeking approval of the proposed calendar of meetings for 2017/18.

- COUNCIL RESOLVED -
- i) That the calendar of meetings 2017/18 be approved.
 - ii) That as far as possible, meetings should not be held during school holidays.
 - iii) That the Strategic Director, Corporate Services and Governance, following consultation with the Leader of the Council, be authorised to make any necessary amendments to the calendar of meetings.

CL93 CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2016/17 - THIRD QUARTER REVIEW

Consideration was given to a report that informed of the latest position on the 2016/17 capital programme and Prudential Indicators at the end of the third quarter to 31 December 2016. The report also informed of reasons for the variances from the approved programme and detailed the proposed financing of the capital programme.

- COUNCIL RESOLVED -
- i) That all variations of the 2016/17 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 2016/17 have been breached.

CL94 BATTERY STORAGE FOR DISTRICT ENERGY SCHEME

Consideration was given to a report seeking approval to fund and install a further 2MW battery storage system for the Gateshead District Energy Scheme at Park Road Depot.

COUNCIL RESOLVED - That the addition of the £1.65m budget to the Council's capital programme be approved.

CL95 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.

CL96 NOTICE OF MOTION - SUSTAINABILITY AND TRANSFORMATION PLANS

Councillor M Foy moved the following motion:

“Health and Social Care are in crisis due to the failure of Government to adequately fund both health and social care.

The proposed Sustainability and Transformation Plans (STP) for the North East will not resolve the current crisis without Government recognition of the need to meet the increased costs of growing demand.

We recognise the benefits of greater health and social care integration to meet the needs of our community. But long term investment is needed in these areas to change the system from crisis management to prevention. Government also need to recognise the fundamental link between increased demand for health services and the reductions in funding to local authorities which has impacted on social care provision.

This Council is concerned that the STP process has so far not demonstrated clear engagement with local authorities – the process lacks clear governance and democratic accountability.

Whilst this Council will continue to work together with NHS partners and colleagues, through the formal mechanism of the Health and Wellbeing Board, we will not be able to endorse any final plan which does not recognise and address the need for adequate and fair funding and which has not been the subject of robust and meaningful public consultation.

This Council agrees to:

1. Write to the Secretary of State for Health outlining concerns about the lack of robust governance processes and the inadequate engagement of key stakeholders.
2. Write to MPs in the Borough to ask them to highlight our concerns about the lack of funding to support STP delivery.
3. Support meetings with local Public Services Alliances to undertake joint campaigning work to highlight shared concerns about lack of funding.
4. Use the full powers of Overview and Scrutiny to highlight our concerns with regard to transparency, engagement, finance and accountability.
5. Work with members of Trust bodies to encourage them to challenge the development of STPs with key partners.”

The following amendment was submitted:

In 3rd paragraph, 2nd last line, replace “imparted” with “impacted”.

In 5th paragraph, 2nd last line, replace “adequate and fair funding” with “adequate funding based on need”.

In “This Council agrees to: 3”, replace “Public Services Alliances” with “appropriate campaigning groups”.

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

COUNCIL RESOLVED -

Health and Social Care are in crisis due to the failure of Government to adequately fund both health and social care.

The proposed Sustainability and Transformation Plans (STP) for the North East will not resolve the current crisis without Government recognition of the need to meet the increased costs of growing demand.

We recognise the benefits of greater health and social care integration to meet the needs of our community. But long term investment is needed in these areas to change the system from crisis management to prevention. Government also need to recognise the fundamental link between increased demand for health services and the reductions in funding to local authorities which has impacted on social care

provision.

This Council is concerned that the STP process has so far not demonstrated clear engagement with local authorities – the process lacks clear governance and democratic accountability.

Whilst this Council will continue to work together with NHS partners and colleagues, through the formal mechanism of the Health and Wellbeing Board, we will not be able to endorse any final plan which does not recognise and address the need for adequate and funding based on need and which has not been the subject of robust and meaningful public consultation.

This Council agrees to:

1. Write to the Secretary of State for Health outlining concerns about the lack of robust governance processes and the inadequate engagement of key stakeholders.
2. Write to MPs in the Borough to ask them to highlight our concerns about the lack of funding to support STP delivery.
3. Support meetings with local appropriate campaigning groups to undertake joint campaigning work to highlight shared concerns about lack of funding.
4. Use the full powers of Overview and Scrutiny to highlight our concerns with regard to transparency, engagement, finance and accountability.
5. Work with members of Trust bodies to encourage them to challenge the development of STPs with key partners.

CL97 NOTICE OF MOTION - ARTICLE 50

Councillor J Wallace moved the following motion:

“This Council notes the results of the referendum on the 23rd June 2016. This Council further notes that many leading supporters of the leave campaign backed calls for the UK to remain in the single market, even if there was a decision to leave the EU. Furthermore, this council notes that proposals to withdraw from the single market were not included in the referendum question.

This Council notes that significant numbers of Gateshead’s residents are employed by businesses that trade directly with the single market.

This Council calls on the Government to negotiate to keep the UK in the single market and calls on Gateshead MPs to oppose the triggering of Article 50 in Parliament until assurances are given that the Government will negotiate for the country to remain in it.”

On the motion being put, it was defeated.

CL98 SUSPENSION OF PROCEDURE RULE 9.1

Councillor Gannon moved that Council suspend the 6 days notice in Procedure Rule 9.1 to allow a motion to be dealt with urgently due to its importance and impact on many residents in the Borough.

COUNCIL RESOLVED - That Procedure Rule 9.1 be suspended.

CL99 NOTICE OF MOTION - DONALD TRUMP STATE VISIT

Councillor J Wallace moved the following motion:

“This Council notes with concern the decision by the Government to invite US President Donald Trump on a state visit to the UK. This Council notes the extreme, discriminatory actions announced by the US President immediately after the visit of the Prime Minister to Washington DC. This Council notes that many residents of Gateshead are now barred from visiting the USA by these divisive measures.

This Council agrees to:

- 1) take no formal part in any state visit to the UK by the US President and to withhold any Council resources from being used to support any such state visit;
- 2) write to the LGA to encourage all councils to take a similar stand.”

On the motion being put it was declared to be carried.

CL100 QUESTIONS

There were no questions submitted.

Mayor.....

GATESHEAD METROPOLITAN BOROUGH COUNCIL

COUNCIL MEETING

Thursday, 23 February 2017

PRESENT: THE MAYOR COUNCILLOR A THOMPSON (CHAIR)

Councillors: P Dillon, J Adams, R Beadle, D Bradford, M Brain, L Caffrey, B Clelland, P Craig, S Craig, D Davidson, S Dickie, K Dodds, C Donovan, D Duggan, M Foy, M Gannon, A Geddes, B Goldsworthy, M Goldsworthy, J Graham, M Graham, T Graham, J Green, L Green, S Green, G Haley, M Hall, S Hawkins, M Henry, M Hood, H Haran, J Kielty, L Kirton, J Lee, P Maughan, J McClurey, J McElroy, C McHatton, E McMaster, M McNestry, P Mole, R Mullen, B Oliphant, C Ord, M Ord, I Patterson, S Ronchetti, C Simcox, J Simpson, J Turnbull, L Twist, J Wallace and A Wheeler

APOLOGIES: Councillors: C Bradley, M Charlton, W Dick, A Douglas, K Ferdinand, P Foy, K McCartney, C McHugh, N Weatherley and K Wood

CL101 CAPITAL PROGRAMME 2017/18 TO 2021/22

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 2017/18, and the provisional programmes for 2018/19 to 2021/22, 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 authority be delegated to the Strategic Director, Corporate Resources to enter in to 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.

CL102 FEES AND CHARGES 2017/18

Consideration was given to a report seeking approval of the level of fees and charges for the Council for 2017/18.

- COUNCIL RESOLVED -
- (i) That the fees and charges as set out for 2017/18 in Appendix 2 of the report be agreed.
 - (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.
 - (iii) That authority be delegated to the Strategic Director, Corporate Resources, following consultation with the Leader and Deputy Leader of the Council, for the approval of any traded fees and charges designated as commercially sensitive.

CL103 BUDGET AND COUNCIL TAX LEVEL 2017/18

Consideration was given to a report seeking approval of the Budget and Council Tax level for 2017/18. 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:-

J Adams, D Bradford, M Brain, L Caffrey, B Clelland, D Davidson, S Dickie, P Dillon, K Dodds, C Donovan, M Foy, M Gannon, A Geddes, B Goldsworthy, M Goldsworthy, J Graham, M Graham, T Graham, J Green, S Green, L Green, G Haley, M Hall, M Henry, M Hood, H Haran, J Kielty, L Kirton, J Lee, J McElroy, E McMaster, M McNestry, O Mile, R Mullen, B Oliphant, S Ronchetti, C Simcox, J Simpson, J Turnbull, A Thompson, L Twist, A Wheeler

Councillors Against the Recommendation:-

Nil

Councillors Abstained:-

R Beadle, P Craig, S Craig, D Duggan, S Hawkins, P Maughan, J McClurey, C McHatton, C Ord, M Ord, I Patterson, J Wallace

COUNCIL RESOLVED:

- (1) That Gateshead's Band D council tax for 2017/18 is increased by 4.99% (including a 3% adult social care Government charge) to £1,606.41.
- (2) The revenue estimates of £197.486m for 2017/18 be approved.

- (3) That the indicative schools funding presented in Appendix 2 be agreed.
- (4) 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.
- (5) That the prudential and treasury indicators set out in Appendix 6 be agreed.
- (6) That the method of calculating Minimum Revenue Provision (MRP) for 2017/18 as set out in Appendix 7 be approved.
- (7) That the budget proposals, following the outcome of consultation, in Appendix 2 be noted.
- (8) That it be noted that at its meeting on 24 January 2017, Cabinet agreed the following amounts for the year 2017/18 in accordance with regulations made under Section 31B(3) of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
 - (a) **50,933.2** 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) **1,186.8** 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.
- (9) That the following amounts be now calculated by the Council for the year 2017/18 in accordance with Section 31A, 31B and 34 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011 ('the Act'):-
 - (a) **£565,059,612** 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) **(£483,230,191)** 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) **£81,829,421** 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) **£1,606.6028** being the amount at (c) above, all divided by the amount at (8)(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) **£9,769.00** being the aggregate amount of all special items (Lamesley Parish Council) referred to in Section 34(1) of the Act

(f) **£1,606.4110** being the amount at (d) less the result given by dividing the amount at (e) above by the amount at (8)(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
£1,614.6424 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 (8)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items (Lamesley Parish Council) relate

(h)

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	5.49	1,070.94
B	6.40	1,249.43
C	7.32	1,427.92
D	8.23	1,606.41
E	10.06	1,963.39
F	11.89	2,320.37
G	13.72	2,677.35
H	16.46	3,212.82

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.

- (10) That it be noted that for the year 2017/18, the Police and Crime Commissioner for Northumbria, and Tyne and Wear Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority £
A	65.55	51.75
B	76.48	60.37

C	87.40	69.00
D	98.33	77.62
E	120.18	94.87
F	142.03	112.12
G	163.88	129.37
H	196.66	155.24

- (11) That, having calculated the aggregate in each case of the amounts at (9)(h) and (10) 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 2017/18 for each of the categories of dwellings shown below: -

Valuation Band	Lamesley Parish £	All other parts of the Council's area £
A	1,193.73	1,188.24
B	1,392.68	1,386.28
C	1,591.64	1,584.32
D	1,790.59	1,782.36
E	2,188.50	2,178.44
F	2,586.61	2,574.52
G	2,984.32	2,970.60
H	3,581.18	3,564.72

- (12) 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 2017/18 is not excessive in accordance with the principles determined under section 52ZC of the Act.

Mayor.....

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

COUNCIL MEETING

Wednesday, 8 March 2017

PRESENT: THE DEPUTY MAYOR COUNCILLOR P DILLON (CHAIR)

Councillors: J Adams, R Beadle, D Bradford, M Brain, L Caffrey, B Clelland, K Dodds, A Douglas, M Gannon, B Goldsworthy, M Goldsworthy, J Graham, M Graham, T Graham, L Green, S Green, G Haley, M Henry, M Hood, L Kirton, J Lee, P Maughan, J McClurey, J McElroy, C McHugh, E McMaster, P Mole, B Oliphant, I Patterson, S Ronchetti, J Turnbull, L Twist, J Wallace, N Weatherley and A Wheeler

APOLOGIES: Councillors: A Thompson, C Bradley, P Craig, S Craig, S Dickie, C Donovan, D Duggan, M Foy, P Foy, A Geddes, J Green, M Hall, S Hawkins, J Kielty, K McCartney, R Mullen, C Ord, M Ord, C Simcox, J Simpson and K Wood

CL104 EXTERNAL AUDITOR APPOINTMENTS BEYOND 1 APRIL 2018

Consideration was given to a report seeking approval of the arrangement for appointing an external auditor for the financial year 2017/18.

COUNCIL RESOLVED - That the proposal to opt-in to a national sector led body that will undertake the appointment of an external auditor on behalf of the Council be approved.

Mayor.....

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COUNCIL MEETING

16 March 2017

CHARGING AND FINANCIAL ASSESSMENT FOR ADULT CARE AND SUPPORT SERVICES

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of the policy on Charging and Financial Assessment for Adult Care and Support Services.
2. The charging policy provides a framework for the Council to use when assessing an individual's ability to pay towards any social care services. The actual charges for Adult Social Care Services are reviewed annually.
3. A consultation on Charging and Financial Assessment for Adult Care and Support Services has informed the proposed policy.
4. It is proposed that the policy is implemented with effect from 1 April 2017.
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.

RECOMMENDATION

6. It is recommended that Council approves the proposed policy for Charging and Financial Assessment for Adult Care and Support Services as set out in appendix 2 of the attached report.

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TITLE OF REPORT:	Charging and Financial Assessment for Adult Care and Support Services
REPORT OF:	Sheila Lock, Interim Strategic Director Care, Wellbeing and Learning

Purpose of the Report

1. Cabinet is requested to recommend to Council that the policy on Charging and Financial Assessment for Adult Care and Support Services be implemented following consultation.

Background

2. The Care Act 2014 and the regulations made under it provide a legal framework for charging for care and support. It enables the Council to decide whether or not to charge an adult when it is arranging to meet an adult's care and support needs or a carer's support needs.
3. The charging policy provides a transparent, consistent and fair framework for the Council to use when assessing an individual's ability to pay towards any social care services they are assessed to receive. The actual charges for Adult Social Care Services are reviewed annually and are defined in the Council's Fees and Charges Report.
4. This policy included some key changes to the current charging policy:
 - to calculate the adult's contribution based on the cost of two carers (when the adult requires this) rather than on one carer in every case as at present;
 - to remove the maximum weekly amount an adult is required to pay towards their care, which is currently capped at £205. They would be required to pay their full assessed contribution. The maximum amount an adult will pay towards their care is the cost of their care package, and
 - to reduce the Disability Related Expenditure (DRE), which is to cover additional expenditure an adult may have due to their disability, e.g. speciality clothing, from £20.60 per week to £15.00.
5. Cabinet received a report on 24 May 2016 requesting approval to consult on a policy for Charging and Financial Assessment for Adult Care and Support Services. The outcome of this consultation has informed the proposed policy.

Proposal

6. The proposed policy for Charging and Financial Assessment for Adult Care and Support Services is implemented with effect 1 April 2017.
7. The proposed changes are implemented as originally consulted upon.
8. Some minor amendments to the wording of the Review and Appeals section of the policy are proposed which include a 20 working days timescale for appeal and

subsequent review of the appeal. This is not considered a significant change in the policy.

Recommendations

9. Cabinet is requested to recommend that Council approves the proposed policy for Charging and Financial Assessment for Adult Care and Support Services as set out in appendix 2 to this report.

For the following reasons:

- (i) To meet the statutory requirements of the Care Act 2014 and the regulations made under it.
- (ii) To provide a transparent, consistent and fair framework for the provision for charging and financial assessment for all adults receiving care and support services.

CONTACT: Steph Downey

extension: 3919

Policy Context

1. The Care Act 2014, which provides a legal framework for charging for Adult Social Care:
 - Section 14 of the Care Act provides Local Authorities with the power to ask adults to make a contribution for the cost of their social care.
 - Section 17 of the Care Act allows Local Authorities to carry out a financial assessment to determine the amount a customer can afford to contribute towards the care services they receive.
2. The policy has been designed in line with Care and Support Regulation (Statutory Instruments) and Care and Support Guidance and Annexes issued under the Care Act 2014.
3. This update on the charging regime will support the Council's aspirations set out in Vision 2030 and the direction of travel set out in the Council Plan and, in particular, shared outcomes for Live Well Gateshead.

Background

4. The Council's, Adult Social Care provides a range of services for vulnerable people but is reliant on income from charges to help pay for them. Without this income, service levels may not be maintained.
5. The Council has decided to charge for services as, any authority which recovers less revenue than its discretionary powers allow is placing an extra burden on its population or is foregoing resources which could be used to the benefit of the service.
6. This policy aims to produce a transparent, consistent and fair framework for charging and financial assessment for all adults that receive care and support services following an assessment of their needs, and taking account of their individual financial circumstances.
7. Charges for care services are reviewed annually and are defined in the Adult Social Care Fees and Charges Schedule.
8. This policy included some key changes to the current charging policy:
 - to calculate the adults contribution based on the cost of two carers (when the adult requires this) rather than on one carer in every case as at present;
 - to remove the maximum weekly amount an adult is required to pay towards their care, which is currently capped at £205. They would be required to pay their full assessed contribution. The maximum amount an adult will pay towards their care is the cost of their care package, and
 - to reduce the Disability Related Expenditure (DRE), which is to cover additional expenditure an adult may have due to their disability, eg speciality clothing, from £20.60 per week to £15.00.
9. There are currently 1,269 adults paying for community based care provision who could be impacted by these changes.

10. There are specifically 17 adults who will be impacted by the move to charging for 2 carers. The average increase in charge would be £39 per week.
11. 33 adults who are currently assessed pay the £205 capped maximum contribution. Although this is the cohort of adults who would be impacted 3 have capital of less than £30,000 and therefore may have limited means to pay increased charges for a long period of time before depleting their capital to within the limits. There are 12 adults who have not provided financial information who have agreed to pay the maximum contribution, these adults would be eligible for a financial assessment which may limit the increase in contribution.
12. The reduction in DRE would impact on 913 adults paying for services. Whilst the proposal is to limit the set amount of DRE there remains provision in the policy for an individual assessment to be requested if there is evidence that the DRE is insufficient to cover their individual needs.
13. The amount an adult is required to contribute towards the cost of their care is based on an assessment of ability to pay and therefore any increases in contributions will be limited to their assessable amount.
14. Local benchmarking has been undertaken and highlights that there is a mixed approach to the application of a cap on the maximum contribution with 4 out of 7 councils who responded not having a cap for those with the ability to pay. All the councils that responded charge for 2 carers where this is required. There is a mixed approach to application of the DRE allowance with a number undertaking individual assessment.
15. Financial modelling suggests the changes outlined above will realise in the region of £0.350m additional income towards the cost of providing care. The actual extent of the increase in income will be determined by individual financial assessments.

Consultation

16. Consultation on the policy and the proposed changes took place between 20 September 2016 and 13 December 2016.
17. There were 93 respondents to the online survey but not all respondents provided a response to each question. A summary of responses is shown in appendix 3.
18. The majority of comments received were regarding the fairness of the system with some believing contributions should be based on ability to pay and others questioning whether the amount people are left with is sufficient to meet their daily living costs. Concerns were expressed about there being another impact on the older, vulnerable and people with disabilities.
19. Whilst only 5.95% of respondents said yes to currently receiving services 43.2% responded yes to either having or living with someone who has a disability. There was a good cross section in terms of the age and employment status of those who responded. 100% of respondents live in Gateshead and the majority of respondents (96.43%) were white British.
20. A presentation on the proposed changes was given at the following stakeholder groups which highlighted the online consultation:
 - Physical Disability and Sensory Impairment Board

- Carers Partnership
- Autism Steering Group – followed up via e-mail
- Learning Disability Partnership Board – via e-mail

21. The Cabinet Members for Adult Social Care have been consulted

Alternative Options

22. The alternative option would be to continue with the current charging policy and not introduce any of the proposed changes but this would not result in a Care Act 2014 compliant policy and would not bring us in line with the position applied by most other councils to assist in the ability to continue to provide services to those that need them most.
23. A cap on the weekly contribution rate at a level aligned to the residential care fee rate, as it is in some other local authorities, a rate of £500 would apply for Gateshead. Capping the weekly contribution rate to £500 would result in the Council foregoing resources which could be used to the benefit of the service by circa £54,500.

Implications of Recommended Option

24. **Resources:**

- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms the changes proposed in the policy will result in estimated additional income of £0.350m to contribute to the delivery of the trading and income generation saving of £1m within Adult Social Care and continue to deliver services to those who need them the most.
- b) **Human Resources Implications** - There are no human resource implications directly arising from this report
- c) **Property Implications** - There are no property implications directly arising from this report

25. **Risk Management Implication** – Comprehensive consultation has mitigated the risk of legal challenge and the ability to adopt the policy as proposed.

26. **Equality and Diversity Implications** – An equalities impact assessment has been undertaken following the outcome of the consultation responses and is attached at appendix 4.

27. **Crime and Disorder Implications** - None

28. **Health Implications** – contributions would be based on a person's ability to pay and are only levied following a full financial assessment. As such, charging has a limited negative effect on people's health and well-being

29. **Sustainability Implications** - None

30. **Human Rights Implications** - None

31. **Area and Ward Implications** - the report relates to a policy which has a borough wide impact.

32. **Background Information**

Care Act 2014
Equalities Impact Assessment



GATESHEAD COUNCIL

ADULT SOCIAL CARE

**CHARGING AND FINANCIAL ASSESSMENT FOR ADULT CARE
AND SUPPORT SERVICES**

CONTENTS

- 1 Introduction
- 2 Legal Framework
- 3 Charges for care and support
4. Support for Carers
5. Non-payment and deprivation
6. Changes in circumstances
7. Re-assessment
8. Reviews and Appeals
9. Privacy statement

1 Introduction

- 1.1 Gateshead Council, Adult Social Care provides a range of services for vulnerable people but is reliant on income from charges to help pay for them. Without this income, service levels may not be maintained.
- 1.2. Gateshead Council has decided to charge for services as, any authority which recovers less revenue than its discretionary powers allow is placing an extra burden on its population or is foregoing resources which could be used to the benefit of the service.
- 1.3 This policy aims to produce a transparent, consistent and fair framework for charging and financial assessment for all adults that receive care and support services following an assessment of their needs, and taking account of their individual financial circumstances.
- 1.4 Charges for care services are reviewed annually and are defined in the Adult Social Care Fees and Charges Schedule.
- 1.5 For the purposes of this policy, an 'adult' in relation to a financial assessment carried out by the council means a person over 18 needing care and support or, as the case may be, a carer in respect of whom the council is carrying out the financial assessment.
- 1.6 For the purposes of this policy, a 'carer' is a person who proposes to provide necessary care and support for an adult.

2 Legal Framework

- 2.1 The Act and guidance underpinning this policy are:
 - * The Care Act 2014 (the Act) – in particular sections 14, 17 and 69-70
 - * *The Care and Support (Charging and Assessment of Resources) Regulations 2014 (the Regulations) and*
 - * *The Care and Support and Aftercare (Choice of Accommodation) Regulations 2014.*
 - * *The Care and Support (Deferred Payment) Regulations 2014*
 - * *The Care and Support (Personal Budget Exclusion of costs) regulations 2014*
 - * *The Care and Support Statutory Guidance 2014 (the Guidance)*
- 2.2 The Care Act 2014 and the regulations made under it provides a legal framework for charging for care and support and it will be applied by the council as required. It enables the Council to decide whether or not to charge an adult when it is arranging to meet an adult's care and support needs or a carer's support needs.
- 2.22 Gateshead Council will apply the following principles when calculating the contribution an adult must make towards care:
 - Promote wellbeing.

- The adult will not pay more than the cost of their care package, so for example that will include the full cost of 2:1 care in the cost of care package'
- Charging will be clear and transparent so adults will know what they will be charged.
- Our policy on charging will support carers to look after their own health and wellbeing and to care effectively and safely
- Our charging rules will apply equally so those with similar needs or services are treated the same and minimise anomalies between different care settings or adults with protected characteristics.
- The contribution does not undermine the adult's independence of living by reducing their income to unsustainable levels and the amount charged will not reduce a person's disposable income below the Minimum Income Guarantee (MIG) as defined in regulations.
- The financial assessment process will include a comprehensive benefit maximisation and uptake service to ensure that an adult is in receipt of any benefits to which they are entitled
- A disability related expenditure allowance will be given to cover additional expenditure an adult may have due to their disability e.g. specialist clothing or dietary needs. Any individual who believes that their own Disability Related Expenditure averaged over a 3 month period exceeds this weekly allowance should ask for an individual assessment in this regard and provide supporting evidence of the existence, level and necessity of the expenditure.
- All adults who are assessed as being able to make a financial contribution to their care and support costs must pay the contribution. Any unpaid contribution will give rise to a debt and lawful enforcement procedures will be taken.
- Any debt will be recovered where appropriate in line with the Councils Debt Recovery protocols.
- Where the council, under this policy, makes a charge, the contribution payable is due from the start of any service or the first date of payment of a direct payment
- All customers, clients, service users and adults will be treated in a professional manner, with dignity and respect.
- This policy and provision of services reflects, and is appropriate to, the needs of the diverse communities within the Borough and is consistent with the Public Sector Equality Duty under the Equalities Act 2010.
- Will encourage and enable those who wish to stay in or take up employment, education or training or plan for the future costs of meeting their needs to do so
- Will be sustainable for the Council in the long term

- The Council will challenge and remove discrimination to ensure that those wishing to access care and support or support from the Council will not be treated any less favourably on the grounds of gender, sexual orientation, race, nationality, ethnic origin, disability, marital status, age, religion or belief, or any other conditions or requirements which cannot be shown to be justified.

3. **Charges for Care and Support**

3.1 Services to be provided free of charge:

The council will provide the following services free of charge:

- Provision of community equipment (aids and minor adaptations a total of £1000 or less)
- Intermediate care and reablement support services (**but not including urgent response services**) up to the first 6 weeks (the council have the discretion to provide these services for longer when having regard to the guidance on preventative services) (see Appendix 3)
- Care and support provided to adults with variant Creutzfeldt-Jakob disease
- S117 – after-care services/support provided under s117 of the Mental Health Act 1983
- Any service or part of service which the NHS is under a duty to provide including Continuing Healthcare and the NHS contribution to Registered Nursing Care.
- More broadly, any services which the council is under a duty to provide through other legislation may not be charged for under the Care Act 2014.
- A financial assessment, a needs assessment or the preparation of a care and support plan.
- Providing advice about the availability of services or assessment of need.
- Cost of putting in place arrangements to meet needs (except as detailed below)

3.2 Services we will charge for:

- Any Care and support provided to meet a person's assessed needs unless specifically exempted by law or this Policy.
- Where an adult is able to meet the full cost of their care, the council will make a charge for putting in place arrangements to meet need, when requested to do so, however the council will only recover the actual costs incurred in accordance with section 18 of the Care Act.

- 3.3 Charges will be made after a full or light touch financial assessment has been undertaken to ensure the adult is not charged more than it is reasonably practicable for them to pay.
- 3.4 The amount charged for care and support in a non-residential setting will not reduce a person's disposable income below Minimum Income Guarantee amount (MIG)
- 3.5 For residents or temporary residents provided with accommodation in a care home, a weekly personal expenses allowance (PEA), set annually by the Government is allowed when the charge for care and support is calculated.
- 3.6 Short term residents
Means a person who is provided with accommodation in a care home for a period not exceeding 8 weeks

A standard charge will be made for a short term placement and the amount of the charge is detailed in the council's Fees and Charges Booklet. The local authority has discretion to assess and charge as if the person were having needs met other than by the provision of accommodation in a care home i.e. at the same rate as if their needs were being met in the community.

Temporary Residents

A temporary resident is defined as a person whose need to stay in a care home is *intended* to last for a limited period of time and where there is a plan to return home. The person's stay should be unlikely to exceed 52 weeks, or in exceptional circumstances, unlikely to substantially exceed 52 weeks and this should be recognised and written into their care plan. The Council will assess and charge a temporary resident in accordance with the Regulations

- 3.7 Other services
- A reasonable flat rate fee will apply for the cost of meals.
 - A flat rate fee will be charged for transport where it is not included as part of the care and support plan.
 - An administrative charge and interest will be made for a deferred payment agreement
 - A charge will be made for arranging to meet need for self-funders.
 - A charge will be made for Car badges for disabled people
 - A charge will be made for Care Call service

Where the Council makes a charge under this section the amount of the charge will be set out in the Council's Fees and Charges Booklet and the amount of any such charge will be included in any consultation carried out for that Booklet.

4. **Support for Carers**

- 4.1 Where a carer has eligible support needs of their own, the Council will carry out an assessment of those needs and identify how those needs will be met.
- 4.2 Where those needs are met by providing a service directly to the carer, the council will not charge for those services.

- 4.3 Where those needs are met by providing a service directly to the cared for adult, the Council will not charge the carer for that service, however, it may result in a charge to the cared for adult.

5. Non-Payment and Deprivation

- 5.1 Deprivation of income and/or capital is where the adult has spent or given away any of their capital or failed to claim an income in order to reduce the charges they would otherwise be liable to pay.

5.1.1 Notional Income

An adult will be treated as having income they do not have (notional income) where that income would be available on application but where the adult has not applied or deliberately deprived themselves of for the purpose of reducing the amount they are liable to pay for care and support.

5.1.2 Notional Capital

An adult will be treated as having capital they do not have (notional capital) where the adult has intentionally deprived or decreased their overall assets in order to reduce the amount they are charged towards their care

5.1.3 Diminishing notional capital

In the same way as it would be accepted that any other capital would reduce over time, the council will calculate a weekly amount by which notional capital would reduce by calculating the difference between the higher rate the adult has been assessed to pay and the rate that would have been payable had the adult not been assessed as possessing notional capital. The council will tell you when you will become eligible for funding towards your care costs

- 5.2 Where care fees remain unpaid, or deprivation has occurred, the Council will have due regard to the vulnerable nature of the client group and the Councils responsibility for meeting need when deciding on debt recovery action and the type of action to be taken.

- 5.3 The Council will take all reasonable steps and act reasonably when approaching the recovery of debts and court action will normally only be considered after all other avenues have been exhausted. The Council will take action in the County Court to recover debts due to it in accordance with section 69 of the Care Act 2014. Any interest and additional costs payable will be set by the County Court.

Where an asset or income has been transferred to a third party to avoid or reduce a charge the third party will be liable to pay the council the difference in accordance with section 70 of the Care Act 2014.

- 5.5 The Council may use the Regulation of Investigatory Powers Act 2000 to investigate allegations of deprivation.

- 5.6 The Council will always offer a Deferred Payment Agreement (DPA) as an option to repay debt where an adult is in a care home or extra care property and has sufficient equity to cover the DPA.
- 5.8 The council will seek to recover the costs incurred in recovering any amounts due to it as detailed in the council's Fees and Charges Booklet.

6. What Happens if an Adult's Financial Circumstances Change?

If an adult has any change in financial circumstances they (or their legally appointed financial representative) must notify the councils Financial Assessment team who will review and revise the financial assessment as necessary.

Items that should be reported to the council immediately will include for example any additional benefits received since the initial financial assessment such as Attendance Allowance/Personal Independence Payment, an increase or reduction in capital or other income etc.

7. Re-Assessment

- 7.1 The adult's contribution will be reassessed every year in April, to take account of the annual increases in benefits, private pensions and the cost of living and any changes in the Councils fees and charges.

If the adult is in receipt of Pension Credit / Income Support the Financial Assessment team will revise the charge automatically. If an adult does not receive these benefits the adult may be asked undergo a revised financial assessment.

8. Reviews and Appeals

- 8.1 The council have in place a process to look again at the level of the adults assessed contribution if the adult or carer believes that it is not reasonable for them to pay the contribution for which they have been assessed to pay. The adult can ask the financial assessment team to look again at their assessment – this is called a review. Any evidence, usually in the form of documents, should be submitted when requesting a review.
- 8.2.1 The financial assessment officer will carry out a more detailed financial assessment that will take into account all disability related expenditure instead of giving a fixed rate amount.
- 8.2.2 The adult must first contact the Principal Officer – Financial Assessment Team either themselves or through their representative/advocate to explain why they feel that it is not reasonably practicable for them to pay the assessed contribution or why they think the calculation is wrong. However it would be necessary for a financial assessment to have been undertaken prior to such a review being considered.
- 8.3 The review process is detailed below:

Stage 1

- The adult will write to the financial assessment team within 20 working days of the date of the outcome letter explaining why they think the financial assessment is wrong.
- The Principal Officer – Financial Assessment Team The manager will review the financial assessment within 20 working days of receipt of the request for a review. There can only be two outcomes from stage 1:
 - I The Council will change the decision of the original financial assessment

Or

- II The Council will uphold the decision of the original financial assessment

The adult will be notified of the decision in writing.

Stage 2

- If an adult is still not happy with the decision, they have the right to appeal that decision, An appeal should be submitted within 20 working days of the date of the review outcome letter.
- Appeals will be heard by the Council's appeal panel as soon as practicably possible. The adult will be notified in writing of the outcome of the appeal.
- If the adult remains unhappy with the appeal, then they can make a complaint under the Adult Social Care's complaints procedure (visit the complaints page on the Councils website www.gateshead.gov.uk)

9 Privacy

Information will be collected to enable the calculation of contributions relating to services provided and assessment of welfare benefit entitlement. In accordance with the Data Protection Act 1998 this information will only be shared with other relevant people and agencies in accordance with the data protection principles or with the written consent of the individual or their legally appointed representative. The Council will use other information available to it to facilitate an accurate financial assessment only with the express permission of the adult or their legally appointed representative.

What is enablement?

'Intermediate care and reablement support services' means care and support provided to an adult under sections 18, 19 and 20 or S2 (1) of the Care ACT 2014 which:

- a) Consists of a programme of (services, facilities or resources)
- b) Is for a specialised period of time ('the specified period'); and
- c) Has as its purpose the provision of assistance to an adult to enable the adult to maintain or regain the ability needed to live independently in their own home

Within Gateshead Council there are two types of delivery

Enablement – a home based service provided by domiciliary care to enable people to live independently, this is provided in a person's own home

Intermediate care – a bed based service for people, staying for short stay in a residential setting based at Eastwood Promoting Independence Centre. This will include

- Service users requiring a 'step down' rehabilitative approach from acute hospital wards, to encourage physical recovery, further independence, and build confidence, as a prelude to returning home
- Service user requiring a representative 'step-up' approach from community setting, receiving appropriate interventions to maximise functional ability and independence – preventing acute admission to hospital or an inappropriate long term residential care placement.
- Service users whose physical functioning; overall confidence and self-esteem can be enhanced from a multi-disciplinary approach. Consequently, reducing the level of risk posed to the individual following discharge from the centre.

Both services will assist people to accommodate their illness or condition by learning or relearning the skills necessary, this is an eligibility decision service; its purpose is to provide assistance to an adult to enable the adult to maintain or regain the ability needed to live independently in their own home. The function of the services is for a specific period of time (up to six weeks). However, both services should not have a strict time limit since the period of time for which the support is provided should depend on the needs and outcomes of the individual. In some cases for instance a period of enablement for a visual impaired person (a specific form of enablement) may be expected to last longer than six weeks.

Charging

Both 'enablement' and 'intermediate' care services are free for up to six weeks. Gateshead Council does have the authority to charge for this where it is provided beyond six weeks, but will consider continuing to provide it free of charge beyond this time when clear preventative benefits to the individual has been identified and it has been agreed by the appropriate Service / Team Manager for a further specified period.

The service users progress is monitored on a weekly basis, if identified that long term services will be required they will be referred for an assessment, this assessment will also include a financial assessment

Admission criteria

Enablement service (home based)

- This service is available to Gateshead residents and support carers
- The service is an inclusive mainstream intake model being accessible to all people form 18+ (including people in transition from children's to adults services)
- People who are in need of a new, continued or increased level of services because of either changes in their personal / domestic or social activity by experiencing a deterioration in functional abilities.
- The service user must be medically stable to participate without acute health issues and have the potential and motivation to achieve identified goals within an allocated timescale, with the predominant objective to remain independent at home

Intermediate care services (bed based)

- A service user who must possess motivation and commitment and have the potential to be rehabilitated (identified through assessment by a Therapist ie Physiotherapist or Occupational Therapist)
- A service user who must be medically stable and not require any further 'in patient care' – though may be requiring rehabilitation from trauma or acute exacerbation of existing illness / condition. Admission Is not for any service users with unstable acute medical conditions (e.g. requiring more than once a week medical support)
- The service user must be registered with a Gateshead GP
- The service user must not require further nursing needs, beyond that which can be met by the support / treatment provided by the District Nursing service or Community Matron
- The service user is usually aged 55 years and above
- The service user must only require support from one staff member for moving and handling tasks. Associated risk assessment must be completed prior to admission by the admitting professional
- The service users' needs can't be met within a domiciliary care setting

Exceptions

A person should not receive further enablement within 3 months of a previous episode unless there has been a significant change of circumstances ie hospital admission

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Responses to the Consultation on proposed changes to the charging and financial assessment for adult social care and support services

Proposal 1 – The cost of care is currently calculated at a standard rate regardless of how many carers are required. It is proposed to calculate the service user's contribution towards the cost of care based on the number of carers required. However, they will not pay more than the limit set at their personal assessment.

Q. Do you agree or disagree with Proposal 1?

This single response question was answered by 93 respondents.

Response	Number of Respondents	Percentage of Respondents
Agree	39	41.94%
Disagree	44	47.31%
Don't know	10	10.75%

Proposal 2 – The maximum weekly amount a service user is required to pay towards their care is currently capped at £205. It is proposed to remove this threshold. This means that the maximum a user would be required to pay is the amount identified in their personal assessment.

Q. Do you agree or disagree with Proposal 2?

This single response question was answered by 85 respondents.

Response	Number of Respondents	Percentage of Respondents
Agree	28	32.94%
Disagree	44	51.76%
Don't know	13	15.29%

Proposal 3 – All Service users currently receive a standard allowance of £20.60 per week to cover additional disability related costs such as speciality clothing or equipment. This is known as a Disability Related Expenditure (DRE) allowance. It is proposed to reduce the standard rate of DRE allowance to £15 per week.

Q. Do you agree or disagree with Proposal 3?

This single response question was answered by 86 respondents.

Response	Number of Respondents	Percentage of Respondents
Agree	45	52.33%
Disagree	28	32.56%
Don't know	13	15.12%

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Full Equality Impact Assessment Pro- forma (Stage 2)

Group: Care Wellbeing and Learning	Service: Adult Social Care and Independent Living	Section: Directorate	Officer responsible for assessment: Steph Downey
Support officers: Garry Haynes		Completion date: 03/03/2017	
		Review date: 01/09/2017	
(1) Name & purpose of the policy, strategy, function or budget proposal:	<p>Charging and Financial Assessment for Adult Care and Support Services.</p> <p>The Care Act 2014 provides a legal framework for charging for Adult Social Care:</p> <ul style="list-style-type: none"> Section 14 of the Care Act provides Local Authorities with the power to ask adults to make a contribution for the cost of their social care. Section 17 of the Care Act allows Local Authorities to carry out a financial assessment to determine the amount a customer can afford to contribute towards the care services they receive. <p>The policy has been designed in line with Care and Support Regulation (Statutory Instruments) and Care and Support Guidance and Annexes issued under the Care Act 2014.</p> <p>There are 3 proposed key changes to the policy:</p> <ul style="list-style-type: none"> to calculate the adults contribution based on the cost of two carers (when the adult requires this) rather than on one carer in every case as at present; to remove the maximum weekly amount an adult is required to pay towards their care, which is currently capped at £205. They would be required to pay their full assessed contribution. The maximum amount an adult will pay towards their care is the cost of their care package, and to reduce the Disability Related Expenditure (DRE), which is to cover additional expenditure an adult may have due to their disability, e.g. speciality clothing, from £20.60 per week to £15.00. 		
(2) Is this new or existing?	New		

<p>(3) Who are the main customer groups affected by this policy, strategy, function or budget proposal and has there been prior consultation undertaken?</p>	<p>Consultation on the policy and the proposed changes took place between 20 September 2016 and 13 December 2016.</p> <p>A presentation on the proposed changes was given at the following stakeholder groups which highlighted the online consultation:</p> <ul style="list-style-type: none"> • Physical Disability and Sensory Impairment Board • Carers Partnership • Autism Steering Group – followed up via e-mail • Learning Disability Partnership Board – via e-mail <p>There are currently 1,269 adults paying for community based care provision who could be impacted by these changes.</p>
<p>(4) What information and data has been analysed to inform this assessment?</p> <p>Have you identified any gaps?</p>	<p>There are currently 1,269 adults paying for community based care provision who could be impacted by these changes.</p> <p>There are specifically 17 adults who will be impacted by the move to charging for 2 carers. The average increase in charge would be £39 per week.</p> <p>33 adults are currently assessed pay the £205 capped maximum contribution. Although this is the cohort of adults who would be impacted 3 have capital of less than £30,000 and therefore may have limited means to pay increased charges for a long period of time before depleting their capital to within the limits. There are 12 adults who have not provided financial information who have agreed to pay the maximum contribution; these adults would be eligible for a financial assessment which may limit the increase in contribution.</p> <p>The reduction in DRE would impact on 913 adults paying for services. Whilst the proposal is to limit the set amount of DRE there remains provision in the policy for an individual assessment to be requested if there is evidence that the DRE is insufficient to cover their individual needs.</p> <p>The amount an adult is required to contribute towards the cost of their care is based on an</p>

	<p>assessment of ability to pay and therefore any increases in contributions will be limited to their assessable amount.</p> <p>Local benchmarking has been undertaken and highlights that there is a mixed approach to the application of a cap on the maximum contribution with 4 out of 7 councils who responded not having a cap for those with the ability to pay. All of the councils that responded charge for 2 carers where this is required. There is a mixed approach to application of the DRE allowance with a number undertaking individual assessment.</p>
(5) Does your analysis indicate a disproportionate impact relating to:	
a. Gender (Male/Female/Transgender)	
Please describe the nature of any disproportionate impact	
<p>The impacts of the proposal are considered to be neutral, although there may be a very small discrepant impact arising from the differing life expectancies of men and women. Any such impact would be unavoidable and would be so small as to be justified by the objectives of the proposal.</p>	
b. Race / ethnicity	
Please describe the nature of any disproportionate impact	
<p>The impacts of the proposal are considered to be neutral</p>	
Please indicate what actions will be taken to address impact	
c. Disability	
Please describe the nature of any disproportionate impact	
People with a physical or sensory disability or mental health issues	

There may be people who access this service who have a physical or sensory disability or mental health issues. For this reason any increase to payable charges would be considered to have a negative impact.

Please indicate what actions will be taken to address impact

The amount an adult is required to contribute towards the cost of their care is based on an assessment of ability to pay and therefore any increases in contributions will be limited to their assessable amount.

The proposal is considered to represent a reasonable choice as to the allocation of scarce resources, having regard to the inbuilt protections arising from the financial assessment, notwithstanding the disproportionate impact identified.

d. Sexual Orientation

Please describe the nature of any disproportionate impact

The impacts of the proposal are considered to be neutral

Please indicate what actions will be taken to address impact

e. Religion or belief

Please describe the nature of any disproportionate impact

The impacts of the proposal are considered to be neutral

Please indicate what actions will be taken to address impact

f. Age (People of all ages)

Please describe the nature of any disproportionate impact

The impacts of the proposal are considered to be neutral, although there may be a very small discrepant impact arising from the differing

life expectancies of men and women. Any such impact would be unavoidable and would be so small as to be justified by the objectives of the proposal.

Please indicate what actions will be taken to address impact

The amount an adult is required to contribute towards the cost of their care is based on an assessment of ability to pay and therefore any increases in contributions will be limited to their assessable amount.

The proposal is considered to represent a reasonable choice as to the allocation of scarce resources, having regard to the inbuilt protections arising from the financial assessment, notwithstanding the disproportionate impact identified.

g. Marriage and Civil Partnership

Does your analysis indicate the potential to cause discrimination in relation to marriage and civil partnership? If yes, please indicate what actions will be taken to address these.

- The impacts of the proposal are considered to be neutral

h. Pregnancy and Maternity

Does your analysis indicate the potential to cause discrimination in relation to pregnancy and maternity? If yes, please indicate what actions will be taken to address these.

- The impacts of the proposal are considered to be neutral

(6) What ongoing or future monitoring will be put in place to ensure the policy, strategy, function or budget proposal is achieving its stated aims, for all groups equally?

The policy will be reviewed on an annual basis.

SIGNED: Garry Haynes
Completing Officer

SIGNED: Steph Downey
Service Director

SIGNED: Sheila Lock
Interim Strategic Director



COUNCIL MEETING

16 March 2017

TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2017/18 TO 2019/20

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of the Treasury Policy Statement and Treasury Strategy for 2017/18 to 2019/20.
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 at its meeting on 6 March 2017 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.

RECOMMENDATION

5. It is recommended that Council approves the Treasury Policy Statement (at Appendix 2 of the attached report) and the Treasury Strategy (at appendix 3 of the attached report).

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Title of report: Treasury Policy Statement and Treasury Strategy 2017/18 to 2019/20

Report of: Darren Collins – Strategic Director, Corporate Resources

Purpose of the Report

1. Cabinet is asked to recommend that Council approve the attached Treasury Policy Statement and Treasury Strategy for 2017/18 to 2019/20.

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 6 March 2017 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 appendices 2 and 3, to ensure that the Council fully complies with the requirements of good financial practice in Treasury Management.

Recommendation

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

For the following reasons:

- (i) To provide a framework for the Strategic Director, Corporate Resources to exercise his delegated powers.
- (ii) To ensure that the Council fully complies with the requirements of good financial practice in Treasury Management.

Policy Context

1. The proposals in this report are consistent with 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 2017/18 to 2019/20 is attached at Appendix 3. This covers the specific activities proposed for 2017/18 to 2019/20 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 reviewed the maximum maturity periods and amounts which can be invested with counterparties outlined in Appendix 6. In revising these limits to meet our requirements an assessment of risk has been undertaken and advice obtained from Capita Asset Management Services.
13. 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

14. Consultation on the production of the Treasury Policy Statement, including the Treasury Strategy for 2017/18 to 2019/20, 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

15. 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

16. **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.

17. Risk Management Implications

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

18. Equality and Diversity Implications

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

19. Crime and Disorder Implications

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

20. Sustainability Implications

There are no sustainability implications arising from this report.

21. Human Rights Implications

There are no human rights implications arising from this report.

22. Area and Ward Implications

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

23. 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 2017/18 to 2019/20

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 2017/18 to 2019/20 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 23 February 2017 as part of the Budget and Council Tax Level 2017/18 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 2017/18 approved by Council on 23 February 2017, 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 based on there being adequately qualified staff within the internal Treasury Management function, supported by Capita Asset Services thereby facilitating more timely and cost effective decision making.

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 2017/18 to 2019/20

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:

Area of Responsibility	Council/ Committee/ Officer	Frequency
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 23 February 2017:
- 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 20 December 2016, and various brokers.

	March 2017	June 2017	Sept 2017	Dec 2017	March 2018	March 2019	March 2020
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.75%
5 yr PWLB*	1.60%	1.60%	1.60%	1.60%	1.70%	1.80%	2.00%
10 yr PWLB	2.30%	2.30%	2.30%	2.30%	2.30%	2.50%	2.70%
25 yr PWLB	2.90%	2.90%	2.90%	3.00%	3.00%	3.20%	3.40%
50 yr PWLB	2.70%	2.70%	2.70%	2.80%	2.80%	3.00%	3.20%

* 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 during the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, until 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

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 3.00% throughout 2017/18. 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 2017/18 to 2019/20 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 23 February 2017 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 2017/18 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 be considered throughout the financial year. Due to the expectation that interest rates will rise, the risk of the potential increase in interest rates will be balanced against any potential short term savings.
- 4.4 There are different types of market loans available, including 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 for 2017/18.

- 4.6 The main strategy is therefore:
- When PWLB rates fall below the target rate for 2017/18 of 3.20% borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity.
 - The use of short term borrowing (6 months to 18 months) will also be considered with the aim of minimising borrowing costs. This short term borrowing will be replaced with longer term loans when rates are preferable.
 - 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 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.
 - *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. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- 4.8 Against this background, caution will be adopted in the management of the 2017/18 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 31 January 2017 the Council has net debt of £529.671m; this includes total borrowing of £584.189m and investments of £54.518m.
- 4.10 Investment returns are likely to remain relatively low during 2017/18 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 2017/18 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 2017/18 to 2019/20

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. These limits have been revised to reflect the Council's investment requirements whilst assessing risk and obtaining advice from Capita Asset Management Services.
- 6.6 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

- 6.7 All investments will be in Sterling.
- 6.8 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.

- 6.9 The borrowing of monies purely to invest is unlawful and the Council will not engage in such activity.

Changes to the Credit Rating Methodology

- 6.10 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.
- 6.11 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
- 6.12 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.
- 6.13 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 use UK banks irrespective of the UK sovereign rating and will continue to specify a minimum sovereign rating of AA+ for non-UK banks. 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.
- 6.14 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

- 6.15 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 the current credit ratings of counterparties but also uses the following information as overlays which are combined in a weighted scoring system:
- Credit watches and credit outlooks from credit rating agencies;
 - Credit Default Swap spreads, financial agreements that compensate the buyer in the event of a default, which give an early warning of likely changes in credit ratings; and
 - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 6.16 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.
- 6.17 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.
- 6.18 Due to the changes to the Credit Rating Methodology, the Council's Maximum Maturity Periods and Amounts criteria excluded many of the UK banks. After taking advice from Capita Asset Management Services and assessing risk the Maximum maturity periods and amounts which can be invested with counterparties have been updated as follows:
- Specified investments must now meet the minimum of Fitch rating F1 for short term and A for long term investments. Previously the long term investments rating criteria was AA- this has been reduced to A, to allow the Council additional options when placing investments with higher returns whilst minimising risk.
 - The maximum value which can be placed in non-specified investments has been increased from £5m per counterparty to £10m, allowing the Council to place larger investments with UK high street banks giving potential to access higher returns on investments, whilst minimising risk.

The Council has determined the minimum long term and short term ratings it deems to be “high” for each category of investment. These “high” ratings allow investments of 364 days or less to be classified as **specified investments**. The Council's approved limits for this “high” credit rating for deposit takers are now proposed as follows:

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

- 6.19 To ensure consistency in monitoring credit ratings throughout 2017/18 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.
- 6.20 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.
- 6.21 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.
- 6.22 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.
- 6.23 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

- 6.24 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.

- 6.25 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

- 6.26 We will continue to use UK banks irrespective of the UK sovereign rating, however non-UK banks domiciled in countries with a minimum sovereign rating of AA+ will be considered for inclusion on the approved list, they must also meet the high rated lending criteria and have operations based in 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

- 6.27 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

- 6.28 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.

- 6.29 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.

- 6.30 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

- 6.31 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.
- 6.32 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

- 6.33 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**'.
- 6.34 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

- 6.35 The Strategic Director, Corporate Resources will monitor the interest rate market and react appropriately to any changing circumstances.
- 6.36 The Council takes the view that base rate will remain unchanged at 0.25% before starting to rise from quarter 1 of 2019 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 2017/18 0.25%, 2018/19 0.25% and 2019/20 0.75%.
- 6.37 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.
- 6.38 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

- 6.39 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

- 6.40 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

- 6.41 The Council currently uses Capita Asset Services as its external treasury management advisers.
- 6.42 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.
- 6.43 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Scheme of Delegation

- 6.44 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

6.45 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

Authorised Limit For External Debt			
	2017/18 £000	2018/19 £000	2019/20 £000
Borrowing	825,000	845,000	855,000

Operational Boundary For External Debt			
	2017/18 £000	2018/19 £000	2019/20 £000
Borrowing	800,000	820,000	830,000

Treasury Indicators

Upper Limit on Fixed and Variable Interest Rates Exposures			
Range	2017/18 £000	2018/19 £000	2019/20 £000
Fixed Rate:			
Upper	652,940	669,218	692,138
Lower	424,015	421,541	380,712
Variable Rate:			
Upper	160,751	184,877	242,272
Lower	(15,000)	(15,000)	(15,000)

Upper and Lower Limits for the Maturity Structure of Borrowings		
	Upper Limit	Lower Limit
Under 12 months	25%	0%
12 months and within 24 months	25%	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%

Upper Limit on Amounts Invested Beyond 364 Days			
	2017/18 £000	2018/19 £000	2019/20 £000
Investments	15,000	15,000	15,000

Specified Investments (All Sterling Denominated)

Investment type	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum Credit Rating	Capital Expenditure	Circumstance of use	Maximum period
Term deposits 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. <i>See section 6.3</i>	No	In-house	364 days
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits with maturities up to 364 days.	No	Yes	Secure Varied minimum credit rating <i>See section 6.3</i>	No	In-house	364 days
Money Market Funds (including 7 day notice account) These funds are instant access and therefore do not have a maturity date.	No	Yes	Secure Varied minimum credit rating <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 (B) Associated risks	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum credit rating	Capital Expenditure	Circumstance of use	Max % of overall investments	Maximum maturity of investment
Rated deposit takers (banks and building societies) which do not meet the Council's "high" credit rating Page 73	(A) To improve ability to place smaller amounts (B) Greater risk than "high" credit rating counterparties but advance warning by rating agency of potential problems. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	Yes	Secure Varied minimum Credit rating <i>Minimum:</i> <i>Long term</i> A- <i>Short term</i> F1	No	In-house	75%	6 months (but set on an individual counterparty basis)
Term deposits with UK Government, UK Local Authorities or credit rated banks and building societies, with maturities over 1 year	A) To improve the ability to "lock in" at times of high interest rates to secure a higher return over a longer period should rates be forecast to fall. B) Lower liquidity and greater risk of adverse interest rate fluctuations. The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	No	Secure Varied minimum credit rating	No	In-house	20%	3 years

Certificate of Deposits issued by banks and building Societies	<p>A) Provides additional counterparties, as many banks do not want to take fixed term cash deposits.</p> <p>B) Credit risk could change but if adverse there is an option to sell onto a secondary market.</p> <p>The Council has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.</p>	No	Yes	Secure Varied minimum Credit rating <i>Minimum:</i> <i>Fitch</i> <i>Long term</i> <i>A-</i> <i>Short term</i> <i>F1</i>	No	In-House	20%	12 months (but set on an individual counterparty basis)
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Appendix 6

Maximum Maturity Periods and Amounts

Organisation	Criteria	Max Amount*	Max Period
High Rated (Specified Investments – High rated and up to 364 days see Appendix 5)	Minimum Fitch rating of F1 short term and A long term. 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 (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. 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.	£10m	6 months
UK Local Authorities	(i.e. local authorities as defined under Section 23 of the 2003 Act) Each investment is considered on an individual basis	£10m	3 years
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 non-UK sovereign ratings of AA+ or higher at 16/12/2016.

AAA

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

AA+

- Finland
- Hong Kong
- U.S.A.



COUNCIL MEETING

16 March 2017

DISCRETIONARY RATE RELIEF POLICY

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to approve a revised Discretionary Rate Relief policy.
2. The existing policy was not considered fit for purpose in the current financial context and a report was presented to Cabinet on 8 November 2016 recommending consultation on a revised policy.
3. The outcome of the consultation was supportive of undertaking a financial assessment of applicants for relief and relief to be given to organisations which provide benefits for the borough and its residents.
4. The proposed Discretionary Rate Relief policy seeks to balance the changing financial context, the financial consequences to the Council both now and in the future and the impact on rate paying organisations that are the recipients of relief.
5. The proposed policy will cap the level of award and will where possible, consider entitlement to other reliefs. The policy will be implemented with effect from 1 April 2017
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.

RECOMMENDATION

7. It is recommended that Council:
 - (i) Approves the proposed policy set out in paragraphs 8, 9 and 10 of the attached report.
 - (ii) Delegates powers to the Strategic Director, Corporate Resources, to administer this policy.

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TITLE OF REPORT: Discretionary Rate Relief Policy**REPORT OF: Darren Collins, Strategic Director of Corporate Resources**

Purpose of the Report

1. Cabinet is requested to recommend to Council a revised Discretionary Rate Relief policy following consultation.

Background

2. The provisions which allow the Council to award Discretionary Rate Relief are contained within the Local Government Finance Act 1988 (S.47) and the Localism Act 2011 (S.69). This legislation allows the award of rate relief in the following circumstances:
 - Only if it is satisfied that it would be reasonable for it to do so, having regard to the interests of persons liable to pay council tax set by it.
 - The property is occupied for the purposes of one or more institutions or other organisations:
 - None of which is established or conducted for profit, and
 - Each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or fine arts or
 - Is wholly used for the purposes of recreation, and
 - All or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.
3. A report was presented to Cabinet on 8th November 2016 recommending consultation on a revised policy. The existing policy was not considered fit for purpose in the current financial context. Consultation was supportive of undertaking a financial assessment of applicants for relief and relief to be given to organisations which provide benefits for the borough and its residents.
4. The Council is facing a number of changes with regard to the financing arrangements for business rates, in particular:
 - Revaluation of all business premises from April 2017.
 - Transitional arrangements for phasing the impacts of revaluation.
 - Introduction of a new Small Business Rate Relief scheme.
 - The future retention of all business rate income locally.

5. The proposed Discretionary Rate Relief policy seeks to balance the changing financial context, the financial consequences to the Council both now and in the future and the impact on rate paying organisations that are the recipients of relief.
6. During the Spring Budget the Chancellor set out the Governments proposals for the design of a discretionary rates support scheme, to be administered by local authorities. The Government are to make available a discretionary fund of £300 million over four years to support businesses that face the steepest increases in their business rates as a result of revaluation. This scheme will be administered separately to the discretionary rate relief policy proposed in this report.

Proposal

7. The proposed Discretionary Rate Relief policy will cap the level of award and will where possible, consider entitlement to other reliefs, such as 'small business rate relief' in the first instance. The policy will be implemented with effect from 1 April 2017.
8. As part of the proposal it is considered appropriate to introduce a financial assessment for certain types of organisation which would make any award based upon ability to pay and ensure that awards are only paid where necessary.
9. The new proposal will adopt the following principles;
 - i. Discretionary Rate Relief applications will only be considered after any other relief entitlements where possible (such as Small Business Rate Relief).
 - ii. To limit the amount of Discretionary Rate Relief that can be awarded and cap the maximum award of up to 20% for all applicants.
 - iii. To award Discretionary Rate Relief to Registered Charities and Charitable Incorporated Organisations;
 - Charitable Incorporated Organisations' which have been the subject of a community asset transfer from the Council.
 - Youth and community projects / organisations working within the Borough of Gateshead.
 - iv. Membership of the organisation must be made up in the majority of residents of the Borough of Gateshead and the activities undertaken by that organisation must be for the benefit and delivered within the Borough of Gateshead
 - v. To limit the award the award of Discretionary Rate Relief to 'Social and Sports Clubs' up to a maximum of 20% and any award be based upon a financial assessment. The financial assessment will use the latest set of audited accounts, which must have been professionally certified within the last twelve months. Where any net profit, reserves, retained surplus or cash on deposit or in hand, exceeds the amount of relief being applied for then no relief will be awarded. Where said amount is less than the amount being applied for, then relief will be awarded at no more than 20% and any award would be structured around access to residents of the borough and level of membership fees.

10. There are a number of other elements to Discretionary Rate Relief which include;
- i. Rural Rate Relief – for the coming year 1st April 2017 ratepayers entitled to mandatory rural rate relief will be eligible for an increased level of relief.
 - ii. Local Newspapers will be entitled to claim £1,500 business rates discount.
 - a. In both of the above instances the amounts are to be funded through Discretionary Rate Relief but this will in turn be funded by central government through grant.
 - iii. Part Occupied Relief – the Council has discretion to award rate relief in respect of ‘partly occupied premises’ for a temporary period. Where considered appropriate the Council seek certificates from the Valuation Office Agency to award relief.
 - iv. Hardship Relief – the Council may consider reducing or remitting rate charges where it considers that ‘hardship’ would otherwise be caused to the ratepayer. In considering applications for this type of relief the Council must be satisfied that it would be reasonable for it to do so, having regard to the interests of persons liable to pay council tax set by it.
11. The award of Discretionary Rate Relief to ‘faith schools’ will end from April 2018. This will allow Direct Schools Grant to be allocated to all schools and be presented to the Schools Forum in February 2018. For 2017/18 it is proposed that there will be transitional arrangements in place and these schools will continue to receive the same level of discretionary rate relief as currently.

Recommendations

12. Cabinet is requested to recommend that Council:
- (i) Approves the proposed policy set out in paragraphs 7 to 11 above.
 - (ii) Delegates powers to the Strategic Director, Corporate Resources to administer this policy.

For the following reasons;

- (i) To establish a Discretionary Rate Relief policy under the statutory provisions of Local Government Finance Act 1988 (S.47) and the Localism Act 2011 (S.69).
- (ii) To provide a policy that supports the residents of the Borough of Gateshead and is based upon ability to pay.

CONTACT: John Jopling extension: 3582

APPENDIX 1

Policy Context

1. The proposal in this report will support the vision for Gateshead as outlined in the Council plan in particular the key council priority of ensuring a sustainable Gateshead through best use of resources.

Background

2. The Local Government Finance Act 1988 (S.47) and the Localism Act 2011 (S.69) provide the statutory framework for the Council to award Discretionary Rate Relief.
3. A revised Discretionary Rate Relief policy needs to consider the financial position of the Council as well as the impact of any changes on the organisations currently in receipt of discretionary rate relief. Key considerations of a revised policy are:
 - The financial standing of organisations and their ability to pay
 - The membership profile of organisations which should be predominantly made up from Gateshead residents
 - The services provided by organisations should be delivered within the borough for the benefit of Gateshead residents
4. Under the currently policy, the Council does not award Discretionary Rate Relief to:
 - Charity shops
 - Day nurseries
 - Community Amateur Sports Clubs (CASC's)

It is proposed that a revised policy would continue to not award Discretionary Rate Relief to those organisations.

Consultation

5. Following a report to Cabinet on 8th November consultation on a revised policy took place between 9th December 2016 and 16th January 2017 and consulted both residents and current recipients of relief.
6. There were 60 responses to the questionnaire and this reflected 88 different types of organisations. The consultation resulted in 78% of respondents agreeing that a Discretionary Rate Relief policy should be provided by the Council. It was agreed by 62% of responders that such a policy should be based upon an ability to pay and 68% agreed this should be reviewed annually. In terms of charitable incorporated organisations which have taken over the running of community assets 65% of responders agreed they should receive priority. 55% agreed relief should not be provided in respect of administrative bases for organisations. In terms of social impact 68% agreed this should be a factor taken into consideration while 55% agreed relief should only be awarded where membership is made up of residents of the Borough of Gateshead and services delivered within the borough.

7. The Leader and Deputy Leader have been consulted on the contents of this report.

Alternative Options

8. Alternative options could include not having a discretionary rate relief policy and pay no relief or agree a policy which makes higher awards of rate relief at additional cost to the Council.

Implications of Recommended Option

9. **Resources:**

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the implementation of the proposed policy is estimated to achieve a £70,000 budget saving.
 - b) **Human Resources Implications** – There are no human resource implications directly arising from this report.
 - c) **Property Implications** - There are no property implications directly arising from this report.
10. **Risk Management Implication** - Introducing this revised policy delivers support where needed and overwhelming support from the consultation exercise shows the principles being adopted are supported.
11. **Equality and Diversity Implications** - A Comprehensive Impact Assessment has been carried out following the outcome of the consultation process.
12. **Crime and Disorder Implications** – There are no crime and disorder implications.
13. **Health Implications** – There are no Health Implications.
14. **Sustainability Implications** - There are no sustainability implications arising from this report.
15. **Human Rights Implications** – There are no Human Rights implications arising from this report
16. **Area and Ward Implications** - This policy will affect all recipients of discretionary rate relief across the borough.

Background Information

17. Local Government Finance Act 1988
Localism Act 2011
Consultation exercise
Comprehensive Impact Assessment

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COUNCIL MEETING

16 March 2017

REVISED APPRAISAL AND DEVELOPMENT FRAMEWORK

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of a revised Appraisal and Development (A&D) Framework.
2. A&D is an established tool that can help all employees to perform at their best and access the right support and development. The employee survey in 2016 highlighted that only 47% of employees across the Council had an A&D review in the six months prior to the survey and a number of employees highlighted that 'managers not dealing with underperformance' was an issue. Performance management has also been identified as a gap through the Change Programme's Ways of Working workstream.
3. In order to address the need for a stronger approach to performance management of employees, the A&D process has been redesigned.
4. The proposed framework includes a Performance Rating, developed in consultation with employees, managers, senior leaders and the trade unions. Guidance for managers and employees has also been developed to support the implementation of the framework.
5. It is proposed that the new A&D framework will be embedded from April 2017, with training delivered through the management structure from March 2017.
7. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

RECOMMENDATION

8. It is recommended that Council:
 - (i) Approves the revised Appraisal and Development Framework; and
 - (ii) Approves the framework becomes operational from April 2017.

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TITLE OF REPORT: Revised Appraisal and Development Framework

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

Purpose of the Report

1. To request Cabinet to recommend the Council to approve a revised Appraisal and Development (A&D) Framework, as set out in Appendices 2 and 3 to this report.

Background

2. The Council's Workforce Strategy sets out a vision to have a workforce that is innovative, creative, diverse and inclusive. Performance management is also identified in the strategy as critical in ensuring we focus on the right things and that any issues around employee performance can quickly be addressed.
3. A&D is an established tool that can help all employees to perform at their best and access the right support and development; however, the employee survey in 2016 highlighted that only 47% of employees across the Council had an A&D review in the six months prior to the survey.
4. In addition, a number of employees highlighted through the survey that 'managers not dealing with underperformance' was an issue and it was affecting the morale of other employees. Performance management has also been identified as a gap through the Change Programme's Ways of Working workstream and through wider consultation of the workforce at Team Talk events. Having a focus on performance in A&D would help develop a strong culture of performance management across the Council.
5. As an outcome of these findings, and in order to address the need for a stronger approach to performance management of employees, the A&D process has been redesigned.
6. The revised A&D framework that includes a Performance Rating has been developed in consultation with employees, managers, senior leaders at various levels and the trade unions. This is to ensure that employees have a clear understanding of what is expected of them, are supported to be at their best, are able to meet ongoing challenges and deliver the best possible outcomes for Gateshead. Guidance for managers and employees has also been developed to support implementation of the framework.

7. The framework is designed around a set of principles and a simplified A&D review form that provides a flexible and adaptable approach to the delivery of A&Ds by enabling services to use existing review processes, such as supervision and 1-2-1s to review and evidence performance on an ongoing basis provided that the principles of A&D are met.
8. The principles of A&D are:
 - **Opportunity** - Every employee has the opportunity to meet regularly with their line manager to discuss their performance, development needs and aspirations.
 - **Performance and Competencies** - Employees are aware of what is expected of them in terms of their work priorities and targets for the coming year and the competencies they are expected to display which are set out in the Competency Framework.
 - **Development and Support** - Employees in consultation with their line manager will have the opportunity to identify their learning and development needs and any support they need to enable them to achieve their agreed work priorities, targets and competencies.
 - **Ongoing Review** - Review is ongoing throughout the year.
 - **Evaluation of Performance** - A final evaluation of employee performance will take place at the end of the year at their A&D meeting with their line manager.

Proposal

9. It is proposed that the new A&D framework will be embedded across the organisation from April 2017. In order to achieve this implementation date, training will be delivered through the management structure from March 2017.
10. The first A&D meetings using the new framework will take place between April and July to allow for the delivery of training, and to accommodate services with large numbers of employees reporting to managers. This meeting will be to agree work priorities, targets and learning and development needs for the period to December 2017.
11. It is proposed that by December 2017 a full A&D review meeting for all employees will take place at which performance ratings will be awarded for the first time based on evidence gathered throughout the ongoing review process. Thereafter, it is proposed that A&Ds will be carried out annually by December of each year. Completion rates for A&Ds will be monitored and reported to SMG Services & Performance.

Recommendations

12. Cabinet is asked to recommend the Council to approve:

- (i) the revised Appraisal and Development Framework is agreed by Cabinet; and
- (ii) the framework becomes operational from April 2017.

For the following reason:

To ensure the Council has a workforce which is fit for the future and can deliver the objectives of the Council Plan.

Policy Context

1. The Workforce Strategy and Plan underpin the Council's Human Resources framework and will support the Council to achieve the objectives set out in the Council Plan.

Background

2. Effective performance management is critical to delivering high quality services, efficiencies and value for money. An effective Appraisal and Development system should be at the core of personal performance management processes to ensure employees are aware of what is expected of them and are given the development and support needed to deliver on these expectations.
3. An *Achievement* and Development scheme was first introduced in 2007 but as the title suggests its focus was more on personal development than employee performance.
4. In September 2010 following extensive consultation with management, employees and the trade unions, the scheme was revised and replaced by the Appraisal and Development scheme, commonly referred to as A&D. This scheme attempted to balance performance with development by including a section designed to enable employees to self-reflect on how they have performed over the year.
5. Recent evidence from the employee survey in 2016, in particular around the low completion rates of A&Ds, combined with the need to have a more robust performance management framework in place for employees has led to the redesign of A&D and production of the revised framework.
6. Having a focus on performance in A&D will help develop a strong culture of performance management across the Council.

Consultation

7. Consultation on the revised A&D Framework has been extensive.
8. The Trade Unions have also been consulted on the review and redesign of the A&D process. They have concerns that some employees are being disadvantaged as A&Ds are not carried out consistently across the Council. A&Ds as such should be a mandatory element of managers' responsibilities and should therefore be a mandatory component of the competency framework.
9. GMB welcome the aspiration from the Council to ensure all employees receive a fair and supportive appraisal. However they still have concerns that there will be some managers that either will not, or cannot deliver this. Whilst acknowledging the

Council need to make headway GMB request ongoing dialogue as to the progress (or lack of) and fairness of the appraisals.

10. Unison has confirmed that the vast majority of their members would see the merits of engaging with an effective A&D framework which all employees have equal access too. However they have raised various concerns regarding its initial implementation and application. Therefore in the spirit of embedding the policy, consistency of implementation and to allow for a clearer understanding and communication of the objectives, Unison maintain at this stage that this framework is kept separate from the organisation's formal policies including capability, disciplinary and redundancy procedures.

11. All Cabinet Members have been consulted.

Alternative Options

12. There is the option to carry on using the existing A&D Framework; however, this is considered no longer fit for purpose in terms of supporting the Council's strategy for performance management and workforce development.

Implications of Recommended Option

13. **Resources:**

- a) **Financial Implications** – There are no financial implications arising from the recommendations within this report.
- b) **Human Resources Implications** – The revised A&D Framework is designed to ensure that we have employees with the right skills effectively deployed to support attainment of the objectives set out in the Council Plan. It underpins the Council's overall human resources policy framework.
- c) **Property Implications** – There are no property implications arising from the recommendations within this report.

14. **Risk Management Implications** - The revised A&D Framework does not introduce any new risk. It will support the Council's Risk Management Strategy by ensuring that we have employees with the necessary skills and knowledge who are deployed effectively to deliver the best outcomes for our customers.

15. **Equality and Diversity Implications** – A&D supports the establishment of a diverse and inclusive workforce where accessibility barriers are actively challenged and addressed, and where employees are managed fairly and consistently.

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

17. **Health Implications** – There are no health implications.

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

19. Human Rights Implications – There are no Human Rights implications arising from the revised framework.

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

21. Background Information



Appraisal and Development (A&D) Form

Employee Name:

Job Title:

Service:

Line Manager

PART A: My Performance - How did I do this year?

1. How did you perform against your work priorities and targets?

2. Were any work priorities or targets not met? If so, please explain

3. What learning and development opportunities did you complete?

4. How did you demonstrate the competencies expected of someone at your level?



PART B: My performance rating

	Rating Categories	Employee Rating (please tick)
The employee has consistently excelled in their work, exceeding the expectations of their job role and consistently demonstrated competencies expected of someone at a higher level.	Exceeded	
The employee has fulfilled the requirements of their job role by achieving their agreed work priorities and consistently demonstrated the competencies expected of someone at their level.	Achieved	
The employee has achieved some but not all of their agreed work priorities and partially demonstrated the competencies expected of someone at their level.	Partially Achieved	
The employee has consistently failed to achieve the majority of their agreed work priorities and failed to demonstrate the competencies expected of someone at their level.	Not Achieved	

Manager's Comments

Employee's Comments

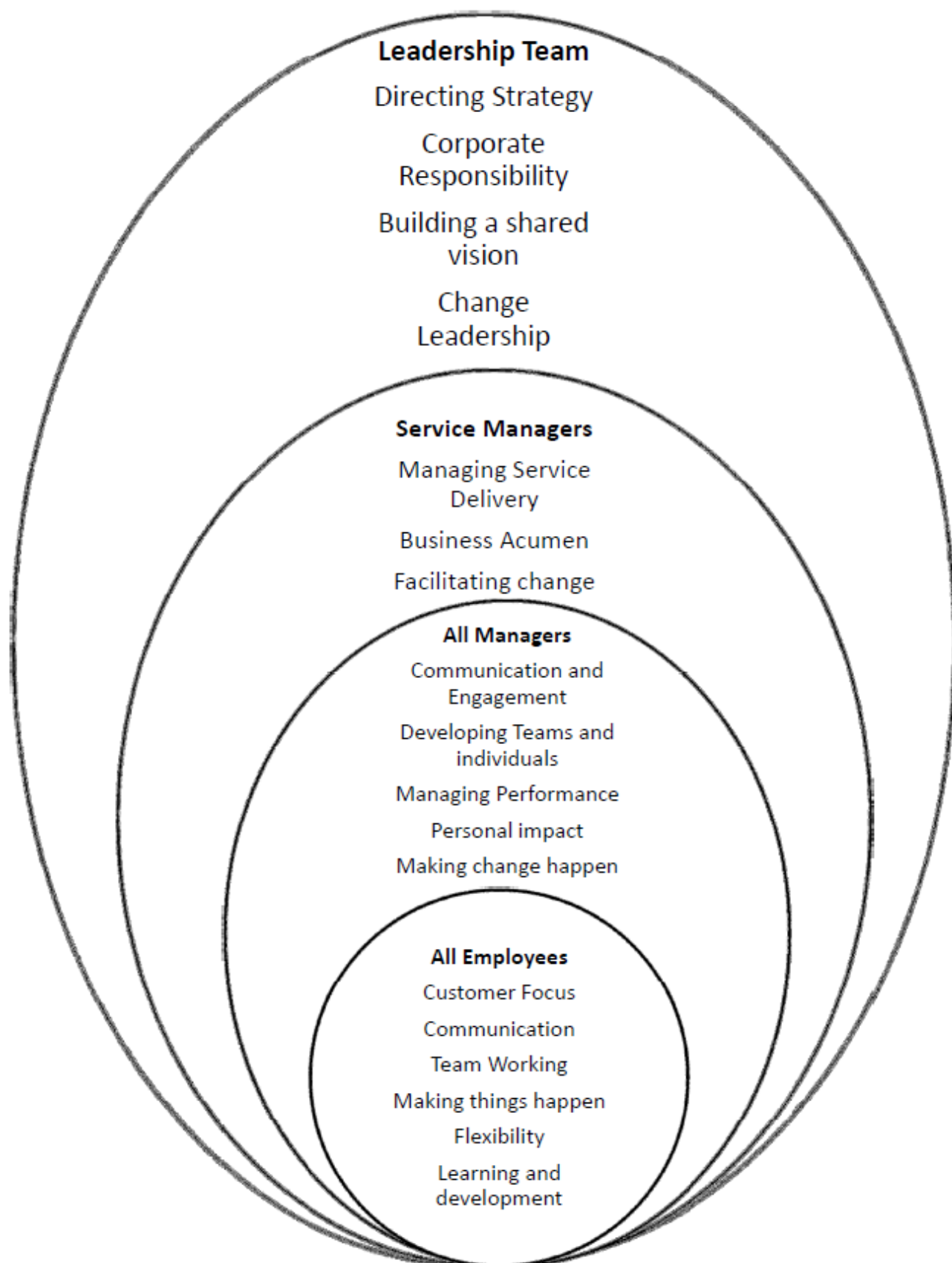


PART C: My work priorities and learning and development for the year ahead

5. What are your work priorities and targets for the next 12 months?

6. What development do you need to help you achieve your work priorities, targets and ambitions?

Signed (Employee)	<div></div>	Date:	<div></div>
Signed (Manager)	<div></div>		<div></div>
Countersigned (Manager’s line manager)	<div></div>		<div></div>



Competency Framework

All Employees

Customer Focus – Puts the customer first and provides excellent service to both internal and external customers

Communication – Uses appropriate methods to express information in a clear and concise way to make sure people understand

Team Working – Works with others to achieve results and develop good working relationships

Making things happen – Takes responsibility for personal organisation and achieving results

Flexibility – Adapts to change and works effectively in a variety of situations

Learning and Development – Actively improves by developing and applying new skills and knowledge and learns from past experiences

All Managers

Communication and Engagement – Shares and listens to information and ensures employees views are sought out; listened to and make a difference. Facilitates and empowers employees to make things happen. Treats individuals with respect and consideration

Developing Teams and Individuals – Promotes and supports team and individual learning and development and uses delegation to create a sense of ownership of high level organisational issues, and encouraging individuals to stretch beyond their current capabilities

Managing Performance – Effectively manages the performance of teams and individuals to ensure results are achieved

Personal Impact – Is self-aware, learns continuously and adapts behaviour in response to feedback. Makes things happen, operates with resilience, flexibility and integrity.

Making things happen – empowers people to initiate change. Supports innovative ideas and new ways of working

Service Managers

Managing Service Delivery – Focuses on the community and service users to develop responsive customer focused services. Promotes cooperation by working with internal and external partners to plan, develop and deliver excellent services and operates effectively within the political framework and corporate policies and guidelines.

Business Acumen – Understands and utilises financial and performance data to identify business strengths and weaknesses. Is quick to understand and deal with a business situation in a manner that is likely to lead to a good outcome.

Facilitating Change – Proactively leads and builds momentum for change and sees it through.

Leadership Team –

Directing Strategy – Establishes strategic direction to deliver future vision. Builds strategic relationships with internal and external partners to deliver vision. Makes effective strategic decisions to achieve positive outcomes.

Corporate Responsibility - Proactively promotes corporate responsibilities for self and others by ensuring adherence to corporate protocols in areas such as Member Development and Engagement Framework, Budgetary and Financial Management, Information Governance, Procurement, Safeguarding, and Health and Safety etc

Building a Shared Vision – Builds and communicates a collective vision of the future. Looks ahead, harnesses ideas and opportunities to achieve goals and make decisions to deliver the best outcomes for Gateshead.

Change Leadership – Challenges traditional thinking and ways of working. Develops new and innovative approaches to address organisational challenges and opportunities. Works at pace to deliver change initiatives and engages others in the process.





COUNCIL MEETING

16 March 2017

LOCALISM ACT 2011 – PAY ACCOUNTABILITY PAY POLICY STATEMENT

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval for a revised pay policy statement.
2. Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement to be approved by full Council before 31 March each year.
3. The Council's Pay Policy reflects the statutory requirements, it has been reviewed and updated since first agreed by Council on 22 March 2012, with the last amendments approved on 15 March 2016.
4. 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.
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.

RECOMMENDATION

6. It is recommended that Council approves the draft policy in 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

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 15 March 2016.
6. Low pay continues to be a matter of focus and debate both nationally and regionally. The statutory National Living Wage (NLW) for employees aged 25 and above which was introduced on 1 April 2016 will increase to £7.50 per hour with effect from 1 April 2017. 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 £8.45 per hour outside London with effect from November 2016.
7. The Pay Policy also sets out the Council's approach to applying market supplements to address recruitment and retention issues to ensure they are appropriate to the circumstances and their necessity is evidenced.

Proposal

8. The Pay Policy as proposed in appendix 2 covers all elements of the legislation set out under main headings that are intended to demonstrate the consistency in the Council's approach to pay across the workforce and to highlight any differences. Those main headings are:
- General principles regarding employee pay
 - Lowest paid employees and chief officers (and including the relationship between median pay and highest pay)
 - Governance arrangements and development of pay structures
 - Payment for additional duties and work outside the Council
 - Termination payments

Recommendation

10. It is recommended that the attached draft policy is agreed by Cabinet and referred to the Council for approval at its meeting on 16 March 2017.

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 2017/18 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 which underpin these arrangements.

Consultation

3. The Council's recognised non-teaching Trade Unions have been consulted and their comments have been incorporated. The Leader has been consulted on the report.

Alternative Options

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

Implications of Recommended Option

5. **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.
6. **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.
7. **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.

8. **Crime and Disorder Implications** – There are no crime and disorder implications.
9. **Health Implications** - There are no health implications.
10. **Sustainability Implications** - There are no sustainability implications.
11. **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.
12. **Area and Ward Implications** - There are no area and ward implications.
13. **Background Information**
Gateshead Council's pay policy 2013/14, 2014/15, 2015/16 and 2016/17.

Gateshead Council

Pay Policy Statement 2017/18

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 2017. 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 latest pay awards which are effective from 1 April 2017 as follows:
 - For NJC Green Book the pay award for 2017 is a 1% increase of salary for scps18 and above with bottom-loading for scps 6 -17.
 - For JNC Chief Executives and Chief Officers the pay award is a 1% increase of salary.

The main NJC Green book pay scale is shown at Annexe 1.

General principles regarding employee pay

6. This pay policy provides a basis on which Gateshead Council can compete in labour markets at all levels and for all roles, enabling the Council to attract, retain, and fairly reward people with the knowledge, experience, skills and attributes that are essential to the effective delivery of services to residents, businesses, and other stakeholders in Gateshead.
7. Gateshead Council is mindful of its obligations as an equal opportunities employer, and wants to ensure that people are treated fairly and with respect in all its activities and processes. The Council aims to be an organisation that recruits and retains a diverse and skilful workforce from the local community and beyond, and its approach to the pay and conditions of its workforce is intended to support this objective.
8. In supporting the aim of ensuring equality and transparency in its pay practices, the Council recognises the role of trade unions and employee representatives in consultation and negotiation within a process of free collective bargaining. It supports the national machinery for negotiation of terms and conditions of employment and applies the agreements reached in the various Joint Councils.
9. The Strategic Director, Corporate Services & Governance, following consultation with the Leader of the Council, the Strategic Director, 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 £161,490 and is not eligible for salary increments. The Council's lowest pay point, Grade A (SCP 9), is also a spot salary of £15,375. Increments are paid on 1st 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 & 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 compulsory National Living Wage (NLW) for employees aged 25 will rise to £7.50 per hour from 1 April 2017. 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 Council remains committed to reviewing low pay and has the objective of moving towards the UK Living Wage at a pace and in steps that are affordable and minimise the risk of job loss.

The UK Living Wage outside London is currently £8.45 per hour.

Lowest-paid employees:

21. 'Lowest paid employees' is defined as those full-time employees in jobs paid at Grade A at spinal column point 9. It excludes apprentices, whose pay remains subject to other regulations or conditions, and has specific treatment under this policy.
22. Spinal column point 9, at £7.97 per hour from 1 April 2017, is £0.47 per hour more than the National Living Wage and £0.48 per hour less than the Living Wage (outside London).
- Annual salary at Spinal Column Point 9 is currently £15,375.
 - The mode (i.e. most frequently used) salary for full-time employees falls within Grade D, the maximum of which is £17,772.
 - The median average salary for full-time employees, excluding overtime and any other additional payments, is £23,398.

Chief Officers:

23. 'Chief officer' is defined in the Localism Act 2011 as:
- the head of the authority's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
 - the monitoring officer designated under section 5(1) that Act;
 - any statutory chief officer mentioned in section 2(6) of that Act;
 - any non-statutory chief officer mentioned in section 2(7) of that Act; and
 - any deputy chief officer mentioned in section 2(8) of that Act.

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

- the person having responsibility, for all statutory purposes (inc. section 151 of the Local Government Act 1972), for the administration of the authority's financial affairs;
- the director of children's services appointed under section 18 of the Children Act 2004;
- the director of adult social services appointed under section 6(A1) of the Local Authority Social Services Act 1970; and

- the director of public health appointed under section 73A(1) of the National Health Service Act 2006.

‘non-statutory chief officer’ includes:

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

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

- the Chief Executive
- Strategic Directors
- the Director of Public Health
- 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 £161,490 p.a.

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

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

Step1	Step 2	Step 3	Step 4	Step 5
£95,966	£100,901	£104,014	£109,367	£114,832

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

	Step 1	Step 2	Step 3	Step 4	Step 5
Service Director Band 1	£77,767	£81,766	£85,974	£90,395	£95,044
Service Director Band 2	£63,929	£67,216	£70,675	£74,313	£78,134
Service Director Band 3	£56,244	£59,140	£62,184	£65,380	£68,743

29. Salaries in the pay bands at paragraphs 27 and 28 are subject to any general increase agreed at the JNC for Chief Officers, and in the case of the Chief Executive, the JNC for Chief Executives. A pay increase for the Chief Executive and Chief Officers of 1% applies from 1 April 2017. The new salaries are included in the table above.
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 DCLG¹ 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 (or of the Recruitment and Retention Policy) 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:

- £4.51 per hour (£8,694 p.a.), irrespective of age

From second year of Apprenticeship:

Non-Craft Apprentices:

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

- 17 year olds £4.51 per hour (£8,694 p.a.)
- 18-20 year olds £5.60 per hour (£10,804 p.a.)
- 21-24 year olds National Minimum Wage rate £7.05 p.h. (£13,601 p.a.)

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

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

Governance Arrangements and Development of Pay Structures

33. The current pay structure applicable to NJC employees was determined following a comprehensive job evaluation 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 elected members who oversee pay and conditions issues for all posts which attract Chief Officer pay and conditions. The Chair of the Corporate Resources Overview & Scrutiny Committee has *ex officio* 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 5th 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 is a 1% increase in basic salary effective from 1 April 2017.

39. The NJC negotiations for 2016 - 2017 resulted in a 1% increase in basic salary for scps18 and above with bottom-loading for scps 6 -17 effective from 1 April in each year.
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 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 & 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. Applications for voluntary redundancy from areas of the Council not 'at risk' of redundancy will only be approved in exceptional circumstances, where to do so would clearly support business planning and service delivery in the long-term, and wider strategic objectives as set out in the Council Plan. In order to reach a decision on whether or not to support an application, consideration will be given to the viability of a bumped redundancy where appropriate.
49. It is a recommendation of the DCLG² that Full Council should be offered the opportunity to vote before termination payments of £100,000 or more are offered to staff leaving the organisation. In the unlikely event that a payment (comprising salary paid in lieu, redundancy compensation, holiday pay and any fees or allowances) over this amount to an employee is proposed, a report will be taken to Full Council for consideration.
50. Whilst there is nothing to prevent former employees from working for another organisation or for themselves, it has been made clear in correspondence to 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.

² Openness and accountability in local pay: Guidance under section 40 of the Localism Act (Supplementary Guidance, February 2013)

51. 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

52. 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:)

NJC Local Government Pay Scales from 1 April 2017

Grade		SCP	Salary	Hourly Rate
			£	£
	A	9	15,375	7.97
B		10	15,613	8.09
B		11	15,807	8.19
	C	12	16,123	8.36
	C	13	16,491	8.55
		14	16,781	8.70
D		15	17,072	8.85
D		16	17,419	9.03
D		17	17,772	9.21
	E	18	18,070	9.37
	E	19	18,746	9.72
	E	20	19,430	10.07
	E	21	20,138	10.44
		22	20,661	10.71
F		23	21,268	11.02
F		24	21,962	11.38
F		25	22,658	11.74
F	G	26	23,398	12.13
	G	27	24,174	12.53
	G	28	24,964	12.94
	G	29	25,951	13.45
		30	26,822	13.90
H		31	27,668	14.34
H		32	28,485	14.76
H		33	29,323	15.20
H	I	34	30,153	15.63
	I	35	30,785	15.96
	I	36	31,601	16.38
J	I	37	32,486	16.84
J		38	33,437	17.33
J		39	34,538	17.90
J	K	40	35,444	18.37
	K	41	36,379	18.86
	K	42	37,306	19.34
L	K	43	38,237	19.82
L		44	39,177	20.31
L		45	40,057	20.76
L	M	46	41,025	21.26
	M	47	41,967	21.75
	M	48	42,899	22.24
N	M	49	43,821	22.71
N		50	44,780	23.21
N		51	45,743	23.71
N		52	46,702	24.21

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 which have been identified by management and Human Resources as having recruitment and retention difficulties, for example due to skills shortages and/or in comparison with current levels of pay within the wider employment market.

4. Additional Information

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

- Equal Opportunities Policy

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 & Governance for a final decision as to whether it can be authorised. In the case of Strategic Director and Service Director posts, any proposal to award a market supplement will be referred to Contracts Committee for a decision.

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

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

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

5.2 In cases for retention

- Consideration of other issues that may not relate to pay, for example redesigning the job, job rotation and career development. This may be appropriate in cases where an employee is considering leaving the Council, for a more “challenging or interesting” role, or a role which would provide better promotional opportunities. Payment of a 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 six months including copies of job profiles/job descriptions and person specifications.

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

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 & 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% less 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 & Governance will only approve payment of a market supplement for an initial period of up to two years subject to review, or up to five years in recruitment cases. 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 & 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.

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COUNCIL MEETING

16 March 2017

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 to March 2017.

PROGRESS ON KEY ISSUES

2. PEOPLE

Children and Young People

Ofsted Inspection of Grove House

Grove House Children's Home was inspected by Ofsted on 29 November 2016 and has maintained its Outstanding judgement.

The Children's Home provides short breaks for up to five children with physical disabilities and/or learning disabilities. It was found to be outstanding in all categories ie the overall experiences and progress of children and young people living in the home; how well children and young people are helped and protected; and impact and effectiveness of leaders and managers.

Ofsted noted the Home provides highly effective services that consistently exceed the standards of good and that the actions of the home contribute to significantly improved outcomes for children and young people who need help, protection and care.

Ofsted Inspection of Front Street Community Primary School

Ofsted Inspectors visited this school between 18 - 19 January 2017 and have judged it to be Outstanding in every area, having previously been rated as Good.

A summary of the key findings highlights that the head teacher and other senior leaders provide highly effective leadership and that all staff share a common commitment to improve the school. It was also noted that the governors are ambitious and unrelenting in their pursuit of excellence.

The inspectors observed that pupils participated enthusiastically and were developing as confident, capable learners. They also noted that older pupils provide excellent role models for younger children.

It was highlighted that strong and effective partnerships with the local authority and other schools have helped members of staff to refine and improve their practice.

3. PLACE AND ECONOMY

Housing

Reduction in Numbers on the Housing Register

Between 2010 and 2015, the number of applicants requesting rehousing in Gateshead remained fairly consistent at around 11,000 to 12,000+. However the number of applicants registered for housing started to reduce in 2015/16, and there are now 6597 applicants on the housing register in Gateshead. Across the Tyne and Wear housing register (including those not requesting Gateshead) the numbers have also reduced from 40,946 in April 2015 down to 29,938 in January 2017.

Of the 6,597 current applicants for Gateshead, 1,115 (16.9%) are “demoted” for previous housing debt or for anti-social behaviour. These applicants can still bid for properties, but can only be considered after other bidders who are not demoted.

The number of applicants with a priority need has also reduced from 977 in 2015 down to the current figure of 629 (9.5% of all applicants).

Mid Term Evaluation – Swalwell Selective Landlord Licensing Scheme

The Swalwell Selective Landlord Licensing designation came into force on 8 April 2013, ensuring that every private landlord within the area must possess a Landlord licence to operate in the area for a five year period. The designated area was known to suffer from low housing demand (high no of empty properties, high turnover of tenants, some poor housing and environmental conditions etc.) as well as some issues with anti-social behaviour, where some landlords were failing to undertake necessary action. Landlord licensing allows the Council to ensure that landlords become more accountable for the management of their property and tenants. The Swalwell area is our fourth scheme and covers over 490 properties, with 232 of these being privately rented.

Since its introduction, officers have been working closely with landlords, tenants and partners in the area to both issue licences where appropriate, and secure improvements to the area.

Recent consultation with stakeholders has been undertaken to evaluate the success of the scheme to date and to obtain views on how to improve the scheme over the next 2 years. Overall feedback is positive.

- All rented properties in the area have now been inspected to ensure they meet the basic minimum standard. The number of properties achieving the property accreditation standard (a standard higher than the legal minimum) has increased from 3.8% (8) to 67% (142).
- 4 campaigns have been undertaken in relation to external property conditions and overgrown gardens, resulting in improvements to the visual appearance of the streets
- Three landlords are currently being prosecuted for failing to apply for a licence or breaching the conditions of their licence – one property was uncovered to be a brothel and the intervention from the team stopped this activity.
- Over 90% of tenants have been reference checked prior to being offered a tenancy

- The number of poor housing condition and ASB complaints received by the team has reduced
- 90% of residents had experienced no further problems with ASB or had had any issues quickly resolved during the licensing scheme.
- The number of empty properties has reduced.

Ongoing areas of concern relate to refuse/overgrown gardens and prevention/resolution of anti-social behaviour which the team will aim to focus on in the last 14 months of the scheme. Further consultation will be undertaken to evaluate the scheme near its expiry.

Economy

Benefit Cap Project

The benefit cap is one part of the Governments welfare reform act of 2012. It is a set limit on the amount of welfare benefits a claiming household can get. The benefit cap only affects claimants in receipt of Housing Benefit or Universal Credit and where applicable, the cap reduces entitlement to Housing Benefit or Universal Credit in line with the cap amount. This came into effect in 2013.

November 2016 saw the benefit cap further reduced from its original 2013 amount, with new rates set at £384.62 per week for couples and lone parents with children, and £257.69 per week for single adults, reductions of £115.38 and £92.31 respectively. Gateshead has no single claimants affected by benefit cap.

In Gateshead there are currently 190 households subject to the benefit cap. The average weekly loss of income for those households is £55 per week, although some households have lost as much as £100 per week.

The Council has successfully brought in £14,691 of external funding from Jobcentre Plus which will allow Council officers to actively engage all capped households. This will make households aware of the cap, explain what it is and how it affects them and look at ways to maximise their income or move into employment to lift them out of the cap.

4. COMMUNITIES

Communities and Volunteering

Move to Improve

“Move to Improve” (MTI) is an initiative developed around 18 months ago that aims to empower residents over the age of 55 to be more physically and socially active.

Based on the idea of centring support for older people in sheltered schemes and care homes, a local community partnership approach was established between the Council and The Gateshead Housing Company.

“Move to Improve Week” will take place from 20-26 March 2017 across all sheltered schemes operated by The Gateshead Housing Company, to promote the initiative and encourage more residents and other partnership services to engage in the initiative with a focus on continued community led sustainability.

Activities offered during the week will include: The week will offer wider activities including:

- Digital awareness sessions
- CPR training
- History themed projects
- Stranger danger/scam awareness
- Health visits from Diabetes UK /Cancer research UK nurses

The initiative has already achieved the following outcomes:

- Better relationships between care homes and the wider community;
- Better opportunities to use affordable transport links with Transport North East;
- Development of a community allotment based at Sandown Gardens /creation of a fully accessible site and development of a “Friends of” group to manage it;
- Friends of Oxford Terrace Surgery linking with the Care Homes through Veterans Day and also assisting with a knitting group at Rosewood.

Gateshead Indoor Bowling Centre

During 2015, Gateshead Indoor Bowling Club volunteers worked closely with Council officers to develop a robust business plan and gain Charitable Incorporated Organisation status. This was in preparation for the committee to consider their approach to gain a lease agreement for the Indoor Bowling Centre. On the 1 October 2015, the Council agreed a ‘Tenancy at Will’ arrangement with the club and then a 35 year lease agreement was signed in April 2016.

Following a recent visit and review at the Club with officers, the club indicated that they have met and also exceeded numerous milestones set out in their business and financial plan. The Club was successful in gaining funding of £75,000 from Sport England and £9835 from the Capacity Building Fund. This has enabled them to fund a new heating and boiler system, refurbishment of the café and kitchen area (work commences at the end of February), boiler for the cafeteria, bowling green carpet hoover, cash register, lockers and new carpets.

The Club has stabilised membership with 420 members, both men and women of all ages and a growing youth section which now meets on Sunday mornings.

The Club have developed their own website demonstrating their progress. Club volunteers have produced a video ‘One year on’ that showcases their achievements and enthusiasm for the Club.

Culture, Sport and Leisure

Active Lives

Sport England’s new strategy ‘Towards an Active Nation’ brought the opportunity to review how physical activity and sport is measured and to develop a new mechanism for this. The new Active Lives survey will replace the previous Active People survey.

The first headline report for the new survey was published at the end of January 2017 using data collected between November 2015 and November 2016. This includes data at a local level on:

- Levels of activity ('active' doing at least 150 minutes; 'fairly active' – doing 30-149 minutes a week; 'inactive' – doing less than 30 minutes a week)
- Taking part in sport and physical activity (at least twice in the last month)

Gateshead had a total of 501 respondents to the Active Lives survey, indicating that 22.3% of Gateshead respondents are identified as 'inactive' compared to 22% nationally, and 24.2% regionally.

15% of Gateshead respondents are 'fairly active' compared to 12.5% regionally, 12.6% nationally.

62.7% of Gateshead respondents are 'active' compared to 63.8% regionally, and 65.4% nationally.

Harry Potter Night at Crawcrook Library

On 2 February in libraries, bookshops, schools and universities around the world, Potter fans celebrated Harry Potter Book Night with activities and wizarding facts. Gateshead libraries hosted four Harry Potter events giving children and young people the chance to test their wizarding skills and get creative with costumes. Each event used a special kit sent out by the publisher, filled with magical activities and ideas connected to the book characters. More than 200 Gateshead children joined in the fun and borrowed Harry Potter books to read and re-read these amazing stories.

5. CONCLUSION

The Council is asked to note this report.

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COUNCIL MEETING

16 March 2017

GATESHEAD METROPOLITAN BOROUGH COUNCIL

NOTICE OF MOTION

Councillor P Dillon will move the following motion:

Gateshead Council welcomes that Gateshead passengers are currently guaranteed a safety critical Train Guard on board every Northern Rail train to assist in protecting the safety of the train and passengers, provide advice and assistance and to allow disabled passengers to embark and disembark at unstaffed stations.

Council is concerned however at proposals for Northern Rail franchise led by the Department for Transport and jointly managed with Rail North that could end the guarantee of a guard on every train by introducing Driver Only Operation on over fifty per cent of services.

Council believed Northern Rail should reach a similar agreement to those recently reached by Transpennine Express and Scotrail which have retained Guards whilst also introducing new modern rolling stock.

Council agrees to make representations to Northern Rail to reach an agreement with RMT that retains the guarantee of a safety critical guard on every train and demand from Government appropriate changes to the franchise agreement if that should prove necessary.

Proposed by: Councillor P Dillon

Seconded by: Councillor L Twist

Supported by: Councillor M Brain
Councillor J Adams
Councillor N Weatherley
Councillor P Mole

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COUNCIL MEETING

16 March 2017

GATESHEAD METROPOLITAN BOROUGH COUNCIL

NOTICE OF MOTION

Councillor McHugh will move the following motion:

This Council notes with grave concern the recent Budget statement which confirms that the Government intends to continue with their proposed cuts to Gateshead Schools budgets, despite providing funding for new Grammar Schools which are an unwanted irrelevance for Gateshead. Education Trade Unions estimate that this could mean a cut of £6,990,424 to Gateshead schools by 2019 – an average cut of £301 per pupil or the equivalent loss of 187 teachers.

Council applauds the decision of Gateshead Head Teachers to write to parents informing them of the impact of budget cuts in their schools, and resolves to ensure that the wider community is also informed regarding this.

Council further resolves to ask the Chief Executive to write to the Chancellor of the Exchequer calling on him to:

- Ensure that the national funding formula includes an increase in funding for schools in poorly funded areas of England without cutting funding for other schools:
- Fund schools for the higher national insurance and employers pension contributions which are costing almost £1bn a year
- Protect funding per pupil in real-terms for the remainder of this Parliament.
- Take action to ensure fair funding for SEN/high needs and early years pupils and restore post-16 funding to previous levels.

Proposed by: Councillor C McHugh

Seconded by: Councillor M Gannon

Supported by: Councillor M Brain
Councillor G Haley

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