

Cabinet

Thursday 26 September 2019 at 2.00 pm

Meeting to be held: Linskill Centre, Linskill Terrace, North Shields, Tyne and Wear, NE30 2AY

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AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

Note: The Audit and Standards Committee has granted dispensations to Cabinet members so that they may participate in decisions which relate to the constituent authority which appointed them.

3. **Minutes of the Previous Meeting held on 30 July 2019**

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4. **NTCA Pay Policy**

7 - 28

5. **NTCA Financial Planning Budget Process**

29 - 36

6. **Investment Fund Update**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

7. Date and Time of the Next Meeting

Tuesday, 22 October 2019 at 2pm.

Contact Officer: Victoria Miller

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Cabinet

30 July 2019

(2.00 - 2.36 pm)

Meeting held: Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

Minutes

Present:

Chair: Councillor Mayor J Driscoll

Councillors G Bell, W Daley, P Jackson, J McCarty, B Pickard and Mayor N Redfearn

11 ANNOUNCEMENTS FROM THE MAYOR

The Mayor welcomed everyone to the meeting.

The Mayor referred to the significant change in the national political scene.

The Mayor then welcomed the Empowering English Cities report by Lord Heseltine, highlighting that all directly elected Mayors enthusiastically backed the report. There was a strong cross-party call for effective devolution and decentralisation across the British regions. Interestingly, England was the only country in the developed world that did not have significant regional governance, which could explain some of the challenges the regions were facing.

The Mayor expressed his hope that the new Prime Minister would support the devolution promises and work with the North of Tyne Combined Authority to progress regional priorities, such as bus franchising powers in the NTCA area and in the wider North East. The Mayor would write to the Prime Minister on this matter.

The Mayor welcomed the fact that there was now a Northern Powerhouse Minister in Cabinet.

In concluding his speech, the Mayor spoke about the real need for an effective regional devolution, highlighting that, with the right powers, the North of Tyne Combined Authority could make a real difference.

12 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor N Forbes and Mr A Hodgson.

13 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

14 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 4 June 2019 were approved as a correct record and signed by the Chair.

15 **INVESTMENT FUND UPDATE**

Submitted: A report of the Interim Director of Inclusive Growth, North of Tyne Combined Authority (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on investment decisions and invited further decisions on the allocation of funding.

The Mayor and the Deputy Mayor thanked officers and members for their work and the progress achieved.

RESOLVED – That:

- i. The funding requests for NUSTEM and Digital Catapult proposals (as part of the STEM and Digital Skills Programme and as set out in paragraph 1.2 of the report) be agreed.
- ii. An allocation of £455,626 to support the Newcastle Helix Incubator and Accelerator project be agreed.
- iii. An allocation of £618,472 allocation of the Inclusive Economy Innovation Fund be agreed to deliver a Returnships programme be agreed.
- iv. The Interim Head of Paid Service be authorised to finalise the conditions to be attached to the above funding awards and the Interim Monitoring Officer be authorised to complete the necessary documentation.
- v. The Combined Authority should proceed with the European Regional Development Fund (ERDF) application as Accountable Body for the Urban Element of the North of Tyne Growth Fund.
- vi. The ongoing development work on the Investment Fund, including development of the project pipeline, be acknowledged; and that a feasibility study into a regional bank be commissioned; and the United Nations (UN) Climate Change Teacher Initiative be endorsed.

- vii. Further development work of the NE-CHAIN proposition be endorsed and Newcastle University's bid into Government's Strength in Places Fund be supported, subject to final approval by the Head of Paid Service.

16 LOCAL FULL FIBRE NETWORK

Submitted: A report of the Interim Director of Inclusive Growth (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the application by the North of Tyne Combined Authority (NTCA) to the Department for Digital, Culture, Media and Sport (DCMS) earlier this year for investment from its Local Full Fibre Networks (LFFN) Programme.

Members welcomed the benefits of the programme for the region, particularly in improving business-readiness and future-proofing, stimulating the market and creating business opportunities and jobs and improving digital connectivity in urban and rural areas. Members welcomed the proposed role of public sector sites. The Mayor spoke about the importance of this infrastructure for future proofing and welcomed the progress achieved.

RESOLVED – That:

- i. The award of £12m funding from DCMS for the Northumberland Gigabit Project be noted
- ii. The NTCA should enter the LFFN assurance process, including the provision of relevant procurement and Project information.
- iii. The Monitoring Officer and the Head of Finance, to finalise, agree and execute (a) a grant agreement with DCMS for the receipt of the funding for the Northumberland Gigabit project and (b) an agreement with Northumberland County Council relating to the release and defrayal of that funding.
- iv. A budget of up to £550k be approved in principle to support the delivery of the NTCA Digital Infrastructure Programme (which would include progressing the Northumberland Gigabit project through the assurance process); and the Interim Head of Paid service, in consultation with the Investment Panel, be authorised to consider and approve the allocation of that budget from the Investment Fund following the submission of a full business case.
- v. The development of the Urban Gigabit Project be noted and that a further update would be provided once proposals were finalised.

17 ANNUAL FINANCIAL REPORT 2018/19

Submitted: A report of the Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the progress of the production of the audited 2018/19 Statement of Accounts and explained the position regarding the Local (external) Auditor.

RESOLVED – That:

- i. the report be noted; and
- ii. Public Sector Audit Appointments Ltd. be asked to appoint a replacement local auditor for North of Tyne Combined Authority (NTCA) and the Chief Finance Officer be authorised to take all necessary steps to formalise the appointment of a new local auditor.

18 **2019/20 Q1 FINANCIAL MANAGEMENT REPORT**

Submitted: A report of the Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which was the first monitoring report on the 2019/20 financial position. The report presented the forecast financial position for both the Corporate and Investment Fund budgets, set out the potential position on Reserves at the year end and provided the first indication of the potential position of the Authority at 31st March 2020.

RESOLVED – That the Cabinet:

- i. The forecast budget monitoring position for the authority as set out in paragraphs 1.2, 1.3 and 1.4 of the report be noted; and
- ii. The use of the European Union (EU) grant as set out in paragraph 1.2 of the report be approved.

19 **ADULT EDUCATION BUDGET DEVOLUTION UPDATE**

Submitted: A report of the Head of Inclusive Growth (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on the progress of the devolution of the Adult Education Budget and sought approval for the proposed approach and next steps.

As an update, it was noted that the statutory order to transfer the relevant functions to the Authority was now going through the parliamentary process, and it was expected that it would be debated in the autumn.

Members welcomed the progress achieved, the work to ensure continuity, stability and flexibility of the provision, the cross-portfolio work within the Combined Authority and engagement with providers and other stakeholders.

The Mayor thanked all Members for their work. Special thanks were offered to Councillor Joyce McCarty and Daljit Lally for their work.

RESOLVED – That:

- i. the progress being made on devolving the Adult Education Budget be noted;
and
- ii. the proposed approach and next steps be approved.

20 **DATE AND TIME OF THE NEXT MEETING**

Due to the number of apologies received, the 24 September 2019 meeting of the Cabinet would be rearranged.

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Subject: NTCA Pay Policy
Report of: Interim Director of Inclusive Economy
Portfolio: Employability and Inclusion

Report Summary

This report recommends the approval of a Pay Policy Statement for the North of Tyne Combined Authority (NTCA). Aligned to this it is proposed that NTCA makes an application to become accredited as a Living Wage Employer. Both actions support NTCA's ambition to lead by example in relation to employees' pay, terms and conditions, and progression.

Recommendations

The Cabinet is recommended to:

1. approve the proposed Pay Policy Statement attached at Appendix A; and
2. agree that NTCA should seek Living Wage Foundation accreditation and that the Head of Paid Service be authorised to progress that application.

1. Background Information, Proposals and Timetable for Implementation

1.1 Pay Policy Statement

Local authorities are required to produce a statutory Pay Policy Statement (PPS) annually. This is a statement of practice to demonstrate that their decisions on pay are fair, consistent and equitable across their workforce.

Combined authorities are not required to produce their own PPS. However, producing one is recognised as good practice, providing an opportunity to make a public statement of intent about NTCA's pay arrangements, particularly in relation to our ambition to offer 'good work'.

A PPS for NTCA will demonstrate the Authority's commitment to openness and transparency in setting pay and grading for staff. A PPS should therefore set out the Authority's approach to:

- The remuneration of its Chief Officers;
- The remuneration of its lowest-paid employees; and
- The relationship between the remuneration of its Chief Officers and those who are not Chief Officers.

A PPS should also include what the Authority defines as the "lowest-paid" employees and why it has chosen to adopt this definition. The proposed PPS for NTCA is set out in Appendix A.

1.2 The Real Living Wage

The Living Wage Foundation (LWF) seeks to promote good pay and ensure accredited employers pay their staff a minimum hourly rate which reflects regularly-reviewed cost of living measures. Consequently, the 'Real Living Wage' promoted by the LWF is higher than the Government's national Living Wage (£9 across the UK, compared to £8.21 (2018/19)).¹ The LWF offers an accreditation to employers who pay the Living Wage by awarding the Living Wage Employer Mark – a mark of responsible pay.

The Mayor has made a commitment to ensure NTCA will become an accredited Living Wage employer. NTCA's Inclusive Economy Policy Statement also acknowledges the relationship between "good work" and "fair living wages".² Our Good Work Pledge, which is currently in development, identifies paying the Living Wage as one of the indicators of good work. Living Wage accreditation for the Combined Authority would support this objective by ensuring all staff employed by the NTCA are paid at a level which provides for a healthy standard of living.

To become Living Wage accredited, employers must demonstrate that:

- i. all direct employees are paid the real Living Wage; and
- ii. all regular "third party contracted staff", receive the Living Wage.

Alternatively, if they do not, that there is a phased plan to move them on to the real Living Wage over time (within a maximum of three years).

¹ [What is the real Living Wage?](#) Accessed on 13 August 2019

² Inclusive Economy Policy Statement, North of Tyne Combined Authority, December 2018, page 1

Living Wage rates are reviewed annually, and new rates are announced in November each year. Accredited organisations must demonstrate that they are committed to implementing the annual rise as soon as possible, and within six months of the annual announcement.

Accreditation is in the form of a license agreement. The consequence of any non-compliance will be that NTCA cannot describe itself as being accredited. It is the responsibility of the registering organisation that all terms of conditions are met at the point of signing.

1.3 Implementation

The proposed PPS for NTCA reflects the approach adopted by the constituent Authorities and mirrors good pay practice and governance arrangements. It demonstrates a fair and transparent approach to senior pay and incorporates information on NTCA's gender pay gap. Subject to Cabinet approval, the PPS would be hosted on NTCA's external facing website as well as forming part of the suite of internal HR policies.

Officers have assessed the scope of the Living Wage obligations in relation to NTCA and consider that applying for Living Wage accreditation for NTCA is achievable.

As noted above, accreditation would require NTCA to ensure that all directly employed staff over the age of 18 are paid the Living Wage. As reflected in the PPS, all such staff of NTCA are currently paid the Living Wage or more.

Accreditation would also require NTCA to ensure that the Living Wage is paid to third party contracted staff who regularly work on its premises or premises necessary to the work being carried out. This could extend, for example, to cleaning staff who are employed by the landlord of premises which are rented by NTCA. On this point, NTCA's current landlord (North Tyneside Council) have confirmed that staff who provide cleaning and support services on its current premises are paid the Living Wage.

In terms of other contracted services, it is considered that the nature of the services which NTCA is likely to seek from external providers will mean that the "third party contracted staff" who are involved in the provision of those services will be paid the Living Wage. However, NTCA will actively engage with its suppliers to promote the payment of the Living Wage to employees involved in the provision of services to NTCA as part of a responsible procurement strategy

Subject to approval by Cabinet, the following is an indicative timetable of steps to implement and promote LWF accreditation for NTCA:

Proposed Actions	Lead	Deadline
Complete application for license	NTCA Team	From 9 October 2019

License approval by LWF	LWF	Expected w/c 21 October 2019
Promotion and publicity	NTCA Team / LWF	Dates to be confirmed, possibly during Living Wage week from 11 November 2019

2. Potential Impact on Objectives

- 2.1 The NTCA Inclusive Economy Policy Statement states that the Combined Authority wants, “to empower our people with the skills and resources they need to take ownership of their futures and secure good jobs with fair living wages”.³ This reflects the same statements in NTCA Vision, *Home of Ambition*, in relation our Hotbed of Talent and Pride of Place pillars.⁴

Production of a PPS would act as a positive statement of intent about NTCA’s working practices and approaches, particularly in relation to our ambition to offer ‘good work’. Accreditation as a Living Wage employer would demonstrate our commitment to leading the way in relation to good work and fair wages and support the wider ambitions of NTCA in terms of its Vision and Inclusive Economy Statement.

3. Key Risks

The following key risks have been identified in relation to the proposals:

Area	Risk	Mitigation
Pay Policy Statement	NTCA does not introduce a PPS and therefore fails to demonstrate transparency in relation to pay, terms and conditions.	Production of a public Pay Policy Statement, reflecting best practice from the three constituent authorities.
Living Wage accreditation	Staff, in particular, third party contracted staff, are not paid the real Living Wage.	As set out above, it is anticipated that third party contracted staff will be paid the Living Wage but this issue will be monitored as part of NTCA’s procurement processes
Living Wage accreditation	Annual rise in costs of the Living Wage are not built into future budgetary considerations.	Living Wages costs are built into NTCA annual budget planning processes from the point of accreditation.

³ NTCA Inclusive Economy Policy Statement, *ibid*

⁴ Home of Ambition: The Vision for the North of Tyne Combined Authority, November 2018, p18 and 21

4. Financial and Other Resources Implications

4.1 Fees for accreditation are based on the following scale (Table 1, below). Based on this scale it is estimated that accreditation would cost NTCA £120 annually (exclusive of VAT).

Table 1: Living Wage Accreditation: Cost Scale

Organisation type	Size of organisation *	Annual charge *
Private sector	501+	£3,000
	251 - 500	£480
	51 - 250	£240
	11 - 50	£120
	0 - 10	£60
Charities and Public Sector		
Charities and Public Sector	251+	£480
	51 - 250	£240
	11 - 50	£120
	0 - 10	£60

* Number of Employees based in the United Kingdom. All fees are exclusive of VAT.

As all direct and third-party staff are currently paid at, or above, the real Living Wage, there are no immediate financial implications to pursuing accreditation. This situation will need to be kept under review by the Chief Finance Officer, following NTCA's move to new serviced premises in early 2020, and factored into budgetary planning from April 2020 onwards.

There is no financial cost associated with the production of a PPS.

5. Legal Implications

5.1 The comments of the Monitoring Officer have been included in this report.

6. Consultation/Engagement

6.1 Consultation and engagement in relation to the PPS has included the Head of Paid Service.

Consultation and engagement in relation to Living Wage accreditation has included the Mayor and the portfolio holder for Employability and Inclusion.

7. Appendices

7.1 Appendix I: Proposed Draft Pay Policy Statement: Fair Pay: Pay Policy Statement for the Financial Year 2019/20

8. Background Papers

- 8.1 [Inclusive Economy Policy Statement, North of Tyne Combined Authority \(December 2018\)](#)
[Home of Ambition: The Vision for the North of Tyne Combined Authority \(November 2018\)](#)
[Living Wage Implementation Guide](#)
[Living Wage Employer Frequently Asked Questions](#)
 North East Living Wage Briefing, Living Wage Foundation (August 2019)

9. Contact Officers

- 9.1 Tom Warburton
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10. Glossary

10.1	LWF	Living Wage Foundation
	NTCA	North of Tyne Combined Authority
	PPS	Pay Policy Statement

11. Sign-off

- 11.1 Interim Head of Paid Service: Yes
 Interim Monitoring Officer: Yes
 Interim Chief Finance Officer: Yes

Fair Pay

Pay Policy Statement for the financial year 2019/20

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Appendix 1 NJC Pay Scales

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Foreword

Fair Pay: A Pay Policy Statement for the North of Tyne Combined Authority

Good quality work is at the heart of what the North of Tyne Combined Authority is here to deliver. Secure jobs, offering fair living wages, with opportunities for career progression and good terms and conditions should be available for everyone.

This is the North of Tyne Combined Authority's first Pay Policy Statement, covering 2019/20. It shows our commitment to openness and transparency in setting pay and grades for our staff, and our commitments on key issues such as the real Living Wage.

Our Pay Policy Statement provides a lens through which the North of Tyne Combined Authority can scrutinise issues of pay equality, including average salaries levels and gender pay gap reporting – and, crucially, act on any disparities identified.

We intend to set an example for other organisations to follow.

Jamie Driscoll
Elected Mayor, North of Tyne Combined Authority

1. Introduction

This Pay Policy Statement sets out the Combined Authority's policies for the financial year relating to: -

1. The remuneration of its Head of Paid Service;
2. The remuneration of all other employees; and
3. The relationship between the remuneration of its Chief Officers and all other Combined Authority employees

The statement also includes the Combined Authority's policies relating to:

1. The level and elements of remuneration for each Chief Officer
2. How that remuneration is dealt with on recruitment of Chief Officers
3. The approach to the payment of Chief Officers when ceasing to hold office by the Combined Authority, and;
4. The publication of and access to information relating to remuneration of Chief Officers.

This Pay Policy Statement also describes how the Combined Authority defines the term "lowest-paid employees" and why it has adopted that definition. In addition, it contains information about the median salary across the Combined Authority's salary range.

The Pay Policy Statement comprises a collation and summary of the Combined Authority's existing policies and data relating to the remuneration of its Chief Officers and lowest paid employees. It also contains information on the Combined Authority's Gender Pay Gap Analysis.

2. Purpose and Aim of Policy

This policy articulates the Combined Authority's pay arrangements which are designed to motivate and reward its employees to achieve high levels of performance in delivering services for the benefit of its communities and partners. The Policy is also intended to demonstrate the Combined Authority's wish to have pay arrangements that provide value for money, are transparent, fair and provide consistency and equality for its employees. It further supports our approach to staff engagement, with openness and transparency in respect of remuneration and financial reward at all levels of the organisation.

3. Scope and Data Protection

The Policy Statement includes remuneration details about the Combined Authority's Chief Officers and its other employees.

Employees are engaged on terms and conditions that are based on nationally determined terms and conditions for Head of Paid Services, Chief Officers and local government employees. The Policy Statement also makes reference to the Combined Authority's local pay and grading structures.

With regards to data protection, the information contained within the Policy does not engage the Data Protection Act as it does not concern data relating to a particular individual, unless the information is already in the public domain.

4. Employee Structure, Grades and Governance Arrangements

4.1 Chief Officers

Definition: –

The term Chief Officer means:

- a) The Head of Paid Service
- b) The Monitoring Officer
- c) Any Statutory Chief Officer which means-
 - the Section 73 Officer responsible for financial administration
- d) Any non-statutory Chief Officer, which means –
 - any Director or Senior Officer for whom the Head of Paid Service is directly responsible

It does not include any person whose duties are solely secretarial or clerical or otherwise in the nature of support services

Therefore, the term “Chief Officer” includes the following employees of North of Tyne Combined Authority:

- The Head of Paid Service
- 2 Directors
- 1 Monitoring Officer
- 1 Section 73 Officer

4.2 Senior Managers' Salary Scales

The senior management pay structure consists of 6 grades each of 3 incremental salary points. The grades are applicable to jobs above the NJC local government pay spine (as amended locally) and below that of Director.

The JNC and JNC for Chief Officers pay review date is 1 April each year.

Increments are granted on 1 April each year in accordance with the policy for NJC staff.

The Senior Management Pay structure is:

Table 1

Job Title	Level	Grade	SCP	SALARY
				01/04/2019
Lead Asst Director	6	SM6	3	£100,659.00
		SM6	2	£97,685.00
		SM6	1	£94,710.00
Asst Director	5	SM5	3	£91,508.00
		SM5	2	£88,842.00
		SM5	1	£86,254.00
Head of Service	3	SM3	3	£75,780.00
		SM3	2	£73,570.00
		SM3	1	£71,427.00
Principal Adviser	2A	SM2A	3	£68,248.00
		SM2A	2	£66,262.00
		SM2A	1	£64,331.00
Service Manager	2	SM2	3	£60,639.00
		SM2	2	£58,876.00
		SM2	1	£57,159.00
Senior Specialist/ Advisor	1	SM1	3	£53,955.00
		SM1	2	£52,388.00
		SM1	1	£50,857.00

*NB Job title is not necessarily an indicator of senior management pay grade.

4.3 Chief Officer and Deputy Chief Officer Job Titles, Pay Bands & Grade

Table 2

Job Title	FTE	Salary Range (£)	Grade/Pay Point
Head of Paid Service	0.2	Secondment	N/A
Director of Policy & Performance	1	£105,866 - £126,096	£105,866
Director of Economic Growth	1	£116,818 - £131,476	£126,096
Monitoring Officer	0.2	Secondment	SM5
Section 73 Officer	0.2	Secondment	SM5

4.4 Combined Authority governance arrangements for the appointment of all Chief Officers

The Combined Authority's Cabinet has responsibility for the establishment, deletion and authorisation of the pay and grading of new Chief Officer Posts. In addition, they are responsible for any Officer appointment where the salary threshold is above £100,000 per annum.

4.5 Combined Authority governance arrangements for the payment of all Chief Officers

All Chief Officers (with the exception of the Section 73 Officer and Monitoring Officer) are appointed to a spot salary within a three-point grade with no automatic right of progression. The specific incremental range for each post will be determined at the point of advertisement by the Combined Authority Cabinet and within the Directors' range. Any progression will be determined in line with the achievement of agreed objectives and a review of individual performance against these targets. Responsibility for progression within the grade is delegated to the Head of Paid Service in consultation with the Cabinet of the Combined Authority.

4.6 Senior Managers' Salary Scales – JNC Officers

The grades are applicable to jobs above the NJC local government pay spine (referred to as grades N1 to N11 below) and below Director level. Each grade has its own incremental steps each equating to approximately 3%.

The JNC and JNC for Chief Officers pay review date is 1 April each year. Increments are granted on 1 April each year for staff on grades SM1 to SM6 in accordance with the policy for NJC staff.

The Combined Authority uses the nationally recognised Hay job evaluation system to evaluate the pay and grading of JNC Senior Management posts in the organisation. Senior HR personnel are trained in the application of this evaluation system and retain confidential records of the decision-making process and supporting evidence. The underpinning rationale for the establishment of JNC Senior Management posts below Director are published on the Combined Authority's HR Intranet.

4.7 Pay Structure for Combined Authority Officers below JNC Senior Manager Level (Green Book NJC Employees)

All directly employed NJC Combined Authority Officers below JNC Senior Manager level have been evaluated using the Gauge job evaluation system and have been assimilated to one single pay and grading structure and occupy grades N1 to N11 as outlined in Appendix 1.

In 1997 each local authority was charged with reviewing its pay and grading practices to ensure they were "transparent" and free from gender bias. This was known as the "single status" process. The Combined Authority's pay and grading structure follows this guidance and uses job evaluation for determination of grades.

The Combined Authority has adopted a local spinal column of salary points. This is normally up-rated each year on 1 April following collective agreement by the National Joint Combined Authority on the annual pay claim. The Combined Authority's current pay structure comprises 11 grades N1 to N11.

4.8 Pay for Soulbury Officers

In addition to NJC employees a limited number of NTCA employees are covered by Soulbury terms and conditions of employment. Soulbury paid employees are the strategic, non-administrative advisors on education matters. They work with schools, local communities and other local authority employees to deliver core Government objectives for school improvement and to co-ordinate education and other children's services.

Soulbury Staff work in three distinct areas; Educational Psychology, Education Advisory Services and Adult Education; and to be appointed must fulfil criteria set down for Soulbury terms and conditions of employment.

The pay of staff employees under Soulbury Terms and Conditions is set and amended by the national Soulbury Committee in September of each year. The Combined Authority has adopted a locally agreed set of terms and conditions, which supplement the national agreement.

5. Median Salary

The median salary as of 1st September 2019 across the Combined Authority's salary range is £37,849 which represents the middle point across all salaries paid at the Combined Authority. The average median salary in the North East is £26,208 (Annual Survey of Hours and Earnings, Office for National Statistics 2017).

6. Mandatory Gender Pay Gap Reporting

All organisations who employ more than 250 employees are required to report gender pay gap information on an annual basis. The Combined Authority does not meet this threshold in terms of a 'mandatory reporting' requirement but has chosen to adopt the principles of reporting this data.

- The percentage difference in male and female pay on a mean and median basis
- The proportion of male and female employees in each pay quartile of the Combined Authority's pay distribution (where each quartile contains an equal number of employees)

Attached as Appendix 2 is an explanation of the Combined Authority's gender pay gap data analysis as of August 2019.

7. Lowest Paid Salary and Foundation Living Wage

The Combined Authority defines the lowest paid full-time equivalent salary in the organisation as the lowest Spinal Column Point within the local pay and grading structure of directly employed staff.

North of Tyne Combined Authority is looking to implement the Foundation or 'real' Living Wage for employees. This stemmed from a commitment by the Combined Authority's leadership to support good work and fair wages, as outlined in our Inclusive Economy Policy Statement. This means no North of Tyne Combined Authority employee will be paid less than the Foundation Living Wage.

The Foundation or 'real' Living Wage rate is reviewed annually in November.

8. Paying Market Supplements

Market supplements will only be considered when all other means of improving recruitment and retention have been exhausted. A market supplement is an additional payment to the basic salary of a post where the labour market pressures indicate a need for a supplementary increase in pay. Market supplements will only be considered in exceptional circumstances where a clear business rationale has been identified and the recruitment or retention issues are due to relative labour market pay.

Market supplements will be issued for a maximum 12-month fixed term period and the temporary, annually renewable nature of the payment will be made clear to the employee as part of their statement of terms and conditions.

A Director must submit a business case outlining the need for a market supplement and the supporting evidence for this decision. This must be authorised by the Head of Paid Service and the Monitoring Officer.

The business must contain the following:

- The number of posts affected
- All posts who are assigned to that job code
- The projected costs
- Risk analysis of the recruitment/retention scenario.

The decision to award or extend a market supplement will only be agreed where robust evidence is provided to substantiate the business case.

In order to defend any potential equal pay claim we must be able to justify any difference between work which is rated equivalent or of equal value. This difference needs to be genuinely evidenced through labour market forces and regular review.

A review of all market supplements will take place in time for a decision to be made before the end of the 12-month period. To ensure timescales are met, the review should start 9 months after the start date of the market supplement.

Should a decision be made to not award, extend a market supplement or extend at a reduced rate then the employee will be informed of this by their manager. There will be no right of appeal.

9. The Combined Authority's approach towards payment of Chief Officers ceasing to hold office or ending employment with the Combined Authority

The Combined Authority has an agreed policy in relation to all Combined Authority officers whose employment is terminated and ways that employment could come to an end including the following:

- Death in Service
- Dismissal
- Expiry of Fixed Term Contracts
- Managing a Workforce Reorganisation
- Redundancy
- Resignation
- Retirement

Our policies provide a clear, fair and consistent approach towards ending employment.

Payments to Chief Officers ceasing to hold office or ending their employment with the Combined Authority will normally be in line with the terms of their contract of employment and laid down by the NJC National Agreement for the employment of Chief Officers.

Redundancy payments are paid in accordance with the Combined Authority's Redundancy Scheme.

In relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales Regulations) 2006, the Combined Authority does not routinely utilise these Regulations to offer

discretionary compensation for relevant staff in the event of redundancy but utilises the established policy on Early Retirement/Voluntary Redundancy as the key determinant of severance levels.

10. Public Sector Exit Payments

The Combined Authority awaits the introduction of this legislation and will amend its HR policies and published guidance if needed.

11. Member Allowances & Expenses

Members of Cabinet will be governed by the existing rules on allowances and expenses relating to their own constituent Authority. The Elected Mayor and Chair of the Audit and Standards Committee will be able to claim expenses in line with the following arrangements.

Members of Cabinet will be governed by the existing rules on allowances and expenses relating to their own constituent Authority when undertaking duties associated with their North of Tyne Combined Authority roles.

The Elected Mayor and the Chair of the Audit and Standards Committee are entitled to claim expenses. However, the current Chair of Overview and Scrutiny Committee is an elected member of Northumberland County Council so will claim their expenses under the procedures and conditions of that Council.

The people carrying out the above roles will be able to claim expenses in line with the following arrangements:

Annual Allowance

- An annual allowance of £65,000 be payable to the Elected Mayor of the North of Tyne Combined Authority
- The allowance of the North of Tyne Combined Authority Mayor be reviewed by the Independent Remuneration Panel in one year's time, with a recommendation to be reported back to the Combined Authority Cabinet at the appropriate time
- An annual allowance of £1,000 be payable to the Independent Chair of Audit and Standards Committee
- The Chair of the Audit and Standards Committee and the Mayor would be entitled to travel/subsistence allowances on the same basis as officers.
- The Chair of the Overview and Scrutiny Committee is a member of one of the local authorities, not an independent member, and so does not receive any allowance.

Travelling and Subsistence

Travel

A. Car

- a) Mileage at a rate of £0.52 per mile, such rate to be increased in accordance with any increase of Inland Revenue maximum allowance.
- b) A supplement for official passengers at a rate of £0.05 per mile per passenger.

Note 1 The rate shall be the same whatever the type of fuel used (including petrol, diesel and LPG)

Note 2 Members should only use cars for longer journeys where it is reasonable or more efficient to do so.

- c) Reimbursement of car parking charges subject to receipts or tickets being submitted where possible.

B. Train

- a) standard class ticket unless there are special circumstances in which a first-class ticket would be more cost effective.

Subsistence

A. Accommodation for overnight absence

- a) The cost of accommodation at a minimum 3* hotel. Accommodation should be booked via the Travel Office.

Note 3 A member will be reimbursed the cost of such accommodation subject to a receipt being provided.

B. Daily allowances

- a) up to £10 per day for an absence of up to four hours away from the normal place of residence.
- b) up to £20 per day for an absence of four to eight hours away from the normal place of residence.
- c) up to £30 per day for an absence of more than eight hours away from the normal place of residence.

Note 4 Reimbursement will only be made upon the production of receipts showing the expenditure that had been incurred on subsistence by the councillor or co-optee.

12. Future Potential Recommendations

Future pay policy recommendations will continue to be underpinned by the principles of public sector delivery and a commitment to fairness; and this Pay Policy Statement is an evolving document that will continue to be developed and be responsive to the emerging position regarding remuneration. A strategic approach to pay and rewards is adopted by the Combined Authority to ensure we can recruit and retain appropriate staff and drive service improvement.

Any NJC pay proposals negotiated between national employers and the collective trade unions would alter the current pay spine and would need to subsequently be reflected in the current payscales. The Combined Authority's Pay Policy will be amended to reflect any agreed changes as and when these are agreed through negotiation.

As we continue to develop new ways of working and innovative working

arrangements, we will capture these in our family friendly/work life balance policies and salary sacrifice schemes, which enhance the non-salary elements of our staff benefits offer.

13. Trade Union Consultation

The Combined Authority acknowledges and welcomes the role that the Trade Unions play in working with us to build a strong industrial relations climate and we are committed to working in partnership with the Trade Unions. Therefore, in the event that the Combined Authority aims to change its existing local or national pay and grading arrangements we will consult with the recognised Trade Unions and fully involve them through communication, consultation and negotiation around remuneration policies.

14. Evaluation and Review

This Pay Policy will be subject to evaluation and further review by the Combined Authority in line with each new financial year.

N1 to N11 Pay Structure

Appendix 1

Pay Group	SCP	01/04/2019
N01	1	17364.00
N02	2	17711.00
N03	3	18065.00
N03	4	18426.00
N04	5	18795.00
N04	6	19171.00
N04	7	19554.00
N04	8	19945.00
N05	13	22021.00
N05	14	22462.00
N05	15	22911.00
N05	16	23369.00
N05	17	23836.00
N06	20	25295.00
N06	21	25801.00
N06	22	26317.00
N06	23	26999.00
N06	24	27905.00
N07	25	28785.00
N07	26	29636.00
N07	27	30507.00
N07	28	31371.00
N07	29	32029.00
N08	30	32878.00
N08	31	33799.00
N08	32	34788.00
N08	33	35934.00
N08	34	36876.00
N09	35	37849.00
N09	36	38813.00
N09	37	39782.00
N09	38	40760.00
N10	39	41675.00
N10	40	42683.00
N10	41	43662.00
N10	42	44632.00
N10	43	45591.00
N11	44	46561.00
N11	45	47546.00
N11	46	48549.00
N11	47	49575.00

Background

In general terms, the gender pay gap is a measure of disparity in pay between the average earnings of males and females in the same organisation. This is separate to the issue of equal pay which refers to differences in pay between males and females for work which is rated equal. The North of Tyne Combined Authority is still amid recruiting to its agreed establishment therefore a 'snapshot date' of 1st September 2019 has been used for the exercise of the Gender Pay Gap analysis. In future the Combined Authority will mirror the Local Authority date of 31st March each year as the Gender Pay Gap reference date for reporting purposes.

What do we report on?

Mean Gender Pay Gap – The difference between the mean hourly rate of pay of male full pay relevant employees and that of female full pay relevant employees.

Median Gender Pay Gap – The difference between the median hourly rate of pay of male full pay relevant employees and that of female full pay relevant employees.

Quartile Pay Bands – The proportions of male and female full pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands. (this aspect of reporting has not been used for the Combined Authority due to the limited numbers of employees in the reference group(s)).

Note: The Combined Authority does not pay bonuses.

Definitions

Mean – Average (sum of hourly rates/number of employees)

Median – Middle value of an ordered set of data

North of Tyne Combined Authority Gender Pay Gap Figures

Below are the mean and median pay gaps for North of Tyne Combined Authority:

Mean - Woman's hourly rate is £21.42 whilst the male hourly rate is £17.39 giving a GPG of - 23.23%

Median – Woman's hourly rate is £19.62 whilst the male hourly rate is £19.62 giving a GPG of zero%

At the 'snapshot' date for the above data, the Combined Authority only employed 14 staff with 66% of these being female therefore the gender pay gap analysis is unlikely to be a fully representative sample of the organization when fully established.

Proportion of Men and Women Receiving Bonuses

North of Tyne Combined Authority does not operate any performance related pay or bonus schemes and therefore has no bonus gender pay gap.

Summary

We are totally committed to equal pay and a single status pay arrangement is in place for the Combined Authority to ensure we rate and pay jobs objectively and fairly, according to relative value. Our job evaluation process means we have a fair and transparent means of paying staff regardless of gender and we support the maintenance of a Foundation Living Wage, ensuring the gap between our highest and lowest paid employee is minimised.

Subject: 2020-2024 Financial Planning and Budget Process.

Report of: Interim Chief Finance Officer

Portfolio: All

Report Summary

This is the initial report to Cabinet outlining the process to be adopted for the Authority's Financial Planning and Budget process for 2020/21 as part of the proposed framework for the four years 2020/21 to 2023/24. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2020/21. The next report to Cabinet will be on 26 November 2019, which will outline the initial Budget proposals.

This report sets out information in relation to the proposed 2020-2024 Financial Planning and Budget process, including information on the key decision milestones. This will include:

- The development of a Medium-Term Financial Strategy (MTFS), and,
- Development of the detailed budgets for 2020/21.

Recommendations

The Cabinet is recommended to approve the proposed outline 2020-2024 Financial Planning and Budget process, which incorporates the key decision milestones and dates as set out at Appendix A to this report.

1. Background Information.

1.1

The Budget and Policy Framework Procedure Rules are set out in Part 3.2 of the Authority's Constitution. The Budget is guided by paragraph 3 covering the process for the preparation, consideration and final approval of the Authority's Budget. The constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.

The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that the Budget is considered as part of preparing the Annual Governance Statement to the Authority each year.

Home of Ambition: the vision for the North of Tyne Combined Authority

On the 8 November 2018 Cabinet approved the vision for the North of Tyne Combined Authority (NTCA). The Vision is a key strategic document which sets out the vision, objectives and priorities of the NTCA. The priorities in the economic vision provide the strategic policy framework within which budget resources will be allocated for 2020-2024. In addition to setting the strategic direction for the NTCA, it provides the basis for investment decisions.

The vision was developed over the months following the agreement of the Devolution Deal and in advance of the NTCA being constituted. The Vision builds on strong economic evidence and encompasses feedback received through stakeholder engagement. It sets out key priorities and the first steps in the journey around six key pillars and is a guide to Investment decision.

The vision provides the NTCA with the opportunity to take a long-term strategic approach to capitalising on the area's key assets and strengths and address key economic challenges. Underpinning the Vision is the NTCA's commitment to deliver an inclusive economy. Detailed work has been undertaken to model the potential economic and social benefits of a range of different types of investment to support and inform decision making.

During 2018/19 and 2019/20 the authority has received £40m of the devolved investment fund agreed as part of the devolution deal. Whilst still early days the authority has to date approved over £11.5m in investment to deliver actions against the vision.

The devolution deal specifies a set of impact measures that will be used to determine the success of these investments, these measures include the creation of new jobs, economic growth as measured by GVA and the amount of private sector investment attracted to the area. A 5-yearly gateway-review process will be undertaken with Central Government to assess progress against these measures.

Adult Education Budget (AEB)

A key element of the North of Tyne Combined Authority's Vision and its devolution deal with Central Government was the devolution of the Adult Education Budget (AEB) for the area – this is likely to be in the region of £22m per annum.

The devolution of this important budget will allow us, over time, to ensure training and skills provision responds to local needs to a much greater extent than is currently the case.

In July 2018, the Government, via the Minister for Skills and Apprenticeships, agreed to the devolution of the AEB in 2020/21 and following approval from the authority and all the constituent authorities the relevant order is now progressing through the legislative process with the intention being the authority begins delivery of the AEB in August 2020. The 2020/21-2023 Budget and Financial Plan will be developed on the assumption this will progress.

Levies

As for 2019/20 the authority will be required to raise the levies on the constituent authorities, so an important part of the budget setting process is ensuring the timetable meets the relevant statutory deadlines for the issuing of the Transport Levy. The relevant dates for the Joint Transport Committee meetings have been included within the timetable at Appendix A.

Local Enterprise Partnership Budget (LEP)

The Mayor and Cabinet are aware that as part of the Deed of Co-operation regarding the Joint Transport Committee and the LEP, officers have been working to progress the transfer of the accountable body functions. At the time of writing this report the LEP board had agreed in principle to the NTCA becoming the accountable body for the LEP. Consideration will need to be given as to the inclusion of the 2020/21 LEP budget as part of the Mayor's and Cabinet's overall budget proposals.

1.2

Developing a Medium-Term Financial Strategy (MTFS)

A Medium-Term Financial Strategy (MTFS) should be developed within the context of the strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the authority's strategic plans can be delivered within the financial resources available. In addition, the MTFS ensures the authority has a clear financial vision and direction for the medium-term and that the Mayor and Cabinet understand the financial implications of decisions that it is taking.

As part of the 2020-2024 Financial Planning process, the development of an MTFS will be important. The approach will include:

Analysis of the current financial situation, including the main sources of income, the main financial commitments and the levels of reserves currently held;

The development of a set of key principles as part of the process to develop the Financial Plan and Budget. These are based on best practice guidance produced by the Chartered Institute for Public Finance and Accountancy (CIPFA) and are set out below:

The overall Financial Strategy will be to ensure that the Authority's resources are directed to achieving the Vision and associated outcomes. The Authority's strategy will be reviewed on at least an annual basis;

Overall, authority spending should be contained within original Budget estimates. If, following monthly revenue monitoring, where Service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates;

The Authority will maintain its Strategic Reserve at a minimum level of £0.200m at the end of each year, subject to a risk assessment as part of the annual Budget setting process;

The Authority will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the Strategic Reserve;

The Authority will plan for any changes to specific grants/interim funding/financial settlement/legislation;

The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually;

The Authority will continue to develop its approach to efficiency, commissioning and procurement to ensure value for money;

Opportunities for working in collaboration and partnership and for different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery;

The Authority will work with MHCLG to secure appropriate borrowing powers and will consider the use of prudential borrowing to support capital investment to deliver the Vision and will ensure that the full costs of borrowing are considered when investment decisions are taken;

The Authority will continue to consider business risk in all decision-making processes and, alongside this, ensure that resources are aligned to reduce any material financial risk to the Authority; and

The Authority will continue to review its Treasury Management Strategy and the efficient management of debt on an annual basis, with an on-going focus on delivering safe stewardship.

1.3 Equality and Diversity Considerations

The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equality's legislation are considered prior to any decision being made.

The Authority will continually monitor the effect of our Budget-setting process and decision-making by using equality impact assessments.

Full impact assessments will be included in all proposals for inclusion with the initial Budget proposals in order to be available to the Mayor and Cabinet when they further consider the Financial Plan and Budget proposals on 26 November 2019.

1.4 **2020/21 Financial Planning and Budget process Timetable of Key Decision Milestones**

Key aspects of the 2020/21 Financial Planning and Budget process timetable are set out at Appendix A to this report. This highlights key decision milestones in the process.

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority, detailing the key priorities and the first steps in the journey around the six key pillars. The budget will enable the Authority to properly discharge its functions and assist in delivering the Authority's vision, policies and priorities.

3. Key Risks

- 3.1 There are no specific risks relating to this report.

4. Financial and Other Resources Implications

- 4.1 The financial implications arising from the outcomes of this report will be appraised as part of the decisions made as to what will be included in the Authority's 2020-2024 Financial Plan, incorporating the 2020/21 Budget-Setting process.

The Mayor and Cabinet need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year Financial Plan for 2020-2024 in accordance with the Authority's Reserves and Balances Policy.

5. Legal Implications

- 5.1 The Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. The Authority must also make provision for an adequate level of un-earmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

6. Consultation/Engagement

6.1 The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2019/20 Budget was based on the devolution deal and the Parliamentary Order which created the Authority and the Authority's Vision which has been agreed by Cabinet and is being shared with stakeholders in a range of events.

Consultation with the Business Community and the Community and Voluntary Sector has continued through 2019/20 as part of the overall approach to engagement undertaken with these sectors. In addition, the attendance at Cabinet of both the Ambassador for business and the Ambassador for the Community and Voluntary sector will add to the opportunity for engagement.

Consultation with the providers of the AEB has been undertaken since 2018/19 and will continue as the proposals for delivery of the AEB are developed.

7. **Appendices**

7.1 Appendix A 2020-2021 Budget Setting Timetable

8. **Background Papers**

8.1 NTCA Economic Vision

9. **Contact Officers**

9.1 Janice Gillespie, Interim Chief Finance Officer, E-mail address:
Janice.gillespie@northtyneside.gov.uk 0191 6435701

10. **Glossary**

10.1 AEB – Adult Education Budget

CIPFA – Chartered Institute for Public Finance and Accountancy

LEP – Local Enterprise Partnership

MTFS - Medium-Term Financial Strategy

MHCLG – Ministry for Housing, Communities and Local Government

NTCA - North of Tyne Combined Authority

11. **Sign-off**

11.1 Interim Head of Paid Service: Yes

Interim Monitoring Officer: Yes

Interim Chief Finance Officer: Yes

Appendix A Budget Setting Timetable

DATE	EVENT/MEETING	ACTION
26 September 2019	Cabinet Meeting	To consider and agree 2020/21 budget process/timetable for both the Authority and Mayoral budgets.
8 October 2019	NTCA Overview and Scrutiny Committee	Update on the Budget process and timetable for both the Authority and Mayoral budget
19 November 2019	Joint Transport Committee	Consider and agree draft transport budget/levy for consultation
26 November 2019	Cabinet Meeting	Consider and agree the draft budget proposals in respect of the Authority
10 December 2019	NTCA Overview and Scrutiny Committee	Receive the Authority's draft Budget proposals
15 January 2020	NTCA Overview and Scrutiny Committee Workshop	Work shop to consider in detail the Authority's draft budget proposals and recommendations to Cabinet.
21 January 2020	Joint Transport Committee/Tyne and Wear Sub-Committee	Consider and agree Transport budget and levy proposals.
28 January 2020 Note: The Mayor's draft Budget must be presented before 1 February in any financial year.	Cabinet Meeting	To consider outcomes of consultation and recommendations from Overview and scrutiny and agree final proposals for the Authority's Budget Receive the Mayors draft budget proposals Formally agree to issue the Transport Levy to constituent authorities.
Before 8 February 2020 (additional meeting needed)	Cabinet	Cabinet meet to agree recommendation to the Mayor in respect of the draft Mayoral budget.
11 February 2020	Overview and Scrutiny Committee	Consideration of Authority's and Mayor's final budget proposals

25 February 2020	Cabinet	Cabinet consider O&S Final Recommendations and approve the Authority's and Mayor's Budget.
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