

## Cabinet

Tuesday, 25 July 2023 at 2.00 pm

Meeting to be held: Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

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## AGENDA

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	Page No
1. <b>Apologies for Absence</b>	
2. <b>Declarations of Interest</b>	
<p>Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be submitted to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.</p> <p><b>Note:</b> Members of Cabinet have been granted dispensations so that they may participate in decisions which relate to the constituent authority which appointed them.</p>	
3. <b>Any announcements from the Mayor and/or the Chief Executive</b>	
4. <b>Minutes of the Previous Meeting</b>	1 - 8
5. <b>Audit and Standards Committee Annual Report 2022/23</b>	9 - 22
6. <b>NTCA Annual Pay Policy 2023-24</b>	23 - 36

**7. Investment Fund Update and Funding Approvals**

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

**8. NTCA 2022/23 Statement of Accounts**

**37 - 40**

**9. 2023-2024 Quarter 1 Budget Monitoring Report**

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

**10. Date and Time of the Next Meeting**

Tuesday, 26 September 2023 at 2pm.

**11. Exclusion of Press and Public**

Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.

**12. Investment Fund Update and Funding Approvals - Appendix**

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

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## **Cabinet Annual Meeting**

6 June 2023

(2.00 - 2.50 pm)

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

### **Minutes**

#### **Present:**

Chair: Mayor J Driscoll

Councillors C Johnson, N Kemp, K Kilgour and G Sanderson, Dame Mayor N Redfearn and Ms L Winskell

**Also:** Councillor C Seymour, Chair, Overview and Scrutiny Committee

#### **1 APOLOGIES FOR ABSENCE**

Members: An apology for absence was received from Councillor R Wearmouth.

#### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **3 ANY ANNOUNCEMENTS FROM THE MAYOR AND/OR THE CHIEF EXECUTIVE**

There were no announcements.

#### **4 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 21 March 2023 were approved as a correct record and signed by the Chair.

#### **5 APPOINTMENTS TO CABINET, COMMITTEES AND OTHER BODIES**

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

The Cabinet considered the report which: set out the membership of Cabinet; invited the Mayor to appoint a Deputy Mayor; and sought approval of the proposed appointments to the committees of the North of Tyne Combined Authority (NTCA) and other bodies.

J Softly, the Monitoring Officer introduced the report and highlighted the updates that had been received following the publication of the report. The Cabinet accepted the updates.

**RESOLVED** – That the Cabinet:

- i. noted the Cabinet membership set out at Appendix 1(a) of the report and amended at the meeting, following the receipts of revised appointments from North Tyneside Council, replacing Councillor Janet Hunter with Councillor Peter Earley as a Member;
- ii. noted that the Mayor appointed (at this meeting) Dame Mayor Norma Redfearn, a Cabinet member, as Deputy Mayor;
- iii. agreed the allocation of Cabinet portfolios set out at Appendix 1(b) of the report and the schedule of meetings for the municipal year 2023/24 set out at Appendix 2 of the report;
- iv. agreed the membership of the Overview and Scrutiny Committee and the Audit and Standards Committee as set out in Appendix 3 and amended at the meeting, following the receipts of revised appointments from North Tyneside Council, replacing Councillor Peter Earley with Councillor Louise Marshall, as a Member of the Overview and Scrutiny Committee, and replacing Councillor Louise Marshall with Councillor Matthew Thirlaway, as a Substitute Member of the Overview and Scrutiny Committee;
- v. agreed to delegate the appointment of the Chair of Overview and Scrutiny Committee to the Overview and Scrutiny Committee;
- vi. agreed the appointment of David Willis OBE as the Chair and independent co-opted member of Audit and Standards Committee;
- vii. agreed to waive the three year term of office restriction in the terms of reference of the Inclusive Economy Board to allow those reaching the end of their three year term to continue to serve for a further year, as set out in paragraph 4.2 of the report;
- viii. agreed the membership of the Housing and Land Board, the Inclusive Economy Board and the Strategic Partnership Group as set out in appendix 4 of the report;
- ix. agreed the appointment of members and substitute members to the Joint Transport Committee and the Tyne and Wear Sub-committee as set out in paragraph 6 of the report;

- x. agreed the appointment of members and substitute members to the board of Transport for the North (TfN) and TfN's Overview and Scrutiny Committee as set out in paragraph 7 of the report;
- xi. agreed the appointment of members to the North East Local Enterprise Partnership Board and Panels as set out in in paragraph 8 of the report; and
- xii. approved the appointment of Lisa Goodwin as Mayoral Ambassador for the Voluntary, Community and Social Enterprise (VCSE) sector for 2023/24 as set out in paragraph 9 of the report.

## 6 **SCRUTINY ANNUAL REPORT AND REVIEW**

Submitted: A report of the Overview and Scrutiny Committee (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which set out information on the work of NTCA's Overview and Scrutiny Committee in the municipal year 2022/2023. The report was introduced by Councillor Seymour, the Chair of the Overview and Scrutiny Committee. She offered thanks to the Overview and Scrutiny Committee's members and officers for their work and support.

The Cabinet welcomed the report. Thanks were offered to the Overview and Scrutiny Committee and its Chair, Councillor Seymour, for their work to contribute to better decision-making.

Comments were also made about the difference in the work of the Overview and Scrutiny Committee of a combined authority and the Overview and Scrutiny Committee of a council. It was appreciated that, not only the North of Tyne Combined Authority was diverse geographically, it also involved close working relationships with the local enterprise partnership and the voluntary, community and social enterprise sector.

With reference to the urgent delegated decision that had been made in the municipal year 2022/2023, assurances were offered regarding NTCA's robust consultation process for these types of delegated decisions.

**RESOLVED** – That the Cabinet:

- i. Noted the Annual Scrutiny Report; and
- ii. Noted that the use of the urgent decision power had been used once in the 2022/23 municipal year.

## 7 **NORTH EAST DEVOLUTION - NEXT STEPS**

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

The Cabinet considered the report which provided an update on progress on the proposed creation of a new mayoral combined authority for the North East region

and sought agreement from the Mayor and the Cabinet to support these proposals, which included the abolition of the existing combined authorities in the region (NTCA and NECA) to allow the new combined authority to come into existence.

The Cabinet welcomed the progress achieved. Comments were made on behalf of the North East Local Enterprise Partnership (North East LEP) about the extent of benefits of achieving the North East devolution and the level of risk associated with the option of not going ahead.

Assurances were offered regarding the continuation of NTCA's programmes that had been committed to and the employment of staff as per the current position. The proposed abolition of the two existing combined authorities in the North East region and the creation of a new mayoral combined authority instead, as part of the new devolution deal, was more about expansion, wider joint working and new opportunities.

Tribute was paid and thanks put on record to the teams of the combined authorities, who enabled progress.

**RESOLVED** – That the Mayor and Cabinet:

- i. noted the contents of the report and the attached consultation report;
- ii. endorsed the proposals to establish a new mayoral combined authority for the North East region (to be known as the North East Mayoral Combined Authority or NEMCA);
- iii. agreed that the North of Tyne Combined Authority be abolished as a necessary step to allow NEMCA to be brought into existence;
- iv. agreed to consent to the order to abolish NTCA and NECA and create NEMCA; and
- v. authorised the Chief Executive to take such steps as are required to facilitate the creation of NEMCA.

## 8 **NTCA CORPORATE PLAN: WORKING TOGETHER**

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

The Cabinet considered the report which set out NTCA's updated Corporate Plan for the municipal year 2023/2024; and invited its acknowledgement and endorsement, including regarding the proposed ambitions and delivery priorities.

H Kippin, the Chief Executive, introduced the report and asked for thanks to be put on record to all teams across the constituent councils, universities, businesses and other partners, who worked in collaboration with NTCA.

The Cabinet welcomed the achievements.

**RESOLVED** – That the Cabinet acknowledged and endorsed the Corporate Plan for the municipal year 2023-2024, its ambitions and delivery priorities.

## 9 **EQUALITY OBJECTIVES UPDATE**

Submitted: A report of the Director of Policy and Performance (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which provided the second annual update on NTCA's performance against its equality objectives. The report was introduced by Councillor Kilgour, the Cabinet Member for Education, Inclusion and Skills.

The Cabinet welcomed the report and the work undertaken. Councillor Kilgour and officers were congratulated on the progress achieved.

**RESOLVED** – That the Cabinet accepted the amendments to the Equalities and Diversity Policy (Appendix A to the report) and noted the progress made on NTCA's Equality Objectives and wider equality and diversity ambitions.

## 10 **INVESTMENT FUND UPDATE AND FUNDING APPROVALS**

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

The Cabinet considered the report which provided an update on progress with the North of Tyne Investment and the UK Shared Prosperity Fund (UKSPF) programmes and sought associated approvals. The report was introduced by Councillor Johnson, the Cabinet Member for Investment and Resources.

The Cabinet welcomed the report and the cross-party, joint approach to work that enabled greater achievements.

In discussion, comments were made about:

- the value of the investment into the Northumberland train line, including its economic and social benefits for the wider region;
- the value of the collective approach to working with partners in the region, including the North East Local Enterprise Partnership (North East LEP), universities and the Voluntary, Community and Social Enterprise (VCSE) section; and the importance of building on the work that had been led on by the North East LEP, including on the Economic Strategic Plan for the region;
- the value of the achievements to date, which were enabled by the creation of the North of Tyne Combined Authority (NTCA); and
- in the context of devolution, NTCA being a successful example of what could be achieved.

**RESOLVED** – That the Cabinet:

- i. Noted progress to date on the Investment Fund and UKSPF, achievement of key milestones and ongoing project development work, particularly in respect of the creation of new jobs for residents as a direct result of the NTCA investments; and
- ii. Authorised the Chief Executive to make final approvals and associated decisions relating to implementation, in accordance with existing delegations, for £5,000,000 of NTCA's Investment Fund for the Newsham Road Bridge; and £13,353,390 of project approvals from the NTCA's Shared Prosperity Fund allocation.

## 11 **2022/2023 OUTTURN POSITION**

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

The Cabinet considered the report which advised it on the financial year 2022/2023 outturn position (subject to external audit) of the North of Tyne Combined Authority (NTCA), including: the Corporate Fund, Investment Fund; Adult Education Budget; and Brownfield Housing Fund.

The report also included the outturn position for the North East Local Enterprise Partnership (North East LEP) and Invest North East England. The report was introduced by J Gillespie, the Director of Finance.

**RESOLVED** – That the Cabinet noted the following:

A. The Outturn position for the financial year 2022/2023 in respect of the following:

- i. Corporate Fund as set out in section 2 of the report;
- ii. Investment Fund and Investment Fund Capital Budgets as set out in section 3 of the report;
- iii. Performance against the UKSPF and Multiply as set out in section 4 of the report;
- iv. Performance against the Brownfield Housing Capital Budget as set out in section 5 of the report;
- v. Performance against the Adult Education Budget as set out in section 6 of the report;
- vi. Performance against Bootcamp Wave 3 funding as set out in section 7 of the report;
- vii. The position on Reserves as set out in section 8 of the report.
- viii. The Accountable Body Budget Outturn position and funding position as set out in section 9 of the report;
- ix. The Combined Authority's Treasury Management performance as set out in section 10 of the report;
- x. The North East LEP 2022/2023 Outturn position and 2023/2024 Outline Budget position as detailed in Appendix A of the report; and
- xi. The Invest North East England 2022/2023 Outturn position and 2023/2024 Outline Budget position as detailed in Appendix B of the report;

And



B. The delay in the publication of the 2022-23 Draft Statement of Accounts and that the Chief Finance Officer, Janice Gillespie, published a statement on the NTCA website on 31 May 2023 giving the reason for the delay in publishing the 2022/2023 Statement of Accounts (see section 1.5 of the report).

## 12 **NTCA STATEMENT OF ACCOUNTS**

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

The Cabinet considered the report which presented the following:

- The final 2020/2021 Audited Statement of Accounts for the year ended 31 March 2021, including the Narrative Report and Annual Governance Statement. The report covered the regulations under which the Statement of Accounts were prepared and detailed the following: the items included within the Statement of Accounts; and the Audit Completion Report from the external Auditors Mazars; and
- Following an update to Cabinet in March 2023, a further update on the progress of the external Audit of the 2021-2022 Statement of Accounts.

J Gillespie, the Director of Finance, introduced the report.

Regarding the financial year 2021/2022, J Gillespie explained that, in light of the challenges and impacts arising from the delays experienced in relation to the completion of pension verification data for 2021/2022, the Cabinet was invited to approve an additional recommendation to authorise the Chief Executive, in consultation with the Director of Finance and the Mayor, to agree any final amendments or changes to the NTCA 2021/2022 Statement of Accounts and to approve the Accounts and the AGS for publication. The Cabinet agreed to add this recommendation.

**RESOLVED** – That the Cabinet:

- i. Noted the NTCA 2020/21 Audit Completion Report 2020/21 (Appendix 1 of the report);
- ii. Noted the NTCA Follow up letter to the Audit Completion Report 2020/21 (Appendix 2 of the report);
- iii. Noted the Follow up Letter to the Audit Completion Report 2020/21 Further Letter of 13 April 2023 (Appendix 3 of the report);
- iv. Approved the NTCA 2020/21 Annual Governance Statement (Appendix 4 of the report);
- v. Approved the NTCA 2020/21 Audited Statement of Accounts including the Narrative Report in line with Audit and Accounting Regulations 2015 as presented. (Appendix 5 of the report); and

- vi. Authorised the Chief Executive, in consultation with the Director of Finance and the Mayor, to agree any final amendments or changes to the North of Tyne Combined Authority (NTCA) 2021-22 Statement of Accounts and to approve the Accounts and AGS for publication.

**13 NORTH EAST LOCAL ENTERPRISE PARTNERSHIP - FUNDING DECISIONS UPDATE**

Submitted: A report of the North East Local Enterprise Partnership's Chief Executive (previously circulated and copy attached to Official Minutes).

The report provided an update on the work and decisions of the North East Local Enterprise Partnership (North East LEP). The report was introduced by J Gillespie, NTCA's Director of Finance.

**RESOLVED** – That the Cabinet noted the report which provided information on the work and funding decisions of the North East Local Enterprise Partnership (North East LEP) over the last four months.

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

Tuesday, 25 July 2023 at 2pm.

The Mayor, on behalf of the Cabinet, thanked everyone for their work, particularly those who had been working to enable the Annual Meeting to take place.

**15 EXCLUSION OF PRESS AND PUBLIC**

There was no exclusion of press and public.

**16 NORTH EAST LOCAL ENTERPRISE PARTNERSHIP - FUNDING DECISIONS UPDATE - APPENDICES**

Submitted: Appendices for the agenda item 13: North East Local Enterprise Partnership - Funding Decisions Update (previously circulated and copy attached to Official Minutes.)

This agenda item was not discussed at the meeting.



**Title: Audit and Standards Committee Annual Report 2022/23**  
**Report of: Audit and Standards Committee**  
**Portfolio: All**

## Report Summary

This Annual Report to Cabinet from Audit and Standards Committee covers the work performed by the Audit and Standards Committee during 2022/23. The report is presented to Cabinet in accordance with professional standards, as set out below.

## Recommendations

Cabinet is recommended to note and make any comments on the Annual Audit and Standards Committee Report

### A. Context

#### 1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) views audit committees in local government as a key component of each local authority's governance framework<sup>1</sup>. The Combined Authority has a dedicated Audit and Standards Committee, which is independently chaired. Mr David Willis, OBE, is the Independent Chair and was appointed in November 2022.
- 1.2 The Audit and Standards Committee Annual Report for 2022/23 is attached at Appendix 1. The report is in line with the guidance provided by CIPFA, is. This report demonstrates how the Audit and Standards Committee has met its Terms of Reference during the year and summarises some of the key highlights of work undertaken in 2022/23.

### B. Impact on NTCA Objectives

- 1.1 The work of the Audit and Standards Committee supports the entire framework of governance, risk management and control within the Combined Authority, and all service responsibilities as identified within the Corporate Plan.

### C. Key risks

Audit and Standards Committee is an important source of assurance about the organisation's arrangements for managing risk. There are no risk management implications arising directly from this report.

### D. Financial and other resources implications

1. The Cities and Local Government Devolution Act 2016, and subsequent Combined Authorities (Overview and Scrutiny Committee, Access to Information and Audit Committee) Order 2017, establishes that Combined Authorities must arrange for the appointment of an Audit Committee and sets out the functions of the Audit Committee. Good practice, as set out by CIPFA, requires the

<sup>1</sup> CIPFA Position Statement on Local Authority Audit Committees, *Audit Committees – Practical Guidance for Local Authorities and Police, CIPFA 2022*

Committee to report an assessment of their performance at least annually to those charged with governance (the Cabinet).

## **E. Legal implications**

- 1.1 The Cities and Local Government Devolution Act 2016, and subsequent Combined Authorities (Overview and Scrutiny Committee, Access to Information and Audit Committee) Order 2017, establishes that Combined Authorities must arrange for the appointment of an Audit Committee and sets out the functions of the Audit Committee.

## **F. Equalities implications**

- 1.1 There are no direct equalities implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of its duty under the Public Sector Equality Duty and will always consider whether what is before them eliminates discrimination, harassment, and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Committee also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

## **G. Inclusive Economy and Wellbeing implications**

- 1.1 There are no direct inclusive economy implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of the Combined Authority's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability when discharging its role.

## **H. Climate Change implications**

- 1.1 There are no direct climate change implications arising out of the recommendations in this report. The Audit and Standards Committee is aware of the Combined Authority's net zero transition ambitions and that the three constituent Local Authorities have declared a Climate Emergency.

## **I. Consultation and engagement**

- 1.1 Consultation on the analysis against CIPFA's good practice guidance, taken from the 2018 publication "Audit Committees – Practical Guidance for Local Authorities and Police", was undertaken with Audit and Standards Committee. A self-assessment of the effectiveness of Audit and Standards Committee arrangements was completed by the Chair in conjunction with the Chief Internal Auditor and Group Assurance Manager. The draft assessment was circulated to key officers, and Audit and Standards Committee Members for comment, before it was formally presented to the Audit and Standards Committee at its meeting on 23 April 2023.
- 1.2 Key themes from this review, including delivering training to Audit and Standards Committee Members about the role of Audit and Standards Committee, were discussed and agreed with the Audit and Standards Committee at its meeting on 23 April 2023.
- 1.3 Individual reports from Internal Audit, External Audit or other key stakeholders such as the Chief Finance Officer have all been discussed with the relevant client identified for that work, at the time that this was completed.

## **J. Appendices**

Appendix 1 - The Audit and Standards Committee Annual Report for 2022/23.

## **K. Background papers**

- a) [Report to Audit & Standards Committee, "Review of Audit and Standards Committee Arrangements", April 2023](#)
- b) [Various Reports to Audit & Standards Committee throughout 2022/23](#)
- c) [Cities and Local Government Devolution Act 2016](#)
- d) [The Combined Authorities \(Overview and Scrutiny Committees, Access to Information and Audit Committees\) Order 2017](#)
- e) [Accounts and Audit Regulations 2015](#)
- f) [Audit Committees in Local Authorities and Police, CIPFA, 2022 \(P\)](#)
- g) [North of Tyne Combined Authority Constitution, November 2018](#)

## **L. Contact officer(s)**

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## **M. Glossary**

CIPFA - The Chartered Institute of Public Finance and Accountancy

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**NORTH  
OF TYNE**  
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**COMBINED  
AUTHORITY**

# **Audit and Standards Committee – Annual Report 2022/23**

## **July 2023**



## **Introduction from the Chair of the Audit and Standards Committee**

Since I was appointed into the independent Chair's role on North of Tyne Combined Authority's Audit and Standards Committee in November 2022, I have enjoyed being part of the evolving role of the Committee within a developing organisation. The Authority was established in 2018, and the development of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes takes time to implement and develop. The provision of independence assurance to the Authority on its changing and evolving risk profile has, arguably, never been more important in the light of the international situation and UK economic position.

The challenge going forward for the Committee will now be twofold. Firstly, to focus on the future practicalities of the delivery of the Authority's objectives and looking at the risks associated with this delivery. In this respect the role of risk management, internal and external audit and the control environment will be essential, with the structured risk review work being an integral part of the audit focus supporting the achievement of these objectives. Secondly, that the longer-term potential development of the devolution deal, and the new North East Mayoral Combined Authority, may create larger regional risks and opportunities which this Authority's objectives will need to consider.

At their core, audit and standards committees can play a vital role in supporting and maintaining a culture and environment to support the integrity of governance arrangements and the provision of information for decision making for the organisation. I have found that the Committee members have shown great interest and understanding of the role and have asked many challenging questions. At times of uncertainty, transparency can be of heightened importance, so I hope this annual report from Audit and Standards Committee on its work and how it has met its agreed Terms of Reference during 2022/23 is a useful source of assurance to Cabinet. However, unfortunately on occasions in 2022 in particular, the Committee has been inquorate which is an issue I believe we are successfully addressing.

In addition to summarising highlights from the substantive business considered by Audit and Standards Committee in 2022/23, this report details the outcomes from reviewing our Audit and Standards Committee arrangements and its effectiveness. The report details the progress we have made as a committee, with regard to reflecting good practice recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and further developments identified to improve Audit Committee's effectiveness further.

An annual report to Cabinet on the work of the Committee is one action identified and I am pleased to introduce this annual report to Cabinet on behalf of the Audit and Standards Committee. I hope that this report is of interest and helpful to Cabinet and any views from Cabinet can be used to help guide the work of Audit and Standards Committee to ensure we can continue to develop a vital assurance link for the organisation and in turn, residents, businesses, and all those who live or work within the Authority's boundaries.

**David Willis OBE**  
**Independent Chair of Audit and Standards Committee**



# Role of an Audit Committee

Audit committees in local government have grown and developed in recent years. The main professional public sector accounting body, the Chartered Institute of Public Finance and Accountancy (CIPFA), issues guidance regarding local government audit and financial governance matters. CIPFA issued a revised Position Statement on Audit Committees in Local Government during 2022, and a self-assessment against this revised guidance was undertaken and presented to Audit and Standards Committee in April 2023. The key issues from the position statement in relation to the Audit aspects of the Committee are:

## 1. Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council (or cabinet in the Combined Authority as the only available committee).

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

## 2. Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body.
- in local authorities, be independent of both the executive and the scrutiny functions.
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups.
- have rights to request reports and seek assurances from relevant officers.
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

### **3. Core functions**

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting:

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- in relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and conformance to professional standards.
  - support effective arrangements for internal audit.
  - promote the effective use of internal audit within the assurance framework.
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.

- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

#### **4. Audit committee membership**

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
  - promoting apolitical open discussion.
  - managing meetings to cover all business and encouraging a candid approach from all participants.
  - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance. The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

#### **5. Engagement and outputs**

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.
- be able to meet privately and separately with the external auditor and with the head of internal audit.
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required.
- have the right to call on any other officers or agencies of the authority as required.
- support transparency, reporting regularly on its work to those charged with governance.
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## **6. Impact**

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance. The committee should evaluate its impact and identify areas for improvement.

## **Review of North of Tyne Combined Authority's Audit and Standards Committee**

It is good practice to undertake an annual review of the effectiveness of our Audit and Standards Committee arrangements. CIPFA's 2022 Position Statement was used as a foundation for a review of the Audit Committee, and the results of this self-assessment was considered by Audit and Standards Committee at its meeting in April 2023. The self-assessment was undertaken by the Chair in conjunction with the Chief Internal Auditor and Group Assurance Manager. The draft assessment was then circulated to key officers and Audit and Standards Committee Members for comment before it was presented formally to the Audit and Standards Committee in April 2023.

The self-assessment demonstrated that Audit Committee arrangements continue to reflect statutory provisions for Combined Authorities. A good level of performance against the good practice recommended by CIPFA was found, with a score of 186 out of a possible 200. There were two main areas where committee arrangements could be developed further:

- Strengthening the evaluation of the Committee's knowledge and skills with a view to implementing training if / where gaps are identified.
- Improving attendance so that all meetings are quorate and scheduled business is completed.

## **Audit Committee Substantive Business – Key Highlights**

In addition to considering how we might improve Audit and Standards Committee's delivery of its role and remit during 2022/23, the Committee's business proceeded largely as planned, and a number of interesting and important reports were received and discussed. A summary of reports received by the Committee is set out at Annex A. Key highlights from the Committee's work during the year included:

### **Internal Audit**

The Chief Internal Auditor's Annual Opinion on the Framework of Governance, Risk Management and Control for the 2021/22 opinion was reported in July 2022 (with the 2022/23 in July 2023) and both provided a 'satisfactory overall' opinion. This was a positive assessment of the control environment for the Combined Authority. The 2021/22 opinion reflected that no 'no assurance' audit opinions, and no 'critical' audit recommendations, had been issued by Internal Audit during the year.

The 2021/22 opinion detailed the work undertaken by Internal Audit during the previous year, highlighting the main findings from their work. The Chief Internal Auditor noted that good progress was continuing with the Combined Authority. This was evidenced in our reviews of Arrangements for Ensuring and Evidencing Delivery of the Devolution Deal, Payroll and Budget Monitoring & Reporting which all received Significant Assurance audit opinions.

A number of matters contained within the Chief Internal Auditor's annual report were discussed in detail by the Audit and Standards Committee and resulted in intelligent and probing questions asked by Committee members.

Audit and Standards Committee also received quarterly update reports from Internal Audit. These reports included summaries of internal audit assignments completed since the previous update, and progress against the Annual Internal Audit plan. The summaries of assignments included the objectives of the audits, key findings from the work including the audit opinion level and agreed management action for any recommendations made. On a number of occasions findings from audit assignments were discussed by the Committee with challenging questions asked.

### **External Audit**

The external auditor, Mazars, provided an Audit Progress Report in July 2022 updating their April 2022 presentation with their position on the 2020/21 and 2021/22 external audits. This informed the Committee that the 202/21 audit was delayed with the CIPFA resolution to the national issue of infrastructure accounting, a value for money exercise and the work necessary to complete the Whole of Government Accounts. The expectation was at this stage that there was audit capacity to meet the revised 30 November 2022 deadline.

In November Mazars updated Committee that the national issue regarding infrastructure asset accounting would not be resolved until Christmas 2022, further delaying the completion of the audits. The 2021/22 audit was expected to be completed by 31 January 2023, albeit concerns re pension figures were raised.

In January 2023 Mazars reported that guidance had been issued on 25 December 2022 which informed a process to resolve the infrastructure issue and allow the sign-off the 2021/22 and 2020/21 Final Statement of Accounts. Concurrent with this issue were timing delays regarding pension figures and an external audit assurance letter may see the audits not being completed until after February 2023.

## **Risk**

A review of the risk register was carried out and a revised register provided to the Committee in April 2022. Audit Committee consideration was given to the report, the purpose of which was to provide assurance that the most significant risks and opportunities had been identified, were being monitored and measures were being taken to mitigate them. An updated report was provided in July 2022 to Committee highlighting that there had been no changes to the risk register following the last meeting, with actions due to be reviewed and updated in September 2022.

In January 2023 the Risk Advisor to the Combined Authority provided assurance to the committee that the most significant risks had been identified, were monitored and measures were in place to mitigate them and at this review point there has been no change in the risk assessments. However, the Risk Advisor highlighted that the risk relating to devolution would need to be updated in the near future to assess if the impact of devolution were a risk or an opportunity.

## **Finance**

The Chief Finance Officer (CFO) presented the draft statement of accounts for 2021/22, including the Draft Narrative Report, which provided commentary on the complexity of the accounts due to the Authority's share of revenue, expenditure, assets and liabilities that related to the joint transport arrangements with Nexus. In response to a question about how useable reserves would be determined, the CFO explained that a substantial element of reserves related to unspent Investment Fund resources, and that the Authority also held a small amount of risk-based reserve.

The Risk Manager also presented the Draft Annual Governance Statement report in July 2022. No significant weaknesses were identified in the Annual Governance Statement

In January 2023, the Strategic Finance Manager presented an update in relation to the External Audit on the NTCA 2020/21 and 2021/22 Statement of Accounts. The Risk Manager updated Committee that the Draft Annual Governance Statement remained unchanged but could only be completed with the external auditors opinion and the accounts being signed off.

## **Standards**

In April 2022 a report was presented by the Monitoring Officer which updated the Committee on the complaints made under the Members' Code of Conduct and requested approval on the grant of dispensation to Cabinet Members.

## **Future Work of Audit and Standards Committee**

The future work of the Audit and Standards Committee will be dependent on the devolution deal and development of a single new North East Mayoral Combined Authority (NEMCA). A structure and work programme will be developed and presented to the new committee responsible for the Audit Committee functions.

## **Conclusion**

Audit and Standards Committee is pleased to present this annual report to Cabinet for 2022/23 and hopes that this will give an outline of some of the issues which have been considered over the last year as the Committee has met its Terms of Reference. The Committee looks forward to developing its work programmes in accordance with revised best practice guidance and in assuring and supporting Cabinet as the current year progresses.

## Summary of Reports considered by Audit Committee in 2022/23

| Meeting Date                                                                                                                  | Governance Matters Considered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 2022 (meeting quorate)                                                                                                  | <ul style="list-style-type: none"> <li>• Strategic Audit Plan 2022/23</li> <li>• Internal Audit Quarterly update</li> <li>• Audit Committee Work programme 2022/23</li> <li>• Review of Audit and Standards Committee Arrangements</li> <li>• Strategic Risk and Opportunities Register – Quarterly Update</li> <li>• Draft Annual Governance Statement 2021/22</li> <li>• Follow-Up Letter to Audit Completion Report 2020/21</li> <li>• Preparation of the 2021/22 Annual Statement of Accounts</li> <li>• Accounting Policies to be used in Annual Statement of Accounts 2021/22</li> </ul> |
| July 2022 ( <b>NB</b> meeting was initially inquorate but became quorate at Item 9, and the earlier decision items addressed) | <ul style="list-style-type: none"> <li>• Opinion on the Adequacy and Effectiveness of the Framework of Governance, Risk Management and Control 2021/22</li> <li>• Internal Audit Quarterly Update Report</li> <li>• Strategic Risk and Opportunities Register – Quarterly Update</li> <li>• Draft Annual Governance Statement 2021/22</li> <li>• Draft Statement of Accounts 2021/22</li> <li>• External Audit Progress Report &amp; Audit Strategy Memorandum</li> </ul>                                                                                                                      |
| November 2022 ( <b>NB</b> meeting was inquorate but items circulated and heard by those at the meeting)                       | <ul style="list-style-type: none"> <li>• Internal Audit Quarterly Update Report</li> <li>• Strategic Risk and Opportunities Register – Quarterly Update</li> <li>• External Auditors Verbal Update: Final Statement of Accounts 2021/22</li> </ul>                                                                                                                                                                                                                                                                                                                                             |
| January 2023 (meeting quorate)                                                                                                | <ul style="list-style-type: none"> <li>• Annual Governance Statement 2021/22</li> <li>• External Audit Final Statement of Accounts 2021/22 Update</li> <li>• Strategic Risk and Opportunities Register – Quarterly Update</li> <li>• Internal Audit Quarterly update and Development of Strategic Audit Plan 2023/24</li> <li>• Standards Update</li> </ul>                                                                                                                                                                                                                                    |





## Report Summary

This report provides information relating to NTCA's annual Pay Policy Statement.

## Recommendations

Cabinet is recommended to approve the NTCA Pay Policy Statement attached at Appendix A.

### A. Context

#### 1. NTCA Pay Policy Statement

- 1.1. Local authorities are required to produce a statutory Pay Policy Statement. 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.
- 1.2. NTCA first produced a Pay Policy in September 2019 as recognised good practice and as an opportunity to make a public statement of intent about NTCA's pay arrangements and its commitment to 'good work' and to openness and transparency in setting pay and grading for staff.
- 1.3. Since adopting the Pay Policy Statement NTCA has become an accredited Living Wage Employer and has developed into a more mature organisation. The Pay Policy was last reviewed in June 2022.
- 1.4. NTCA's Pay Policy Statement sets out:
  - a) The remuneration of NTCA's Chief Officers;
  - b) The remuneration of NTCA's lowest-paid employees;
  - c) The relationship between the remuneration of its Chief Officers and those who are not Chief Officers; and
  - d) what the Authority defines as the "lowest-paid" employees and why it has chosen to adopt this definition.
- 1.5. NTCA strives to be a lean organisation that delivers good value for public money and achieves strong outcomes through collaboration and working innovatively with partners.
- 1.6. The draft Pay Policy Statement for NTCA is set out at Appendix A.

### B. Impact on NTCA Objectives

NTCA considers 'good work' to be work which provides job security, skills, progression opportunities and a decent standard of living and launched its Good Work Pledge in 2020. The Pay Policy Statement is part of how NTCA demonstrates 'good work' principles and its values and commitment to openness and transparency.

### C. Key Risks

There are no risks associated with the recommendation in this report.

## **D. Financial and Other Resources Implications**

There are no financial or new resource implications arising from this report which cannot be met from within existing budgets.

## **E. Legal Implications**

NTCA is not required to publish a Pay Policy Statement but is doing so as good practice. There are no direct legal implications arising out of the recommendations in this report.

## **F. Equalities Implications**

NTCA publishing a Pay Policy Statement is a key part of the Authority demonstrating its commitment to equality in all its forms and openness and transparency. The NTCA is mindful of its duty under the Public Sector Equality Duty and adopted Equalities Objectives in 2021 to enable it to advance equality of opportunity between persons who share relevant protected characteristics and those who do not.

## **G. Inclusive Economy and Wellbeing Implications**

There are no direct inclusive economy implications arising out of the recommendations in this report. NTCA's Pay Policy Statement supports its Corporate Plan cross-cutting theme of an Inclusive Economy which ensures its work is underpinned by people, communities and inclusive economic growth.

## **H. Climate Change Implications**

There are no direct climate change implications arising out of the recommendations in this report.

## **I. Consultation and Engagement**

NTCA's Pay Policy has been benchmarked against the constituent authorities' Pay Policy Statements and has been discussed with the Cabinet members and the Mayor.

## **J. Appendices**

Appendix A – NTCA Pay Policy Statement.

## **K. Background Papers**

Local Government Act 1985

Local Government and Housing Act 1989

Local Authorities (Standing Orders) (England) Regulations 2001

Localism Act 2011

The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017

NTCA Constitution

## **L. Contact Officers**

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## **M. Glossary**

NTCA North of Tyne Combined Authority

## **Fair Pay**

### **Pay Policy Statement for the financial year 2023/24**

## Contents

|                                                                                                                                                     |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Foreword.....                                                                                                                                       | 3  |
| 1. Introduction.....                                                                                                                                | 4  |
| 2. Purpose and Aim of Policy.....                                                                                                                   | 4  |
| 3. Scope and Data Protection.....                                                                                                                   | 4  |
| 4. Employee Structure, Grades and Governance Arrangements.....                                                                                      | 5  |
| 4.1 Chief Officers.....                                                                                                                             | 5  |
| 4.2 Senior Managers' Salary Scales.....                                                                                                             | 6  |
| 4.5 Combined Authority governance arrangements for the payment of all Chief Officers.....                                                           | 7  |
| 4.6 Senior Managers' Salary Scales – JNC Officers.....                                                                                              | 7  |
| 4.7 Pay Structure for Combined Authority Officers below JNC Senior Manager Level (Green Book NJC Employees).....                                    | 8  |
| 5. Median Salary.....                                                                                                                               | 8  |
| 6. Gender Pay Gap Reporting.....                                                                                                                    | 8  |
| 7. Lowest Paid Salary and Foundation Living Wage.....                                                                                               | 9  |
| 9. The Combined Authority's approach towards payment of Chief Officers ceasing to hold office or ending employment with the Combined Authority..... | 10 |
| 10. Public Sector Exit Payments.....                                                                                                                | 10 |
| 11. Contracts for Services and IR 35.....                                                                                                           | 10 |
| 12. Future Potential Recommendations.....                                                                                                           | 11 |
| 13. Trade Union Consultation.....                                                                                                                   | 11 |
| 14. Evaluation and Review.....                                                                                                                      | 11 |

## **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 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's Pay Policy Statement, covering 2023/24. 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<sup>1</sup>
- b) The Monitoring Officer<sup>2</sup>
- c) Any Statutory Chief Officer which means-
  - the Section 73 Officer responsible for financial administration<sup>3</sup>
- 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
- 1 Director
- 1 Monitoring Officer
- 1 Section 73 Officer
- 3 Heads of Service

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<sup>1</sup> As defined in section 4(1) of the Local Government and Housing Act 1989. At NTCA the Chief Executive is the designated Head of Paid Service.

<sup>2</sup> As defined in section 5(1) of the Local Government and Housing Act 1989;

<sup>3</sup> Section 73 refers to Section 73 of the Local Government Act 1985. Position also referred to as the Chief Finance Officer.

## 4.2 Senior Managers' Salary Scales

The senior management pay structure consists of 7 grades each of 3 incremental salary points. The grades are applicable to jobs above the NJC local government pay spine (as amended locally).

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 for 2023 is:

**Table 1**

|                          |          |                   |  | <b>Grade</b> | <b>SCP</b> | <b>SALARY</b> | <b>MONTHLY</b> |
|--------------------------|----------|-------------------|--|--------------|------------|---------------|----------------|
| <b>Principal Manager</b> | <b>1</b> |                   |  | SM1          | 1          | £56,889       | £4,741         |
|                          |          |                   |  | SM1          | 2          | £58,541       | £4,878         |
|                          |          |                   |  | SM1          | 3          | £60,233       | £5,019         |
| <b>Principal Adviser</b> | <b>2</b> |                   |  | SM2          | 4          | £71,433       | £5,953         |
|                          |          |                   |  | SM2          | 5          | £73,516       | £6,126         |
|                          |          |                   |  | SM2          | 6          | £75,661       | £6,305         |
| <b>Head of Service</b>   | <b>3</b> |                   |  | SM3          | 7          | £79,092       | £6,591         |
|                          |          |                   |  | SM3          | 8          | £81,405       | £6,784         |
|                          |          |                   |  | SM3          | 9          | £83,790       | £6,983         |
| <b>Asst Director</b>     | <b>4</b> |                   |  | SM4          | 10         | £95,096       | £7,925         |
|                          |          |                   |  | SM4          | 11         | £97,889       | £8,157         |
|                          |          |                   |  | SM4          | 12         | £100,767      | £8,397         |
| <b>Director 1</b>        | <b>5</b> |                   |  | SM5          | 13         | £116,266      | £9,689         |
|                          |          |                   |  | SM5          | 14         | £128,086      | £10,674        |
|                          |          | <b>Director 2</b> |  | SM5 / SM6    | 15         | £138,102      | £11,509        |
|                          |          |                   |  | <b>6</b>     | SM6        | 16            | £143,910       |
| <b>Director 3</b>        | <b>7</b> |                   |  |              | SM6 / SM7  | 17            | £149,446       |
|                          |          |                   |  | SM7          | 18         | £155,116      | £12,926        |
|                          |          |                   |  | SM7          | 19         | £160,788      | £13,399        |

\*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 (Chief Executive) | 1.0 | £149,446 - £160,788 | N/A             |
| Monitoring Officer                     | 0.2 | Secondment          | SM4             |
| Section 73 Officer                     | 0.8 | Secondment          | Director 1      |
| Director Policy and Performance        | 1.0 | £116,266 - £138,102 | Director 1      |
| Head of Skills and Economic Inclusion  | 1.0 | £95,096 - £100,767  | SM4             |
| Head of Strategy and Innovation        | 1.0 | £95,096 - £100,767  | SM4             |
| Head of Economic Delivery              | 1.0 | £79,092 – £83,790   | SM3             |

### 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 and Deputy Chief Officer Posts.

### 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 and be 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 with the Head of Paid Service.

### 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 Director 3 in accordance with the policy for NJC staff.

The Combined Authority uses the nationally recognised Local Government Association (LGA) Senior Manager job evaluation system to evaluate the pay and grading of JNC Senior Management posts in the organisation. The Authority 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.

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. There will be a new pay scale effective from 1 April 2022, but this has not yet been agreed. Negotiations at a national level are continuing but agreement has not yet been reached. Any increase will be back dated to 1 April 2022 when agreed.

### **5. Median Salary**

The median salary as of 1 April 2022 across the Combined Authority's salary range is £44,539. This represents the middle point across all salaries paid at the Combined Authority. The average median salary in the North of Tyne is £30,502 (Annual Survey of Hours and Earnings, Office for National Statistics 2022).

### **6. 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, as a commitment to ensuring equality in pay for men and women, reviews the median gender pay<sup>4</sup> gap on 31<sup>st</sup> March each year.

The data for this reference period is as follows:

For the year 2022/23, the median hourly rate for women was £22.56 whilst the median hourly rate for men was £23.09 giving a median gender pay gap of 2.30%

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<sup>4</sup> The difference between the median hourly rate of pay of male full pay relevant employees and that of female full pay relevant employees.

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

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.

## **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 a Foundation Living Wage employer, this demonstrates its commitment to support good work and fair wages, as outlined in its Inclusive Economy Policy Statement. This means no North of Tyne Combined Authority employee is 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.

The Combined Authority may also award discretionary payments in line with the Recognition Payment Policy.

## **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**

Following revocation of the £95,000 cap on public sector exit payments in February 2021, further detail has not yet been provided on the reintroduction of different legislation to cap or place additional limits on certain public sector exit payments.

## **11. Contracts for Services and IR 35**

In some circumstances, for example where there is a need for interim support to provide cover for a substantive post, the Authority will consider if it is necessary to engage individuals with reference to the Combined Authority's Short-Term Vacancy Policy.

Individuals are sourced through an appropriate process, ensuring that the Authority is able to demonstrate the maximum value for money in securing the relevant service.

In accordance with the IR35 rules which determine off-payroll working rules for clients, workers and their intermediaries, where a worker is engaged via an intermediary personal service company, the responsibility for assessing their income tax and national insurance liability lies with the Authority, along with responsibility for deducting and paying the correct income tax.

## **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 pay scales. 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.

| <b>1 APRIL 2023 (following deletion of SCP 1, 2023 pay award pending)</b> |            |               |                |               |
|---------------------------------------------------------------------------|------------|---------------|----------------|---------------|
| <b>GRADE</b>                                                              | <b>SCP</b> | <b>SALARY</b> | <b>MONTHLY</b> | <b>HOURLY</b> |
| N1                                                                        | 2          | 20441         | 1703.42        | 10.595        |
| N2                                                                        | 3          | 20812         | 1734.34        | 10.787        |
| N3                                                                        | 4          | 21189         | 1765.75        | 10.983        |
| N3                                                                        | 5          | 21575         | 1797.92        | 11.183        |
| N4                                                                        | 7          | 22369         | 1864.09        | 11.594        |
| N4                                                                        | 8          | 22777         | 1898.09        | 11.806        |
| N4                                                                        | 9          | 23194         | 1932.84        | 12.022        |
| N5                                                                        | 13         | 24948         | 2079.00        | 12.931        |
| N5                                                                        | 14         | 25409         | 2117.42        | 13.170        |
| N5                                                                        | 15         | 25878         | 2156.50        | 13.413        |
| N5                                                                        | 16         | 26357         | 2196.42        | 13.662        |
| N5                                                                        | 17         | 26845         | 2237.09        | 13.914        |
| N6                                                                        | 20         | 28371         | 2364.25        | 14.705        |
| N6                                                                        | 21         | 28900         | 2408.34        | 14.980        |
| N6                                                                        | 22         | 29439         | 2453.25        | 15.259        |
| N6                                                                        | 23         | 30151         | 2512.59        | 15.628        |
| N6                                                                        | 24         | 31099         | 2591.59        | 16.119        |
| N7                                                                        | 25         | 32020         | 2668.34        | 16.597        |
| N7                                                                        | 26         | 32909         | 2742.42        | 17.058        |
| N7                                                                        | 27         | 33820         | 2818.34        | 17.530        |
| N7                                                                        | 28         | 34723         | 2893.59        | 17.998        |
| N7                                                                        | 29         | 35411         | 2950.92        | 18.354        |
| N8                                                                        | 30         | 36298         | 3024.84        | 18.814        |
| N8                                                                        | 31         | 37261         | 3105.09        | 19.313        |
| N8                                                                        | 32         | 38296         | 3191.34        | 19.850        |
| N8                                                                        | 33         | 39493         | 3291.09        | 20.470        |
| N8                                                                        | 34         | 40478         | 3373.17        | 20.981        |
| N9                                                                        | 35         | 41496         | 3458.00        | 21.508        |
| N9                                                                        | 36         | 42503         | 3541.92        | 22.030        |
| N9                                                                        | 37         | 43516         | 3626.34        | 22.555        |
| N9                                                                        | 38         | 44539         | 3711.59        | 23.086        |
| N10                                                                       | 39         | 45495         | 3791.25        | 23.581        |
| N10                                                                       | 40         | 46549         | 3879.09        | 24.128        |
| N10                                                                       | 41         | 47573         | 3964.42        | 24.658        |
| N10                                                                       | 42         | 48587         | 4048.92        | 25.184        |
| N10                                                                       | 43         | 49590         | 4132.50        | 25.704        |
| N11                                                                       | 44         | 50603         | 4216.92        | 26.229        |
| N11                                                                       | 45         | 51634         | 4302.84        | 26.763        |
| N11                                                                       | 46         | 52682         | 4390.17        | 27.306        |
| N11                                                                       | 47         | 53754         | 4479.50        | 27.862        |



## Report Summary

The purpose of this report is to apprise Cabinet of the updated position on the NTCA Draft 2022/23 Statement of Accounts.

The Accounts and Audit (Amendment) Regulations 2021 amended the requirements for when accounts must be made available for public inspection for financial years 2020/21 and 2021/22 to commence no later than 1 August. For 2022/23 the statutory requirement for category 1 authorities' regulations were reverted back to 1 June. At the Cabinet meeting in March 2023, Members were informed of the delay arising in relation to the audit of the 2021/22 Statement of Accounts and a requirement to restate the pension disclosure, impacting on timescales on the production and publication of the 2022/23 Statement of Accounts.

At the time of writing this report the Draft 2022/23 Statement of Accounts are substantially complete. However, to ensure appropriate review and quality assurance is completed prior to publication, the 2022/23 Draft Statement of Accounts is now expected to be published by end of July 2023.

Audit and Standards Committee have been kept up to date throughout on both the issues relating to the 2021/22 audit and also the updated position of the publication of the 2022/23 Draft Statement of Accounts.

## Recommendations

Cabinet is recommended to note the updated position on the publication of the 2022/23 NTCA Draft Statement of Accounts.

### A. Context

#### 1. Background Information

- 1.1 The production of the Statement of Accounts is the statutory responsibility of the Combined Authority as per the Accounts and Audit Regulations and as revised the Accounts and Audit Regulations 2022/23.
- 1.2 In March 2020/21 The Accounts and Audit (Amendment) Regulations 2021 amended the requirements for accounts must be made available for inspection for the 2020/21 and 2021/22 accounts and set out the period of exercise of public rights for those two years to be on or before the 1 August in the following financial year. For 2022/23, the statutory requirement for category 1 authorities was reverted to the original requirements in the publication of the unaudited accounts by 31 May 2023.
- 1.3 Members will be aware of the delay in completion of the audit of the 2021/22 Statement of Accounts and the requirement to restate the IAS19 Pension Disclosure. This impacted on timescales of an already tight turnaround for completing the 2022/23 Draft Statement of Accounts and the time needed to ensure appropriate review and quality assurance is completed. The intention was to publish the 2022/23 Draft Statement of Accounts on the 30 June 2023; however, review and quality assurance is still ongoing which may result in some movement on balances, therefore publication of the 2022/23 Draft Statement of Accounts has been delayed to end of July 2023.

1.4 The NTCA Director of Finance, in her role as Chief Finance Officer, has kept NTCA Audit and Standards Committee fully informed on both issues relating to the 2021/22 audit of the Statement of Accounts and also the status of the 2022/23 Draft Statement of Accounts, in addition to providing an overview of the 2022/23 key financial statements with explanations of any material variances to the prior financial year.

**B. Impact on NTCA Objectives**

The production of the Statement of Accounts is the statutory responsibility of the Combined Authority as per the Accounts and Audit Regulations and as revised the Accounts and Audit Regulations 2022/23.

**C. Key risks**

The production of the NTCA accounts is reliant on the production of NECA and Nexus accounts and whilst we work together those elements are out of “our control”. A risk log has been set up which identifies the key risks and issues associated with the closedown process. The management of these risks is part of the overall process.

**D. Financial and other resources implications**

There are no finance or resource implications arising from this report.

**E. Legal implications**

The Accounts and Audit Regulations 2022/23, which take effect from 31 March 2023, reverts the requirement for the audited accounts to be published from 31 July to 30 September, with the exercise of public rights, common inspection date being removed, and the draft accounts published no later than 31 May.

**F. Equalities implications**

There are no equality and diversity implications arising from the recommendations in this report. The Cabinet is mindful of its duty under the Public Sector Equality Duty and will always consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Cabinet also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

**G. Inclusive Economy and Wellbeing implications**

There are no inclusive economy implications arising from the recommendations in this report. There are no direct inclusive economy implications arising out of the recommendations in this report. The Cabinet is mindful of the NTCA’s inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability

**H. Climate Change implications**

There are no climate change implications arising from the recommendations in this report. There are no direct climate change implications arising out of the recommendations in this report. The Cabinet is mindful that the NTCA and the three constituent Local Authorities have each declared a Climate Emergency.

**I. Consultation and engagement**



Consultation will take place with the key personnel and interested parties involved in the closedown process.

**J. Appendices**

None.

**K. Background papers**

[Notice on delay in publishing Statement of Accounts](#)

**L. Contact officer(s)**

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**M. Glossary**

|       |                                                                  |
|-------|------------------------------------------------------------------|
| NTCA  | North of Tyne Combined Authority                                 |
| NECA  | North East Combined Authority                                    |
| IAS19 | International Accounting Standards relating to Employee Benefits |

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