

CABINET AGENDA

Tuesday, 11 October 2016 at 5.30 pm in the Blaydon Room - Civic Centre

From the Acting Chief Executive, Mike Barker

Item Business

1 Apologies for absence

2 Minutes (Pages 3 - 16)

Cabinet is asked to approve the minutes of the meetings held on 6 and 13 September 2016.

Non Key Decisions

3 Change Programme – Progress Report Second Quarter (Pages 17 - 30)

Report of the Acting Chief Executive

4 Responses to Consultation (Pages 31 - 78)

Report of the Acting Chief Executive

5 Land at Winlaton Mill (Ground Lease for Land of Oak and Iron Visitor Centre) (Pages 79 - 86)

Report of the Strategic Directors, Corporate Services & Governance, Communities & Environment and Corporate Resources

6 Petitions Schedule (Pages 87 - 94)

Report of the Strategic Director, Corporate Services and Governance

7 Exclusion of the Press and Public

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

Item	Paragraph of Schedule 12A to the Local Government Act 1972
8	3
9	3
10	3
12	2&4

EXEMPT AGENDA

Key Decisions

8 Development of the Gateshead Quays Site (Pages 95 - 112)

Report of the Acting Chief Executive, Strategic Director, Communities and Environment and Strategic Director, Corporate Resources

9 Northern Centre for Emerging Technologies (Pages 113 - 128)

Report of the Strategic Directors, Communities and Environment and Corporate Services and Governance

10 Acquisition of St Marys Green, Whickham (Pages 129 - 136)

Report of the Strategic Director, Corporate Services and Governance

Recommendation to Council

11 Review of terms and conditions

ITEM WITHDRAWN

Non Key Decision

12 Leisure Service Review and Implementation of changes in the service - GO Gateshead Sport and Leisure (Pages 137 - 152)

Report of the Strategic Director, Communities and Environment

GATESHEAD METROPOLITAN BOROUGH COUNCIL

CABINET MEETING

Tuesday, 6 September 2016

PRESENT: Councillor M Gannon

Councillors: C Donovan, M Brain, A Douglas, M Foy,
L Green, G Haley, M McNestry and L Twist

C64 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor J McElroy.

**C65 NORTH EAST COMBINED AUTHORITY - DEVOLUTION AND MAYORAL
COMBINED AUTHORITY**

RESOLVED - That consideration of the report be deferred to a further meeting of Cabinet on Friday 9 September (time to be confirmed).

The above decision has been made for the following reason:

To take account of the outcome of the North East Combined Authority Leadership Board meeting on 6 September 2016.

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

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

Publication date: 7 September 2016

Chair.....

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

CABINET MEETING

Tuesday, 13 September 2016

PRESENT: Councillor M Gannon

Councillors: C Donovan, M Brain, A Douglas, L Green,
M Foy, G Haley, J McElroy, M McNestry and L Twist

C66 MINUTES

The minutes of the meetings held on 12 and 21 July 2016 were approved as a correct record and signed by the Chair.

C67 TENDERS FOR THE SUPPLY OF GOODS AND SERVICES

Consideration has been given to tenders received for the framework to provide repair, recovery and modification works to commercial vehicles; the framework for ICT hardware for schools and to the action taken by the Service Director, Corporate Procurement and Commissioning as a matter of urgency in accepting a bid received under a Crown Commercial Service framework for the delivery of a managed print service.

RESOLVED - (i) That the following tenders be accepted for the framework to provide repair, recovery, and modification works to commercial vehicles for a period of three years commencing 1 October 2016 with an option to extend for a further 12 month period:

Lot 1 Specialist Repairs for Terberg Bodies & Bin Lifts:
Terberg Matec UK Ltd, Warrington (mobile specialist located at Washington)

Lot 2 General Mechanical Repair & Recovery:
Hoddy's Recovery (Gateshead)

Lot 3 Vehicle Body Repairs: JC Selby Vehicle Services
(South Shields)

Lot 4 Vehicle Hydraulic Repairs: Pirtek Tyne and Wear
(Gateshead)

Lot 5 Metal Fabrication: FSG Engineering Ltd(Gateshead)

Lot 6 Auto Electrical Repairs: DJS Auto Electrics
(Newcastle)

- (ii) That the tenders be accepted from the companies listed below and that all of the companies are appointed onto the framework for ICT hardware for schools for a period of three years commencing 1 October 2016 with an option to extend for a further 2x12month periods:

Bechtle Direct Limited, Wiltshire
Dell Corp Limited, Berkshire
Insight Direct Limited, Sheffield

- (iii) That the executive decision taken by the Service Director, Corporate Commissioning and Procurement, as a matter of urgency in accordance with Part 2 General Delegations to Managers, Paragraph 4(e) of the Council's Constitution, to accept the bid from Canon (UK) Limited, Surrey for the contract for the delivery of a Managed Print Service (MPS) under a Crown Commercial Service (CCS) framework for a period of five years commencing 1 September 2016 with an option to extend for a further 2x12month periods be noted.

The above decisions have been made because a comprehensive evaluation of the tenders received has been undertaken. The accepted tenders are the most economically advantageous tenders submitted.

C68 PUBLIC SECTOR PLC

Consideration has been given to entering into an arrangement with Public Sector PLC to maximise opportunities for revenue generation and capital realisation.

RESOLVED - That the entering into a limited liability partnership with Public Sector PLC be approved to enable the two organisations to set up a project to initially consider the viability of investment in the Council's tenanted non-residential property through the partnership and to further explore other property based projects as the relationship develops.

The above decision has been made to enable the Council to best maximise its property assets in order to further the Council Plan and policy objectives.

C69 MULTI YEAR SETTLEMENT AND EFFICIENCY PLAN

Consideration has been given to recommending the Council to approve the acceptance of the Government offer of a multi-year financial settlement to 2019/20 and also the proposed efficiency plan submission to Government.

RESOLVED - That the Council be recommended to approve:
(i) The acceptance of the multi-year settlement offer from Government to Gateshead

- (ii) The efficiency plan as set out in appendix 2 to the report.

The above decisions have been made for the following reasons:

- (A) To contribute to the good financial management practice of the Council.
- (B) To assist the financial sustainability and planning of the Council over the medium term.

C70 AMENDMENT TO THE TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2016/17 TO 2018/19

Consideration has been given to recommending the Council to approve a proposed amendment to the Treasury Policy Statement and Treasury Strategy for 2016/17 to 2018/19. The proposal was endorsed by the Audit and Standards Committee on 25 July 2016.

RESOLVED - That the Council be recommended to approve the changes to the Treasury Strategy as follows:

- Section 6. Investment Strategy 2016/17 to 2018/19 to change to reflect the exclusion of the UK from the requirement to have a sovereign rating of AA+ (as shown in appendix 2 to the report).

The above decision has been made for the following reasons:

- (A) To ensure that UK banks are assessed using their individual credit ratings and not against a sovereign rating that is no longer applicable.
- (B) To ensure that the Council fully complies with the requirements of good practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Treasury Management and Prudential Code for Capital and the Department for Communities and Local Government (CLG), Guidance on Local Government Investments.

C71 ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE 2015/16

Consideration has been given to endorsing the Audit and Standards Committee Annual Report for 2015/16 and referring it to Council.

RESOLVED - That the Audit and Standards Committee Annual Report for 2015/16 be endorsed and referred to Council.

The above decision has been made to strengthen the Council's arrangements for oversight by Councillors of governance, audit, risk management, the internal control framework, value for money and efficiency.

C72 LETTINGS POLICY REVIEW

Consideration has been given to recommending the Council to approve changes to the lettings policy to improve accessibility for customers and support the sustainability of the Housing Revenue Account.

RESOLVED - That the Council be recommended to:

- (i) Approve the revised lettings policy as set out in appendix 2 to the report.
- (ii) The review of the lettings policy is continued with a further report to be presented to Cabinet outlining changes necessary to address the implications of the Housing Planning Act 2016, once regulatory guidance has been released in the autumn.

The above decisions have been made for the following reasons:

- (A) To maximise income potential from Council housing stock.
- (B) To provide greater clarity and guidance for officers.
- (C) To ensure that the Council is compliant with the Housing Planning Act 2016.

C73 CHARGING STRUCTURE FOR GARDEN WASTE COLLECTIONS 2017

Consideration has been given to recommending the Council to approve the charging structure for garden waste collections 2017.

RESOLVED - That the Council be recommended to:

- (i) Approve the charging structure for garden waste collections for 2017 as set out in the report.
- (ii) Approve the inclusion of the £31 and £33 charges on the fees and charges schedule for 2016/17 so that payments can be taken from November 2016.

The above decision has been made to achieve an estimated further £168,000 savings which will assist the Council in achieving the overall savings required to deliver its budget for 2017/18.

C74 STRATEGIC REVIEW OF FLOODING RESPONSE AND DISTRIBUTION OF SANDBAGS

Consideration has been given to the findings and outcomes from a strategic review of flooding response and to endorsing and recommending Council to approve a sandbag policy for Gateshead.

RESOLVED - That the Council be recommended to approve the proposed sandbag policy for Gateshead as set out in appendix 3 to the report.

The above decision has been made for the following reasons:

- (A) To ensure more sustainable prioritisation of operational resources during a flooding incident therefore increasing the Council's capacity and capability to respond.
- (B) To instil an onus on the community to become more resilient and rely less on the Council to pro-actively protect their properties from flooding – Achieving More Together.
- (C) To ensure communities utilise more effective protection methods to protect their own properties from a flooding event.

C75 ANNUAL YOUTH JUSTICE STRATEGIC PLAN 2016/17

Consideration has been given to recommending the Council to endorse the Annual Youth Justice Strategic Plan 2016/17.

RESOLVED - That the Council be recommended to endorse the Annual Youth Justice Strategic Plan 2016/17.

The above decision has been made to allow the Youth Offending Team to fulfil its strategic and operational responsibilities.

C76 LOCAL COUNCIL TAX SUPPORT SCHEME FOR 2017/18

Consideration has been given to consulting all key stakeholders on a Local Council Tax Support Scheme for 2017/18.

The alternative options to that being recommended, which must also be consulted upon include the following:

- No change to the current scheme
- Increase in the minimum percentage contribution for claimants to 10%, 12.5% or 15%
- Underlying changes to the calculation of entitlement
- A combination of the above

- RESOLVED -
- (i) That consultation on the draft Local Council Tax Support Scheme FOR 2017/18 as set out in the report be approved.
 - (ii) That a further report be submitted to Cabinet for consideration following the consultation period, so that a final scheme can be recommended to Council in line with statutory deadlines.

C77 CARE, WELLBEING AND LEARNING: ANNUAL REPORTS AND PLANS FOR 2015/16

Consideration has been given to a suite of annual reports and strategic documents for services for children, young people and families.

- RESOLVED -
- (i) That the following reports be endorsed:
 - a) Local Safeguarding Children's Board Action Plan 2016-17 and the annual report for 2015/16
 - b) Independent Reviewing Officers annual report for 2015/16
 - c) Child Protection Conference Chairs annual report for 2015/16
 - (ii) That the following reports be approved:
 - a) Children's and Adult Services Annual Complaints Reports
 - b) Adoption Annual Report
 - c) Fostering Annual Report
 - d) EducationGateshead Annual Report

The above decisions have been made for the following reasons:

- (A) To ensure that the needs of children, young people and families continue to be met.
- (B) To ensure the most effective use of resources and alignment of programmes to achieve the priorities in the Council Plan.
- (C) To ensure the Council fulfils its statutory duties.

C78 HM INSPECTORATE OF PROBATION (HMIP) SHORT QUALITY SCREENING (SQS) INSPECTION

Consideration has been given to the HM Inspectorate of Probation (HMIP) Short Quality Screening (SQS) Inspection of the Gateshead Youth Offending Team.

- RESOLVED -
- That the positive comments made by HM Inspectorate of Probation on the work of Gateshead Youth Offending

Team be noted.

The above decision has been made for the following reason:

- (A) To ensure that Gateshead Youth Offending Teams is continuously improving to reduce reoffending and protect the public.
- (B) To protect children and young people and make sure all sentences are served to a very high quality.

C79 NOMINATION OF A LOCAL AUTHORITY SCHOOL GOVERNOR

Consideration has been given to the nomination of a Local Authority Governor in relation to two schools where the governing bodies federated on 1 September 2016 in accordance with The School Governance (Federations) (England) Regulations 2012 (“Regulations”).

- RESOLVED -
- (i) That the nomination of Mrs Freda Geddes to Ryton Infant and Junior Schools’ Federation for a period of four years with effect from 1 September 2016 be approved.
 - (ii) That it be noted that the term of office is determined by the School’s Instrument of Government.

The above decision has been made to ensure the federated Governing Body has full membership.

C80 RESPONSES TO CONSULTATION

Consideration has been given to responses to recent consultations.

- RESOLVED -
- That the responses to the following consultations be endorsed.
- County Durham Plan Issues and Options – Durham County Council
 - Northumberland Local Plan Core Strategy Pre-Submission Draft: Proposed Major Modifications – Northumberland County Council
 - Knowledge and Skills Statement for Achieving Permanence - Department for Education

The above decision has been made to enable the Council to contribute response to consultations.

C81 GATESHEAD LOCAL PLAN - PLANNING OBLIGATION SUPPLEMENTARY PLANNING DOCUMENT (SPD)

Consideration has been given to consulting on a revised Planning Obligations Supplementary Planning Document (SPD) further to the receipt of the Examiners Report on the Community Infrastructure Levy (CIL).

RESOLVED - That consultation on a revised Planning Obligations Supplementary Planning Document as set out in appendix 2 to the report be approved and that a further report be submitted to Cabinet following the consultation process.

The above decision has been made to enable a CIL compliant SPD to be a material consideration in the development management process and to ensure that sufficient infrastructure is provided at a local level to make development acceptable.

C82 SURPLUS DECLARATION AND GRANT OF LEASE - LAND TO THE REAR OF BLACKHILL CRESCENT, SPRINGWELL

Consideration has been given to the land to the rear of Blackhill Crescent, Springwell being declared surplus to the Council's requirements and also to the future proposal for the land after being declared surplus.

RESOLVED - (i) That the land be declared surplus to the Council's requirements.

(ii) That the Service Director, Legal, Democratic and Property Services be authorised to proceed with a 35 year lease of the land to Silverline Memories Charitable Incorporate Organisation pursuant to the Council's Community Asset Transfer policy.

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

C83 PETITIONS SCHEDULE

Consideration has been given to the latest update on petitions submitted to the Council and the action taken on them.

RESLVED - That the the petitions received and the action taken on them be noted.

The above decision has been made to inform Cabinet of the progress of the petitions received.

C84 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be excluded from the meeting during consideration of the remaining business in

accordance with the indicated paragraphs of Schedule 12A to the Local Government Act 1972.

C85 REVIEW OF CULTURE SERVICE - INCOME GENERATION AND COMMERCIALISATION PLAN

Consideration has been given to the outcome of consultation on the review of Culture Services and to the proposed new structure for the Culture Team.

RESOLVED - That the new structure for the Culture Team as outlined in appendix 2 to the report be approved.

The above decision has been made because the new structure represents the most effective means of the Council achieving the outcomes set out in the Culture Strategy, Creative Gateshead.

C86 SALE OF 5.032HECTARES (12.43ACRES) OF LAND AT BLEACH GREEN, BLAYDON

Consideration has been given to the conditional sale of 5.032 ha (12.43acres) of land to Keepmoat Homes Limited at the Bleach Green housing estate shown edged black on the plan attached to the report. The sale is conditional upon the Council obtaining vacant possession of the remaining houses on the land, intrusive site investigations and a detailed planning permission for the provision of new housing.

The use of Compulsory Purchase Order powers to acquire the remaining privately owned houses on the estate has previously been approved (minute C50 2015/16).

- RESOLVED -
- (i) That the conditional sale of the land to Keepmoat Homes Limited subject to vacant possession, intrusive site investigation reports and detailed planning approval for the provision of new housing be approved.
 - (ii) That the staged payments of the offer over a period of 5 years be approved.
 - (iii) That the Service Director, Legal, Democratic & Property Services be authorised to agree a schedule of costs following the results of the intrusive site investigations up to a maximum of £250,000 to be deducted from the offer.

The above decisions have been made for the following reasons:

- (A) To support the proposed CPO to acquire all remaining legal estates and interests within the land.
- (B) To establish a final net price for the sale of the land to Keepmoat Homes Limited.
- (C) To provide new dwelling houses on the former Bleach

Green housing estate.

- (D) To generate a capital receipt to the Council.

C87 THE FORMER SALT STORE, AXWELL PARK, BLAYDON

Consideration has been given to withdrawing from the proposed sale of the former Salt Store to Emmaus Gateshead ("Emmaus"), following delays in agreeing conditions attached to the land transfer.

- RESOLVED -
- (i) That the withdrawal from the sale of the former Salt Store to Emmaus, approved at the meeting on 16 April 2013 (minute C289 2012/13) be approved.
 - (ii) That the property be placed for sale on the open market.

The above decisions have been made for the following reasons:

- (A) To withdraw from a development which has generated local opposition.
- (B) To generate a future capital receipt.

C88 SALE OF LAND AT THE FORMER SPRINGS GYM, JOICEY ROAD, LOW FELL, GATESHEAD

Consideration has been given to the surrender and part surrender of two ground leases, currently let to Leisure Management Consultants Ltd ("LMC") and subsequent freehold disposal of the land, shown edged black ("the Land") on plan 1 attached to the report, at Joicey Road, Low Fell, to Adamson Holding Company Ltd for the development of 22 new residential flats, subject to the receipt of planning permission.

- RESOLVED -
- (i) That the surrender of the whole of the long leasehold estate from Leisure Management Consultants Limited relating to the Springs Gym building, shown cross-hatched black on plan 2 attached to the report be approved.
 - (ii) That the surrender of part of the existing lease area to Leisure Managements Consultants Limited relating to Ashfield Nursery and Early Learning Centre which is all of the land shown edged black on plan 2 attached to the report less the cross hatched black land be approved.
 - (iii) That it be noted the Council will retain the freehold of the Ashfield Nursery building shown on plan 2 which will remain subject to the lease to Leisure Managements Consultants Limited.

- (iii) That the disposal of the freehold estate in the land, shown edged black on plan 1 attached to the report, to Adamson Holding Company Ltd for the price set out in the report, to be apportioned to the Council and to Leisure Management Consultants as set out in the report be approved.

The above decisions have been made for the following reasons:

- (A) To obtain a capital receipt for the Council.
- (B) To provide new housing within the borough.

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

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

Publication date:15 September 2016

Chair.....

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TITLE OF REPORT: Change Programme – Progress Report Second Quarter

REPORT OF: Mike Barker, Acting Chief Executive

Purpose of the Report

1. The purpose of this report is to provide Cabinet with an update on the activity and direction of travel of the Change Programme since July 2016.

Background

2. Cabinet agreed to a major programme of Change on 9th February 2016, to help ensure the Council continues to operate a balanced budget up to 2021 and beyond, whilst securing the right range of activities that resident need. Given the unprecedented scale and pace of change required, a co-ordinated programme was needed to give the best opportunity to review the right things at the right time, and deliver sustainable services.
3. It was agreed that progress across the Change Programme would be reported to Cabinet on a quarterly basis. This reflects the scale and complexity of the programme and recognises it is a Council wide approach requiring significant commitment throughout the organisation. Change is part of everyone's role and responsibility, so that the best and most appropriate opportunities to increase income and reduce costs are taken. The programme is starting to demonstrate wider benefits in enabling a broad range of staff to be involved, which will lead to development of new skills e.g. business planning, commercial acumen, dealing with conflict.
4. The various projects within the Programme are all important to effect but differ in scale and timeframes, reflecting their different complexities and issues. Some will form key building blocks and play a critical role in 'enabling' overall success, while others will be 'heavyweight' in terms of their ability to realise significant savings or increase income over the short, medium and longer term. The Programme is aiming to achieve a balance between making rapid progress to help close the funding gap in the short term, ensuring that more complex projects have the right timeframe to explore opportunities and find the best solutions to improve outcomes and ensure longer term sustainability.
5. This report provides an overview of progress across the whole programme. It includes work taking place to provide clarity of how the council will look in the medium term (i.e. after 2020) which will seek to ensure that we are putting the best possible arrangements in place for residents and other stakeholders, as well as the organisation. .

Update

6. Progress since the last quarterly report is described at programme, workstream and individual project level in order to provide a comprehensive overview.
7. Key next steps are identified throughout the report. Members can anticipate further information and detailed proposals in these areas to be brought forward in the following months.

Proposal

8. It is proposed that Cabinet consider and comment on the progress that has been made across the Change Programme and on the specific workstreams: People; Place; Ways of Working and Trading and Commercialisation and to make suggestions for improvement.

Recommendations

9. It is recommended that Cabinet:
 - (i) Notes the progress being made across the Change Programme; and
 - (ii) Offers any comments which will help ensure that progress is made at pace focussing on the right issues.

For the following reason:

To ensure Cabinet is able to monitor progress of the Change Programme and give direction in a timely manner.

CONTACT: Julia Veall extension: 2769

Policy Context

1. The delivery of an effective change programme is an essential mechanism to enable delivery of Vision 2030 and the Council Plan. Set in the context of the Medium Term Financial Strategy the objectives of the change programme are to accelerate analysis and decision making on a Council wide basis to make best use of resources to deliver Council priorities. Underpinning this is the need to secure longer term financial sustainability. Each of the four workstreams is clearly focused on delivering the shared outcomes in the Council Plan setting out the role of change in helping to deliver these outcomes.

Change Programme

2. Work is underway to develop a future operating model for the council. This will set out a high level representation of how the Council can best be organized to best deliver solutions in an effective and sustainable way. People, processes and technology will be key components underlining the operating model and will be critical to ensure its success. Having a clear vision of a future operating model will ensure that all stakeholders understand the direction of travel and why the change programme is looking at the things that it is.
3. Individual change projects have continued to develop options and choices for change. Activity is being prioritised on the basis of those areas that can best enable delivery of the Council Plan within the significantly reduced financial settlement we anticipate lasting until 2021 and beyond. This includes making financial savings, and reducing demand. Details are reflected in the council's budget setting process for the next three years (these will be the subject of separate reports to Cabinet).
4. A flexible approach to change will balance evidence based, planned activity with a timely response to on-going activity that impacts on how the council operates. This will ensure the Council develops approaches and interventions that are best for our residents and service users. Change management will be integral to delivering the Council Plan, and activity will:
 - Seek to target effort, with partners, to those in greatest need and in areas where greatest impact can be achieved.
 - Explore and implement effective ways to bring in more income
 - Promote early help and intervention
 - Work differently doing only what we are best placed to do
 - Increase community, individual and Council resilience.
5. There are a number of key activities that the Council will be undertaking over the next three months to inform future choices about services and their delivery. These activities are set out for each of the existing change projects. The latest position is set out below using each of the workstreams as the common thread.
6. The Council has also agreed to a Peer Challenge in November 2016. This is organised and facilitated by the LGA to help assess whether the direction of travel and pace of change in the Council is right to help us tackle the challenges we face financially, demographically and socially. Feedback from the Peer Challenge will help shape our future approach to transformation and change. Details will be the subject

of separate reports to Cabinet and will be reflected in future Change Programme progress reports.

7. Work is continuing to raise awareness and increase involvement with the Change Programme among staff and other key stakeholders. This will ensure that the rationale, and approach to change is well understood, and that everyone in the organisation can help shape and deliver solutions for a sustainable future.
8. To complement existing approaches to communication, a new section of the workplace intranet is being developed to improve our ability to communicate and engage with staff. This will provide a central point of reference for communication and information around the Change Programme, and will also include a discussion forum to encourage feedback and ideas for change.
9. Five 'Market Place' sessions have taken place at the Civic Centre and Dryden Road, providing information about the Change Programme Future engagement activity is planned with service teams, closer to their workplace locations and more focussed on the particular issues that different teams are facing.
10. There is also recognition of the need to have a more comprehensive approach to engagement with other stakeholders on the scale of the challenge. Early conversations have started with partners but this will need to be ramped up in order to understand and develop firmer proposals for joint working (e.g. Health, other local authorities, voluntary and community sector.). The annual consultation on budget proposals, which will start shortly, will also need to ensure that residents are able to understand and engage in the scale of change required.

Ways of Working Workstream

11. This Workstream is intended to deliver solid foundations which will secure success for the Programme overall. Most of the activity in this workstream should therefore create and enable other projects to deliver. The projects within this workstream are critical particularly in driving:
 - Digital solutions that are more efficient, improve customer experience and outcomes
 - The right culture and behaviours to secure a new and successful way of delivering our business
 - Development of skills and capacity to meet future workforce needs
 - More flexible and fluid support services
 - Better management of performance to help prioritise allocation of resources and tackle underperformance if necessary.
12. Four 'critical shifts' have been identified to deliver *Culture & Behaviour Change; Communication & Engagement; and Performance Management* projects. Activity will ensure that we continually build our understanding of the ideal organisational culture, retaining our key strengths whilst addressing weaknesses or issues which are not appropriate for future delivery. Further detail is provided below.
13. In the next quarter, a multi-agency intelligence group will be established. This will increase our understanding of customer needs, so that we can plan and deliver

services jointly with our partners to support the best outcomes for communities in Gateshead. Alongside this a review of the GSP is taking place, to ensure that our partnership working maximises its impact through joint planning and use of assets

14. We will continue to make sure that every manager who works for the council is a good communicator and effective engager. A new toolkit will ensure that every manager is able to identify objectives, audience, strategy, implement and evaluate their own communications campaign. An Employee Forum will also be established to ensure that conversations between the council and its workforce are continuous and provide ongoing insights.
15. Approaches to embed a performance driven culture will be implemented through culture change and communications activity as part of the Workforce Plan. This will include improving our approach to business planning; incorporating performance management as an essential competency for all staff; reviewing how Councillors receive performance information; and developing a system that makes performance information and data constantly available.
16. Through the *Workforce Plan*, more targeted activity is available to help managers manage and develop their employees so that they are more confident in dealing with the future rather than the past or present needs,
17. 360° reviews have taken place for the senior officers and personal development plans are being put in place to ensure we develop and maximise leadership capability in a way that benefits the organisation. In the next quarter a Leadership and Managers Academy will be established, to further develop skills across all managers. This will incorporate a Learning and Development framework, providing a one-stop shop for managers and employees to support their development. Initial provision includes coaching and mentoring opportunities as well as other 'on the job' learning opportunities'. It will also include Mandatory Training sessions for managers, to ensure appropriate skills are in place to deal with HR issues, such as recruitment and selection, managing under performance, and managing sickness absence. Alongside this, a Talent Management and Succession Planning framework has been developed linked to the Appraisal and Development process.
18. Discussions are ongoing regarding potential changes to employee terms and conditions to ensure our approach to pay and reward fits the organisation's values and commitment to look after the workforce whilst recognising the need to be competitive and sustainable in an increasingly competitive market where pay and reward reflects a 24/7 working week. Any changes will help inform the direction of travel for various projects in the Change Programme.
19. The workforce plan will be continually revised to respond to the Council's workforce requirements in order to support the delivery of the sustained transformation necessary over the coming years.
20. Digital Gateshead is centred round "making it easy to access, benefit from and deliver good services". Implementation began with Building Capacity (phase 1) in May 2016. This focused on solving problems that more obviously lent themselves to digital solutions, whilst further developing the technology we need. Phase 2 – Increasing Corporate Capability began in September 2016. This phase seeks to use digital means to solve more complex problems that require judgement rather than

being solely transactional (such as getting a planning or benefits decision or engaging with social care).

21. Progress includes:

- Agreement of a new Digital Platform which will lead to improvements in our customer interface,
- The new and improved Councillor and Committees system went live on-line in August
- All existing online payments and balances moved to the council's new payment facility in August 2016. Work is now taking place to investigate the potential for delivering more payments electronically and increase the online sign up for direct debits
- A pilot trialling improved online forms, text reminders and Public-use PCs within Benefits reception went live in September 2016
- Free outdoor WiFi has been launched in the town centre and at the Quayside as part of GoDigital_WiFi, a partnership between Gateshead and Newcastle Councils with BT.

22. The Support Services project will ensure that all council services have access to the most effective and efficient support services to meet their current and future business needs. . The intention is to ensure support services are commissioned and targeted where and in a way that best meets front line service requirements. The development and progress of this project is therefore reliant on the progress elsewhere in the programme to avoid any possible 'tail wagging the dog' solutions.

23. In the short term Service Directors are looking at options to deliver their services through different service delivery models. 'Quick wins' include:

- Ensuring the benefits of consolidation are fully realised
- Exploring potential to develop the Business Partner model in relevant Support Services, building on lessons from Finance
- Increasing self-service by managers.

24. One Public Service – Following the North East Combined Authority's decision not to proceed with consultation on governance arrangements for devolution, and the Government's subsequent decision to withdraw a devolution deal for the North East, the council is refocusing its approach to working with public sector partners across the region. We will continue to explore new ways of working together, and collaborate in the most effective way to achieve positive outcomes for Gateshead and Gateshead residents. This will build on existing discussions and activity to share services and buildings; to collectively plan and deliver services by better aligning our intelligence and resources; and to explore alternative delivery models.

People Workstream

25. This Workstream is looking at innovative approaches to:

- *Maximise Growth* – Identifying and considering areas that can grow and trade in a commercial environment. Opportunities that are being considered include a social care trust. We are also considering opportunities to integrate effort with partners, in particular the CCG and NHS Provider Trusts

- *Reduce Costs* –redesign **services** in order to reduce spend and manage demand in high cost areas by focussing on early intervention and prevention. This effort is intended to should significantly reduce the cost of acute services.
 - *Increase Collective Responsibility* - Through service redesign, partnership activity and development of our approach to working more closely with local communities we are building a programme of work which will secure a broader spread of responsibility for making sure that local people are able to help themselves and others more.
26. New Model of Adult Social Care – Work has progressed to deliver a single point of access and the remaining Assessment and Care Management staff are now located together. Work is also progressing in developing a buyers/brokerage function. Full implementation of the new model is anticipated to be in place by March 2017. Work is underway on an options appraisal to see whether it would be viable to set up a trading company for Adult Social Care Provider Services as well as explore joint investment opportunities with our strategic health partners, the CCG.
27. Health and Social Care Integration – In the previous Cabinet report it was stated that the aim was to identify areas for Health and Social Care integration, and tie this in with a number of key strategic (initiatives including the CCG Five Year Plan and the new Community Services Contract with the Hospital Trust which comes into effect in October 2016). This project also needs to inform the work being undertaken across Tyne and Wear and Northumberland in respect of the Sustainability and Transformation Plan for Health (STP) Meetings with key partners including health and Newcastle Council have taken place to look at models of health and social care integration, then looking to develop an outline business case.
28. Redesign of Care, Wellbeing and Learning – High level options were developed for the redesign of Care, Wellbeing and Learning at the end of July. These are being worked up in more detail so that the business case is aligned with budget options, leading to clear and concise delivery plans. Discussions with the Council’s partners are ongoing to ensure that resources are deployed appropriately and in a better way to support people to be more independent. This project includes a focus on early help and prevention activities across the whole life span of residents. The redesign will look to manage demand in areas where there is significant cost pressure and increase efficiency through business process re-engineering and technology.
29. Achieving More Together – This project is likely to be one of those where the benefits will take longer to realise. The main strategy for developing the desired outcomes of the approach is based on two interconnecting approaches which are:
- strengthening active civic life led by local people and communities
 - Redesign of public sector and third sector service delivery

Research pilots will be undertaken into three key areas.

- 1) Childhood obesity in a targeted neighbourhood. A whole systems approach to tackling obesity will engage local communities, including VCS organisations, schools, teachers, parents, children and young people in activities determined by them.

- 2) Reducing social isolation - This piece of work will aim to reduce loneliness and social isolation to improve quality of life and wellbeing for identified populations at risk.
 - 3) Clean, green, safe environment - This initiative will try to help people to make connections with outdoor activity to enhance the physical and social benefits to reduce health inequalities. The pilot will enhance and connect existing environmental engagement initiatives in Gateshead, and explore the potential to set up a network of 'Friends Of' groups.
30. Integrated Commissioning – The previous Cabinet report indicated a fully integrated delivery model for health and social care. Discussions are ongoing with health colleagues and there has been provisional agreement that there will be a joint Commissioning Director for the Council and CCG by April 2017.
 31. Transport – The project is focus on options for efficiencies and future service delivery in light of concerns about the cost of a number of activities. Options for rationalisation have been identified but a wholesale review of transport is required in order to ensure that transport is integrated into the school day or to visits to day centres so that it becomes a positive end to end experience.

Place Workstream

32. The strategy for delivering the Place workstream is firmly built from Vision 2030 and the Council Plan. It also takes forward the policy directions for increasing community, individual and Council resilience. It will result in changes to how Place based activities are delivered as well as in the outcomes that local people will benefit from. This will involve difficult choices about how resources are allocated especially in services which are seen and valued by all residents. Increased income is critical to success in this area and needs to be secured from Business Rates, Council Tax and New Homes Bonus, through additional businesses in the area and more homes being built.
33. A scenario based approach has been developed to identify choices as part of the overall ambition. This aims to identify where income can be increased as well as where costs can be reduced, across Place and People, recognising the importance role and impact of 'Place' on health and well-being. Greater collaboration is a key feature of the approach. It has focused on building on our strengths and identifying how we can position the Council to seize opportunities to achieve the ambition. While Gateshead has a history of strong partnership working, the workstream is seeking to identify how and where new opportunities for joint working can enable us to grow rather than reduce activity. For example by engaging with Newcastle City Futures, with a view to identifying specific pieces of work that can be taken forward in partnership.
34. Housing Growth - The project is focusing on how to ensure and accelerate the pace of housing growth in Gateshead. Since July the potential growth projects have been reviewed with greater focus now on timescales and deliverability. Interventions to improve delivery, including financial tools that could be open to the Council are being looked at. A submission was also made to the Government Garden Village initiative to help to progress Metro Green. Work is also underway to identify housing needs

for particular groups that require extra support to enable people to stay in their homes for longer, increasing independence and quality of life.

35. Economic Growth and Maximising Assets– Modelling work has been completed to understand the potential Business Rates income that could be generated by speeding up activity in this area. This has been used to inform the Medium Term Financial Strategy. Financial instruments and tools to help accelerate growth have been identified and these are being assessed for suitability. A mapping and gapping of skills for business growth exercise is being taken forward, the results of which will be used to inform an updated strategy and approach. This project also has a focus on use of, or better use, of our assets. This includes work with PSP to explore the potential income or savings from the Council’s assets. The overall Asset Management Strategy has been reviewed to reflect the approach to assets being taken. Work is also being undertaken to promote the Borough using a strong clear consistent message, selling our strengths, using effective communication channels and clarifying our target audience.
36. Housing Stock Options / HRA Funding - The sustainability of the Housing Revenue Account is linked to options for the future of the Council’s housing stock and is a key priority. While the Council has achieved a balanced HRA in the short term, it is likely that this will come under increased pressure once the detail of secondary Housing and Planning Act legislation is known. The delay in publication means the full impact cannot be understood with certainty, although the Council is working with Gateshead Housing Company to identify options using a scenario approach. Discussions are ongoing in terms of the future of the Housing Stock and the sustainability of the HRA which will be informed by the legislation. A paper setting out the options will be presented to Cabinet once further detail has been made available from the Government. The project is also developing an asset strategy for the Council stock with possible interventions to move from a responsive approach to a more planned approach for stock maintenance.
37. Housing Repairs and Maintenance – Progress since the last update includes establishing framework for communication with unions and employee reps over consultation period initiated by Cabinet Report presented in July. The high level project plan has been refreshed with confirmed outputs and as the contract moves from MEARS to the Council. Work is in hand to address compliance with corporate and HSE responsibilities. Good progress has been made on supporting operational readiness through procurement of vehicle fleet, materials, power tools, kitchen and sanitary ware. The commercial partner started mid-August and early indications are that this is going to be an excellent partnership.
38. Clean, Safe, Attractive Environment - The approach to this project involves reducing costs, engaging communities more to take more responsibility for their local area and finding new ways of delivering, rather than seeking to reduce further environmental standards. The approach to the review of environment services as well as potential areas for change was considered by the Corporate Resources Advisory Group on 20 September. This outlined the current service context, the impact of changes made to date and new ideas. Discussions will be taking place at ward level to understand and identify potential future changes along with impact. A review of Bulky Waste charges is underway while 360 degree cameras on refuse vehicles are providing useful data about collections. Work is also underway to identify future approach and strategy for the parks/open spaces. This is considering how these assets can be used to provide

even more benefits for Health and Wellbeing as well as potentially increase income in some areas. Work is at an early stage and so ideas will be brought forward for discussion in the next few months. Over the next few weeks there will also be a focus on reviewing the impact of the Behavioural Change Team in Environmental Services to help support the Achieving More Together project.

39. Leisure and Culture - The project is aiming to establish a sustainable self-financing Culture and Leisure offer by 2020. Initial options analysis work on culture is taking place to ensure the right packaging of activities is put together to inform discussion on future offer. A report to Cabinet on the way forward and outline timescale will be presented in the winter. A new brand for the service has been launched 'Go Gateshead' to emphasise the focus on customers, inclusivity and value for money.
40. Employees are being helped to become more commercial aware and support effort to becoming a self-financing service. Two sales staff are being recruited to further enhance this approach. Business plans for each centre are being monitored with arrangements now established. This will monitor the income being achieved against target. Alongside this the service is identifying further delivery model opportunities for the future in line with previous reports received by Cabinet,

Trading and Commercialisation Workstream

41. The ambition for the Trading and Commercialisation Workstream is to generate income that makes a positive and sustainable contribution to supporting priority activities and delivery of Vision 2030. This is being achieved through supporting key trading opportunities that have significant potential to maximise increased traded income to the Council in such a manner that it provides the right operating environment that maximises its potential for the Council. The approach adopted is based upon:
 - Sustainable Income Generation
 - Delivery projects that maximise income opportunities, which contribute to the councils bottom line and savings targets
 - Development projects that encourage and maximise trading opportunities where they fit core activity.
 - Task and Finish approach to specific time limited areas of work, designed to embed and sustain a consistent approach to decision making around trading opportunities, thus raising the competency of the council to develop opportunities across a wider environment.
42. Income Generation Strategy - The Income Generation Strategy is based upon the Council's ability to identify trading opportunities that deliver income. Investment plans will help to determine those areas where most benefit will be delivered through potential returns and over what timescale. Income generation will be determined as part of a mixed economy approach in as much as consideration is made not only on financial returns but also upon stability and continued positive impact in the Gateshead community.
43. Delivery Project - Facilities Management - The vision for the Facilities Management Service is: Integrated, professional facilities services, tailored to the customer's needs, delivered with passion and integrity. A business case is in development that explores opportunities that may present themselves across several key areas such

as school meals and office cleaning. The business case is highlighting areas that are attractive in trading terms from both a commercial and ethical position. The business case will be completed by the end of October for discussion and decision.

44. Delivery Project - Services to Schools and School Improvement- This is an area where although the focus is upon the trading opportunities, the core requirement is to enable services and products to be delivered and developed that improve the performance of Gateshead schools. A business case for possible trading activity is on target for completion by early November. This will be based on easy access, clear pricing and strong partnership with schools so that the services and products are easy to purchase, easy to understand and improve or at the very least maintain the outcomes for children and young people.
45. Development Project - Adult Social Care Provider Services - This project was referred to earlier in the paper under the update on the People workstream. It aims to identify the trading potential of adult social care provider services. Work has been completed that considers potential trading opportunities and vehicles, as well as potential services and products that might be included within a trading offer. This is at blueprint stage and will progress into a full options appraisal in October and Business case to be completed by the end of December 2016. This work will be considered in the round of Health and Social Care redesign.
46. Development Project - Bereavement - The project aims to develop a bereavement service that is customer focused, efficient and enhances current service provision. This supports both the Medium Term Financial Strategy and the Council Plan through trading marketable services, and the generation of income. In July, Cabinet agreed, in principle, to proceed with the development of an enhanced Bereavement Service that could increase income to the Council as well as offering an improved and extended service to local people. More detailed work has been focusing on the financial implications, the operational elements and models, as well as customer service needs. A further report with the full Business Case is due to be presented to Cabinet in November.
47. Development Project – Energy – This project has multiple objectives that are closely aligned to Council Plan, including: reducing energy consumption and carbon emissions; improving energy performance of Gateshead homes; growing and delivering energy services provision in and beyond Gateshead; reducing levels of fuel poverty, which has both economic and health outcomes for local people.
48. Key areas of recent progress include getting the District Energy Scheme established, as well as seeking to identify and take forward commercial opportunities to expand the scheme to other areas of Gateshead. This is part of a longer term income generation activity.
49. Development Project – Housebuilding - This project intends for the Council to act as a direct housing developer, including the design and build of new housing for private, social or affordable sale / rent. There are opportunities to build houses through delivery vehicles already at our disposal. For example, provision of 15 supported residential units are progressing, as are 17 houses being developed for Keelman with a start on site date this month (October.) Work is progressing to clarify the commercial offer; the viability of potential sites and how we might pick up pace, and deliver commercial projects through the Trading Company. All of these will inform the projected income over the medium term, impacting on investment and land use.

50. Development Project – Sponsorship –The report from Phar Consultancy highlighted several areas across Gateshead where sponsorship may provide an attractive proposition across a variety of areas. The next piece of work, currently underway, is to analyse and explore the opportunities in more detail to ensure that they fit with the ethos of the Council and support corporate objectives.
51. Trade Waste – This project is seeking to develop a broader and expanded Trade Waste offer within Gateshead and potentially beyond, as a commercial activity. An initial Business Case is in development to consider opportunities and will be delivered in November 2016.
52. Task and Finish activities – Progress continues with the task and finish activities. There is much better clarity around what needs to happen within the council in terms of building commercial skills that have been already developed to enable trading and commercial opportunities to be realised. Work continues to look at ways to enhance customer experience and toolkits are being developed to support Trading activity. Additionally, work continues in terms of investigating the support that can be offered to those areas where they identify trading and commercial opportunities, whether this is through legal, HR, financial advice or capacity for business case production and delivery. A lesson learnt from business case production is informing the capacity considerations. Work continues in the development of a pricing framework and guiding principles are in development as a part of the overarching toolkit and approach. This is also being supported by some further work around what is required in terms of strong performance management to enable delivery.

Consultation

53. The Leader of the Council has been consulted in his portfolio role and individual members have been consulted on specific areas relating to their portfolios.
54. Trade Unions are also engaged through regular meetings to discuss Change Programme development and progress, both in respect of the programme in general as well as in relation to specific themes and projects. They have also been provided with a composite update but discussions are on-going to ensure the engagement process is proportionate and appropriate to maximise time and transparency.
55. The Trade Unions have continued to question the use of resources in the Change Programme Team and an update on the roles, responsibilities and outcomes is being revised and will be available before the Cabinet meeting. The unions are especially concerned that the changes are driven by services and that everyone involved in Change is working together. It is anticipated that the current dedicated capacity both in terms of 'permanent' and temporary expert capacity should significantly reduce as change becomes an increasing part of the 'day job' for all employees and especially senior staff. There will also be a reduction in dedicated capacity as permanent staff develop skills in new activities which are needed to meet future requirements e.g. business analysis, commercial acumen to assist trading etc. There are a small number of temporary experts in the team (4 people) who have been bought in on a short term basis (3-12 months) to help achieve speedy progress in activities where there is a gap in capacity/ capability in areas specifically requested by services e.g. Social Care redesign, rationalisation of business processes, improving performance

maximising trading activities and integration of Health and Social Care. The Unions are concerned about ensuring all resources are deployed to protect and enhance frontline service and that changes are driven and integrated into service. This concern is acknowledged and work is progressing to ensure detailed delivery plans are in place for each project which should demonstrate how all the effort on change is seeking to protect services and jobs. There are already signs that the progress on trading activity will mean that dedicated support should be able to cease or reduce extensively by December as the new trading activities become part of business as usual and decisions are made on the activities to cease.

56. However, there are still a number of key projects and activities elsewhere in the programme where the vision, plan, and benefits are yet to be articulated and so it is not yet possible to confirm the pace or extent that this reduction in Change Programme support can take place. A clearer picture will be provided in the next update paper and discussions will continue with the Unions and others in recognition of the need for transparency around what is happening to maximise the use of corporate capacity for the benefit of front line services. .
57. On a positive note the TU's welcome the activity in making changes beyond the current council boundaries especially in respect of joint working with other local authorities across the region. Furthermore, given the enormous financial challenge, there is support to progress work with partners across the Health Sector to analyse, understand and ultimately redesign Social Care Services including reducing demand.
58. **Implications of the recommended option**
 - a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that the Strategic Change Reserve of £2.5 million is being used to enable financial interventions on a time limited basis underpinned by business cases that will identify benefits to be realised. The Change Programme is aligned to the Medium Term Financial Strategy with savings/ income identified thus far through the Change Programme, informing the MTFS.
 - b) **Human Resource Implications** – There are no Human Resources implications arising directly from this progress report. Although the additional capacity invested in the Change Team is being used to drive and support Change across the Council, adding specific expertise, additional capacity and resource as well as oversight across the whole Programme.
 - c) **Property Implications** – there are no property implications arising directly from this report.
 - d) **Risk Management Implications** – the Change Programme framework will be supported by a comprehensive register of risk that will be actively managed to ensure and support effective decision making. Individual projects also either have or are developing risk management arrangements. This will enable risks to be identified and managed at appropriate levels.
 - e) **Equality and Diversity Implications** – Proposals made through the Change Programme will be subject to equality impact assessments to inform and support decision making.

- f) **Crime and Disorder Implications** – There are no Crime and Disorder implications arising directly from this report.
- g) **Health Implications** – There are no health implications arising directly from this report.
- h) **Sustainability Implications** – The Change Programme is an essential element of the Council’s planned approach to ensure a sustainable financial position over the medium term.
- i) **Human Rights Implications** – There are no Human Rights Implications arising directly from this report.
- j) **Area and Ward Implications** – all areas of the Borough are covered by the Council-wide approach outlined within the Change Programme.

TITLE OF REPORT: Responses to Consultation

REPORT OF: Mike Barker, Acting Chief Executive

Purpose of the Report

1. To endorse the responses to the following consultations:
 - Local Government Finance Settlement 2017/18 - Department for Communities and Local Government (DCLG) – appendix 1
 - Self-sufficient local government: 100% Business Rates Retention and Business Rates Reform Fair Funding Review: Call for evidence on Needs and Redistribution – DCLG – appendix 2
 - Early Years National Funding Formula - Department for Education – appendix 3
 - Draft Development Frameworks for East Pilgrim Street and Science Central West – Newcastle City Council – appendix 4
 - Publication Draft International Advanced Manufacturing Park Area Action Plan – South Tyneside and Sunderland City Councils – appendix 5.

Background

2. The background to the consultations and responses are set out in appendices 1 to 5.

Proposal

3. To endorse the responses set out in appendices 1 to 5.

Recommendation

4. It is recommended that Cabinet endorses the consultation responses set out in appendices 1 to 5.

For the following reason:

To enable the Council to contribute responses to the consultations.

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Local Government Finance Settlement for 2017/18

Policy Context

1. The MTFS is the mechanism for supporting the direction of resources to deliver Vision 2030 and the Council Plan. It also ensures a sustainable Gateshead through the best use of resources to deliver value for money services and long term financial sustainability.

Background

2. The Government has invited responses to a consultation on proposals for the Local Government Finance Settlement for 2017/18 by 28 October 2016. The consultation sets out proposals for distributing central resources in 2017/18 to build on the four year offer announced in the 2016/17 local government finance settlement. These proposals are intended to give councils long term certainty, earlier in the year, over more sources of funding. This will aid financial planning as the Council is moved towards self-sufficiency.
3. Councils are facing further, unprecedented cuts in central government support although there is a lack of clarity around the actual cuts facing councils and areas of additional responsibilities as well as ambiguity in respect of timing. The reliance on local business rate income as a main source of funding of local services brings many risks and volatilities alongside the long term opportunities. By 2020 it is the intention that local government will retain 100% of taxes raised locally. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some central grants will be phased out.
4. The move towards self-sufficiency and away from dependence on central government represents a fundamental change in the role of local government and the way it is funded. Revenue support grant the main central government grant funding to local authorities has been and will continue to fall significantly year on year in the move to retaining 100% of rates collected. It is still uncertain what other specific grants will disappear as a result of the new funding reforms (and this is subject to another consultation process) but recent announcements suggest public health grant will be removed with responsibilities delivered via rates funding.
5. The 2016/17 financial settlement confirmed the continuation of the Better Care Fund (BCF) and additional funding for adult social care through the BCF worth £1.5 billion by 2019/2020. The targeted increase is welcome however indicative figures show this will not be fully in place until the end of this decade whilst social care demand pressures continue to build. It will be important to assess the cost of any responsibility transfers as well as the future of receiving other grants outside of the central funding alongside additional cost pressures and burdens the authority will need to absorb such as implementing the National Living Wage, changes to employers national insurance contributions and paying the new apprenticeship levy.
6. The consultation also sets out proposals that would have implications for local resources such as the council tax referendum principles for 2017/18 and the approach to adjusting for the impact of the 2017 business rate revaluation.

Alternative Options

7. There are no alternative options. Page 33

Implications of Recommended Option

8. Resources

- a. **Financial Implications** - The Strategic Director, Corporate Resources confirms that any financial implications are subject to the outcome of the consultation and the results will be the subject of future budget reports and Medium Term Financial Strategy (MTFS) reviews
- b. **Human Resource Implications** – the MTFS recognises the need to support Council employees as much as possible through changes arising from the consequences of the funding position. Any HR implications of budget proposals will be the subject of future public consultation reports
- c. **Property Implications** - Any property implications as a consequence of the outcome of this consultation and impact on funding and subsequent budget proposals will be the subject of future public consultation reports

9. **Risk Management Implication** – the risk implications are consistent with those outlined in the MTFS. Whilst the Government has outlined that the move to 100% business rates retention will be fiscally neutral on local government financing, there is a significant risk facing individual authorities in particular the perceived fairness of the needs assessment and the eventual baseline funding level at day one of the system.
10. **Equality and Diversity Implications** – an equality impact framework has been developed to assess budget proposals will be the subject of future public consultation reports
11. **Crime and Disorder Implications** – Nil arising from responding to the consultation
12. **Health Implications** - Nil arising from responding to the consultation
13. **Sustainability Implications** – the MTFS provides a framework for ensuring a sustainable financial position over the medium term.
14. **Human Rights Implications** – Nil arising from responding to the consultation
15. **Area and Ward Implications** – Nil arising from responding to the consultation. All areas of the Borough are covered by the principles set out in the MTFS strategy

Consultation Response to Department for Communities and Local Government – Proposals for the Local Government Finance Settlement for 2017/18

The Council welcomes the opportunity to respond to the consultation on proposals for the Local Government Finance Settlement for 2017/18

The Council is committed to reform and more clarity earlier in the year, over more sources of funding is certainly welcome. It is essential however that the balance of funding is fair and reflects the demands and burdens of an area and the ability of that area to match this with local sources of income. The outcome of the separate consultations around Business Rates reforms will be pivotal to ensuring a fair approach across local government.

Question 1: What other, additional grants, beyond those set out in para 2.2.2, should the Government consider including in the multi-year offer?

Gateshead currently receives circa £29m in other Government grants not included in future settlement figures. All grants of a significant material value should be included as additions to the multi-year offer as this allows for greater certainty in financial planning. In particular the main grants the Council would look to include are;

- Public Health Grant
- Better Care Fund (Including new BCF)
- Education Services Grant
- Local Reform & Community Voices
- Council Tax and Housing Benefit Admin Subsidy
- Independent Living Fund ILF

In the past different Government departments have published grant allocations at different times and this has in specific cases been only a matter of days before the point at which the Council must set its budget in February to allow time for council tax bill notifications. This can make budget setting and financial planning extremely difficult. It would be useful if allocations even notional levels could be given on at least a three year basis within the main settlement within early to mid-December.

Question 2: Do you agree with the proposed methodology for allocating funding for the improved Better Care Fund as outlined in paragraph 2.3.4?

Yes the Council welcomes the method that links allocation of funding to the maximum amounts a Council can raise through the adult social care precept. In Gateshead a 2% precept only raised £1.5m in 2016 which is not enough to cover the rising costs and demands within this area that are expected to total around £45million over the next five years.

More clarification from Government on how the improved Better Care Fund allocation will work in practice would be welcome. (For example will this be paid directly to CCGs, directly to LAs or pooled in some way, what will be the main conditions of grant). The funding is likely to be pooled for partnership working with Health and if the funding is a redirection of health funding rather than additional to the overall funding for health and social care then this could be subject to significant demand pressures. As such the Council considers the IBCF as not suitable for funding from retained business rates and has responded as such in the separate consultation reviewing fair funding reforms of business rates.

Question 3: Do you agree with the council tax referendum principles for 2017-18 proposed in paragraphs 3.2.1 to 3.2.2 for principal local authorities?

- Yes to a continuation of the Adult Social Care precept of an additional 2%.

The new adult social care precept worth 2% for authorities with responsibility for adult social care for the remainder of the Parliament will contribute much needed funding towards costs in this area. A point to note is that differing council tax bases results in varying amounts that this can raise across local government and does not correlate to the demands of an area. Hopefully this will be addressed via the point raised in question 2. The needs to a particular area will hopefully also heavily factor into the current fair funding review linked to the move towards 100% rate retention.

Clarification as to what is meant by “subject to consideration of the use made of the Adult Social Care precept in the previous year” is requested. The potential amount raised falls well short of the increasing demand in this area.

- Yes to a core principle of 2%.

The government refer to this being in addition to a core 2% without triggering a local referendum. The wording of the referendum is important as in 2016/17 a referendum was triggered by 4% and above and therefore in reality the core increase could be a maximum 1.99%. Whilst the Council is supportive of the 2% level continuing it fundamentally believes that the level of Council Tax should be a matter of local discretion.

- No comment- Shire district councils will be allowed increases of less than 2% or up to and including £5, whichever is higher
- No comment - Police and Crime Commissioners in the lowest quartile will be allowed increases of less than 2% or up to and including £5, whichever is higher.

Question 4: Do you agree that referendum principles should be extended to larger, higher-spending town and parish councils in 2017/18 as set out in paragraphs 3.3.3 to 3.3.4?

This does not apply to Gateshead but the Council is not supportive of the referendum principles (see above).

Question 5: Do you agree with the proposed approach to take account of the transfer of responsibilities to town and parish councils as outlined in paragraph 3.3.5?

As above

Question 6: Do you agree with the suggestion that referendum principles may be extended to all local precepting authorities as set out in paragraph 3.3.6? If so what level of principle should be set?

The extension of the referendum principles may mean that the local needs of the parish are not considered.

The parishioners have a degree of protection as the usual general administrative law principles will apply to the Parish Council's decision regarding the budget and therefore they must act reasonably and take the decision on all material considerations, discarding

immaterial considerations and the incurring of expenditure must be relevant to the needs of the Parish as well as being in accordance with their own financial rules. The Principal Council could challenge a precept that it felt was unlawful on this basis.

Question 7: Do you have views on the practical implications of a possible extension of referendum principles to all local precepting authorities as set out in paragraph 3.3.7?

No comment other than it should be noted that the same percentage applied can mean hugely differing values in funding terms due to the size of the parish.

Question 8: Do you agree with the methodology for calculating the revaluation adjustment to business rates tariff and top-up payments as outlined in paragraphs 3.4.1 to 3.4.8?

Base income levels should not be affected by revaluations as they are outside of local authority control. If the overall impact of the revaluation is to be revenue neutral for LA's then we concur that this proxy method appears to be the only way in doing the adjustment. What is being lost though is recognition of growth which the local retention of business rates is intended to reward. Potential increased income from a revaluation is not purely due to changes in rental values. LA's could state their growth element in the NNDR form.

There is a potential for this process to add uncertainty and delay to budget setting as the provisional adjusted tariff/top-up will likely not be available until the final settlement in February after the submission of the NNDR1 at the end of January. The Council needs to set a balanced budget within the necessary timescales to gain Council agreement in February therefore the timing of this information is crucial.

Question 9: Do you agree that the methodology as outlined in paragraphs 3.5.5 to 3.5.13, for calculating changes to the local share of business rates and tariff and top up payments is correct and does not adversely affect non-pilot areas?

The Council agrees the method which ensures any costs to the system for pilots will not impact upon non-pilot authorities, is fair. The intention of the business rates financing was to make the model simpler but there is straight away a reference to 'grants' as an option or a percentage share of business rates. As in Q8 how is growth accounted for in this? It is unclear how the Section 31 funding will factor into this model.

Question 10: Are you considering a voluntary transfer of funding between the Combined Authority and constituent authorities?

Not applicable

Question 11: Do you have any comments on the impact of the proposals for the 2017-18 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments

Whilst the Council welcomes the ability to raise additional revenue for Adult social care through the application of the precept and the proposed consideration to be given to the way in which income can be raised through this in the distribution of the Better Care Fund the level of income that can be raised in this way is not even sufficient to meet the additional cost pressures associated with the National Living Wage. This also moves funding for

essential Council services from government funding to local residents assuming they are willing and able to pay uplifts of 4% year on year. Adult social care represents 31% of the Council's budget which is the single largest area of spend. If this is considered in the context of the Council's controllable expenditure it increases to 42%. Given this position and the overall funding gap of the Council it will be necessary for Adult social care to make significant contributions to the savings targets. This comes at a time of rising demand and rising provider costs from the introduction of the national living wage and the impact of welfare reform. There is likely therefore to be some impact upon those people with protected characteristics where services may need to be reduced, reshaped or reprovided.

Evidence from the Joint Strategic Needs Assessment (JSNA) demonstrates that around 52,679 people (1 in 4) in Gateshead have one or more long term conditions. Over 8,000 of these have three or more long term conditions. The gap in the employment rate between those with a LTC and the overall employment rate is around 11% in Gateshead compared to an England average gap of around 8.5%. It also shows the older age groups population is growing at a faster rate than that of the working age population. It is clear therefore that the impact of Government funding reductions on persons who share a protected characteristic will continue to need to be closely monitored.

Self-sufficient local government: 100% Business Rates Retention and Business Rates Reform Fair Funding Review: Call for evidence on Needs and Redistribution

Policy Context

1. The proposal supports the vision for Gateshead as outlined in the Sustainable Communities Strategy, Vision 2030 and the Council Plan. In particular, it supports the priority to ensure a sustainable Gateshead by building capacity across the Council and ensuring the best use of resources.

Background

2. By the end of this Parliament, local government as a whole will retain 100% of business rates taxes raised locally giving local councils in England control of around an additional £12.5 billion of revenue to spend on local services. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities and some Whitehall grants will be phased out.
3. At the beginning of July, the Government published a consultation entitled “Self-sufficient local government: 100% Business Rates Retention”.
4. The move to 100% business rates retention will shape the role of local government for decades to come. To achieve such radical reform, the Government invited councils, business and other interested stakeholders to respond to this consultation and help to shape the design of the new system.
5. The consultation sought views on a number of issues to be considered in designing a new system of local government finance. This includes how the reformed system recognises the diversity of local areas and the changing pattern of local governance arrangements. It also considers how the design of the new system can provide the right level of incentive and rewards to councils that drive economic growth in their areas. Finally, the consultation sought views on how business rates income might be shared across local authorities as a whole striking a balance between providing a strong incentive for growth and considering the distribution of funding.
6. The timetable for reform is shown in the table below:

Summer 2016	Consultation on the approach to 100% business rates retention. The Government invited responses to this consultation by 26 September 2016. Those responses will help shape specific proposals across all aspects of the reforms.
Autumn 2016	It is expected that the Government will undertake a more technical consultation on

	specific workings of the reformed system
Early 2017	As announced in the Queen's Speech, the Government will introduce legislation in this Parliamentary session to provide the framework for these reforms. It is expected that the legislation will be introduced later in the Parliamentary session.
April 2017	Piloting of the approach to 100% business rates retention to begin.
By end of Parliament	Implementation of 100% business rates retention across local government.

7. The consultation on business rates reform asks for comments on the high level principles of the reforms. Work in the detailed design of the system will continue and the preferred design choices are likely to be the subject of a more detailed consultation later in the autumn providing time for an iterative process of system design to take place.
8. In 2013/14, the previous Government introduced the business rates retention scheme, under which local government retains 50% of the business rates income. To determine the starting position of funding for local authorities, the Government carried out an assessment of the relative level of needs and resources of councils across England.
9. The assessment of the relative needs of local authorities is a fundamental part of the reforms to business rates and many councils now feel that too much time has passed since the last fundamental review of the approach to assessing a council's relative needs, and the costs it can expect to incur in delivering services. As part of the 2016/17 Local Government Settlement, the Government announced the Fair Funding Review that will undertake a thorough review of what the needs formula should be in a system in which local government spending is funded by local resources rather than central grant. Alongside the consultation on business rates, the Government also released "Business Rates Reform - Fair Funding Review: Call for evidence on Needs and Redistribution" based on initial feedback from a technical working group. The Government is intending to consult on the principles for the needs assessment in autumn 2016 and expects to have a final consultation on the formulae in the summer of 2018.
10. The deadline for response to the consultation and call for evidence was 26 September 2016. This report is to note the Council's response shown in the attached annex which was submitted by the deadline.

Consultation

11. The Council has been represented on the Association of North East Councils (ANEC) working group.

Alternative Options

12. There are no alternative options.

Implications of Recommended Option

13. Resources:

- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that any financial implications are subject to the outcome of the consultation and the call for evidence and will be the subject of future reports. The Council is clear that fairness in funding should be given precedence within the new framework and that “fair funding” must be reflective of need and transparent.
- b) **Human Resources Implications** – None.
- c) **Property Implications** – None.

14. **Risk Management Implications** – Whilst the Government has outlined that the move to 100% business rates retention will be fiscally neutral on local government financing, there is a significant risk facing individual authorities in particular the perceived fairness of the needs assessment and the eventual baseline funding level at day one of the system.

15. **Equality and Diversity Implications** – None.

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

17. **Health Implications** – None.

18. **Sustainability Implications** – None.

19. **Human Rights Implications** - None.

20. **Area and Ward Implications** – None.

21. **Background Information** – Self-sufficient Local Government: 100% Business Rates Retention Consultation Document and Business Rates Reform Fair Funding Review: Call for evidence on Needs and Redistribution.

Annex

Consultation Response – Self-sufficient local government: 100% Business Rates Retention and Business Rates Reform Fair Funding Review: Call for evidence on Needs and Redistribution

The Council welcomes the opportunity to respond to the consultation on 100% Business Rates Retention and on the Call for evidence on Needs and Redistribution.

The retention of 100% business rates is an important step towards achieving fiscal devolution but must be underpinned by a fair funding framework which takes into account local needs and demographics, recognising different areas capacity for growth and the ability to raise income locally. From the outset of the new system, only genuine fair funding that meets the needs of the Borough and the wider region will enable the concept of fiscal devolution to succeed. The Fair Funding assessment will be the primary determinant of retained funding and the importance of the review should not, therefore, be underestimated.

Self-sufficient local government: 100% Business Rates Retention

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

The quantum is already paying for locally delivered services and so any devolved responsibilities must form part of the ongoing needs assessment. The full cost of any transfers in and regular assessment must be ascertained to ensure that all councils are not subject to further pressures

Transfers in should leave sufficient headroom to allow the Council to use retained business rates to meet existing funding gaps and pressures e.g. the impact of the National Living Wage, apprenticeship levy, additional national insurance costs, demographic pressures and non-wage inflation in key statutory services

Those currently funding areas where demand is volatile should be excluded, in particular Early Years and Attendance Allowance as growth in business rates can be long-term and will not keep pace with demand.

Any ring-fencing should be removed to allow flexibility and genuine local decision making

- Revenue Support Grant (RSG) – The Council is supportive of RSG being funded from business rates provided that the level of funding is fair and reflects need
- Rural Services Delivery Grant – Not applicable
- Public Health Grant (PH) – The Council supports the transfer in of PH and that the grant should be un-ring-fenced to allow genuine local

decision making but the funding level must reflect need. The Council proposes that the Advisory Committee on Resource Allocation (ACRA) measures for allocating PH are revisited with close involvement of local authorities

- Improved Better Care Fund (IBCF) – there is limited information about the way in which the IBCF will be provided or grant conditions. The funding is likely to be pooled for partnership working with Health and could be subject to demand pressures. As such the Council considers the IBCF as not suitable for funding from retained business rates
- Early Years (EY) – this is another area where allocations are subject to ongoing consultations on service provision and funding changes. Until such time as there is clarity on this EY remains an area unsuitable for funding from retained business rates
- Youth Justice – provided the level of funding is fair and reflects need including preventative services
- Local Council Tax Support Administration and Housing Benefit Pensioner Administration Subsidy – these are areas for which councils already have responsibility and have received significant reductions to funding in recent years without compensating reductions in workload. Funding from retained business rates must enable the funding to be protected and increased to meet need
- Attendance Allowance – this could leave the Council exposed to significant increases in demand and funding from retained business rates is not supported by the Council

Regardless of which new responsibilities are transferred the way grants are rolled in is critical. There must be absolute transparency regarding the amounts involved and the assumptions in future years

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

Local government already faces significant financial pressure up to 2020 and beyond for the services it already provides and the Council will struggle to provide additional new services if they are not funded in a fair and transparent way. The quantum should have sufficient headroom to allow the Council to fund these existing pressures before any consideration of new areas of responsibility

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

The Council believe that a single local authority is still the most appropriate geographical level for managing budgets. Combined Authorities are designed to deal with wider major infrastructure projects such as transport and are not appropriate for dealing with resourcing of individual statutory functions and everyday local service priorities. Local authorities should not be forced into governance structures that are not suitable locally. Pooling should be driven from the bottom up rather than a top down approach to allow local discretion

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

Local Growth Fund – although this is closely aligned to economic growth, the project nature of the investment means that amounts could vary significantly from year to year and area to area. As such it is not suitable for funding from retained business rates

Question 5: Do you agree that we should continue with the new burdens doctrine post- 2020?

Yes, it is essential that local authorities are funded separately for new burdens and the mechanism should be transparent. Any approach to new burdens funding should not be a top-slice from the quantum and should be fully funded outside of the system

Not all new burdens have been treated as such by the Government and hence not all have been funded e.g. the impact of the National Minimum Wage, the apprenticeship levy, additional national insurance costs and council tax support costs. Local authorities need commitment from the Government that all new burdens will be fully funded, so that costs are not unfairly passed on to councils with a lack of transparency

Question 6: Do you agree that we should fix reset periods for the system?

Yes as this allows a degree of certainty allowing effective planning but reset should not hinder the effects of encouraging economic growth

The impact of demographic or other socio-economic changes within local authority areas can change significantly over time, so reset periods need to be frequent enough to ensure that councils always have sufficient funding to carry out their statutory functions. The reset period should be a maximum of 5 years, should include updates of needs and equalisation to maintain fair funding and should be aligned to revaluations

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

Form and frequency must strike a balance between growth incentives and funding changing needs and pressures which must be recognised through redistribution. The system must be fair and focus on meeting statutory need with an acknowledgment that some areas have either natural advantages or are in a better position from day one to generate economic growth

Incentives need to be targeted at the right things to help economy e.g. manufacturing

The principle of a partial reset is supported by the Council but detailed modelling will be needed to understand the impact on the Council

The system will also need to address the issue of disproportionate income growth where councils have very different income profiles; business rates to council tax/grant income streams – this is a major issue that gives certain councils a major advantage over others in terms of ability to generate growth. This is an issue that has been highlighted in a report by the Institute for Public Policy Research (IPPR) entitled “Better Rates: How to ensure the new business rates regime promotes growth everywhere”. The IPPR have a

“growth first” option that aims to provide all local authorities an equal incentive to increase their retained income, irrespective of whether they are rich or poor. The increase in an authority’s funding would be calculated by multiplying its economic growth rate by its funding need, not by the amount of business rates it collects. This would guarantee a strong economic growth incentive for the local authorities that most need it. Options to equalise growth potential should be further explored by Government

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

A partial reset should not, at this stage, set a fixed percentage until such time as the funding required at a reset to bring authorities who have experienced ‘negative growth’ is known as funding will still be required to bring them back to the baseline. Further work is needed in this area but it’s recognised that a known percentage element of retained growth will encourage economic growth and allow an element of certainty in that retained growth for planning purposes

The Council considers a “rolling” reset example to avoid strategic timing of investments should be modelled further. The Safety Net needs to provide a reasonable guarantee of funding between resets

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

The system of tariffs and top-ups is understandable and gives an element of stability in balancing funding need with variations in local funding. Fundamentally, business rates have no correlation to local government funding requirements, so the Fair Funding baseline is critical

The working of the system should be protected from political interference to provide certainty and reassurance – independent control through a totally independent organisation (e.g. NAO, CIPFA)

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

Yes, base income levels should not be affected by revaluations as they are outside of local authority control. Revaluations need to be aligned with resets

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

Powers should also be available for non-mayoral areas and regional collaboration if desired

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

Not applicable to Gateshead

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

Yes as Fire Authorities cannot influence economic growth. An advantage would be reduced accounting requirements for the Collection Fund and simpler NNDR forms. The funding removed should be transparent and should not disadvantage any authority

Also, the system passes on risks (and rewards) unfairly to fire authorities, as they have no control over business rates but still feel the effects.

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

Although we recognise that both are important it is clear that fairness in funding needs to take precedence over incentives

Enterprise zones should continue to operate as they do under the current system. Alternative incentives for growth should be considered such as the reintroduction of enhanced capital allowances for development costs to help overcome market failure and incentivise speculative development. Whilst the current scheme gives LEPs a tool to deliver enabling infrastructure it doesn't address market failure in the commercial property market

It is also important that targets aim to incentivise the right things e.g. manufacturing or renewable energy

The Government should look at how reliefs interact with the ability to grow the business rate base in local authorities e.g. areas with many properties which benefit from Small Business Rate Relief.

Local discounts are an option but will we end up competing against neighbouring authorities which can only lead to a race to the bottom

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

Any measure to reduce or share risk is supported however the element of risk can be mitigated by more frequent resets and a narrower Safety Net

A transparent mechanism to demonstrate how central list funding is returned to local authorities would be welcomed

Question 16: Would you support the idea of introducing area level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

This approach could be unnecessarily complicated; would the administration remain within each billing authority? Would there be a central administrator?

How would an area level list accommodate differing discretionary rate relief schemes?

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options above?

The Council are of the opinion that the risks associated with appeals is managed at a national level. Areas should be given the choice of managing risk regionally but it should not be compulsory

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

This is a crucial issue for the Council. As at July 2016, almost 45% of the total rateable value was at appeal and the Council is holding a provision of £1.656m which could be better spent on delivering Council services

Valuation Office needs the capacity to deal with the level of appeals; recognising recent approach to “check, challenge, appeal”. Timing is an issue as decisions on appeals can take years to resolve. There should be time limits for settlements and no or restricted backdating of appeals

A national approach to new areas of appeal would be useful as opposed to individual authorities making their own decisions (e.g. NHS Trust appeals)

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

This should remain an option for local discretion but is not an attractive proposition for the Council. If so, those outside of pools should not be impacted detrimentally

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

This needs to be resolved following more consideration of the options to deal with risk and needs modelling. The Council considers the current level of 92.5% too low to be helpful to most

Given the decision to remove the levy on disproportionate growth, clarity is also needed on how the safety net will be funded

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

Any authority should be given the flexibility to reduce the multiplier with the “cost” borne by the individual authority.

However, reducing the multiplier will not be a viable option for poorer areas where business rates income is critical to services and economic growth potential is limited; this would be a race to the bottom for many areas

Question 22: What are your views on the interaction between the power to reduce the multiplier and the local discount powers?

The Council would welcome any proposal to give greater flexibility over tax setting as long as this sat within a fair system of funding distribution

Question 23: What are your views on increasing the multiplier after a reduction?

Fluctuations in the multiplier will not give ratepayers stability but councils must have the right to revert to the current standard multiplier

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

Reducing multipliers may give local authorities options to attract businesses but if this happens nationally smaller authorities will lose out to the authorities with larger tax bases

Whilst competitiveness should be encouraged the ability to provide local discounts would appear to be counterproductive. It encourages locations within the UK to compete on cost rather than quality. This could lead to a 'race to the bottom'. The UK is an internationally attractive location for investment because of the knowledge base, R&D, etc. Competition should be fuelled by creating business environments that enable business to flourish and prosper and attract world class talent

Similarly at a time when government is considering reducing corporation tax to improve competitive the introduction of local levies increases taxes for businesses

It is believed that businesses seek stability and the proposals may in fact create a more volatile and uncertain taxation system and business environment that is based around unfair competition

Question 25: What are your views on what flexibility levying authorities should have to set a rateable value threshold for the levy?

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

The authority to levy a charge under the scheme should be taken in consultation with those businesses affected. The system should set a minimum rateable value threshold for the application of the levy guaranteeing protection for occupiers of smaller properties

Infrastructure levy could be used to attract developers to brown field sites

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

Whilst LEPs are partnerships between the public and private sector the private sector members are neither elected nor represent the wider business community. A ballot of the wider business community regarding the

introduction of a supplement will help to ensure that any proposals have wide reaching impact rather than localised benefit

Question 28: What are your views on arrangements for the duration and review of levies?

Levies should be set for an agreed period as part of consultation and subject to regular review. Decisions should be taken locally rather than prescribed

Question 29: What are your views on how infrastructure should be defined for the purposes of the levy?

It is not necessary to be prescriptive. A business case and consultation would challenge appropriateness

Question 30: What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

It would be easier to have a single levy for multiple projects – having multiple levies would complicate billing and collection – especially on how payments are allocated

Question 31: Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?

The power to introduce an infrastructure levy should be available to all authorities and not just combined authorities

Question 32: Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

Resolve issues in relation to uncertainty over appeals

Avoidance – The Government should undertake a review of methods of avoidance. Ratepayers are employing various mechanisms to avoid paying business rates, something that is costing the public purse. A tightening up of the legislation around charity registrations is also needed, with regard to charitable reliefs and the schemes employed by some ‘charities’ to reduce business rates liabilities

Earlier announcements i.e. autumn statement in autumn not winter

Question 33: Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

The balance between national and local accountability must be transparent from the outset of the new scheme

The Council recognises the role of Government in establishing a fair framework within which local authorities operate and that the Government needs to oversee a mechanism for fairly distributing funds between authorities

Local authorities must have the freedoms to use local income from retained business rates to meet their responsibilities and fund services in the way they see as most appropriate

Accountability should continue to operate through democratically elected councillors as well as the accounts and audit process

Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

There would be no benefit to the removal of the requirement to prepare a Collection Fund as this would exist for council tax anyway

Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

The requirement for a balanced budget should remain but the Government should understand and publicly acknowledge the requirement for maintaining prudent levels of reserves under such as system

Question 36: Do you have views on how the Business Rates data collection activities may be altered to collect and record information in a more timely and transparent manner?

NNDR forms should be published in a timely manner. There should be limited changes to the forms and they should be accurate on release

Business Rates Reform – Fair Funding Review: Call for evidence on Needs and Redistribution

Question 1: What is your view on the balance between simple and complex funding formulae?

Funding formulae that are easier to understand will lead to greater transparency however fairness should be the primary objective. The diverse range of local authority services and differing levels of need, in conjunction with appropriate cost drivers, will necessitate an element of complexity to ensure the right level of funding for services is directed to the right authorities

The fair funding formula must take into consideration:

- The main cost drivers of local authority service provision across all tiers
- The ability of service users to pay for the service
- The ability of authorities to raise funds from other sources
- Changes in these factors over time, sustainability and future proofing

Question 2: Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

Funding should be directed towards services based on key drivers of service delivery that are logical, reflective of need and transparent to enable them to provide a similar level of service for people in similar circumstances regardless of location

Some services will inevitably require a more complex formulae e.g. social care including taking into consideration any new areas of responsibility under the Care Act 2014, and Public Health. In addition, all new responsibilities transferred in need to be transparent

Question 3: Should expenditure based regression continue to be used to assess councils' funding needs?

The Council would be supportive of this approach as long as the regression includes statistically significant indicators based on key drivers relevant to the service for which it is directing the funding and the outcomes are sense checked.

However, it should be noted that the source data may be artificially suppressed in more recent years due to disproportionately high levels of cuts creating an element of unmet need and an assumption that higher spending authorities have a higher need, an issue highlighted in paragraph 2.12 of the consultation document

Question 4: What other measures besides councils' spending on services should we consider as a measure of their need to spend?

Assessment needs to be based on objective evidence of relevant underlying cost drivers with strong correlation to the particular service being funded

Disproportionate cuts to services in recent years need to be taken into consideration to reflect the element of now unmet need as a consequence of the cuts. In addition, the ability to pay for services [by residents] should be

taken into consideration as well as the historical reliance on grant funding due to low tax base for both business rates and council tax as well as other self-funding such as fees and charges

Indices of Multiple Deprivation must also be taken into consideration. In total 25% of the population of Gateshead live in the 20% most deprived areas in England and there are eight wards containing areas within the 10% most deprived in England. In addition, approximately 25% of the population in Gateshead have one or more long-term conditions. The gap in the employment rate between those with a long-term condition and the overall employment rate is around 11% in Gateshead compared to an England average of around 8.5%. Factors such as these create greater demand on services and consequently a greater need for funding to support which must be taken into consideration as part of fair funding

Question 5: What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

Statistical data should not be based on historical need but should be future proofed taking into consideration estimated growth in demographics

Question 6: What other considerations should we keep in mind when measuring the relative need of authorities?

Consideration should be given to the ability to raise and generate income locally for example ability to pay for services. In addition the impact of low council tax base and residents ability to pay should be taken into consideration. Gateshead has 60% of its properties in Band A and 90% in Bands A – C so council tax represents a lower proportion of the Council's overall funding resulting in greater reliance on grant funding

Land and property values should also be taken into consideration as these will impact on an authority's ability to generate capital receipts. The ability to raise capital receipts is restricted by a number of factors and challenges including the availability of suitable land, market forces and site constraints which can then impact on the commercial viability of development activity. This can lead to a reliance on taking additional borrowing in order to fund planned capital investment creating further pressure on revenue budgets

Within Gateshead, many development sites have a number of constraints such as contamination or former mine workings, which often require significant investment to overcome in order to facilitate development. This can impact on the residual land valuation or mean that development is unable to progress at all in some cases

In addition, there can also be considerable variation between locations, both national and regional, as a result of market forces. We have seen this on a national level where Right to Buy receipts are not sufficient within Gateshead to fund the one for one replacement of affordable housing due to the relatively low market values of the dwellings and also on a regional level on schemes such as office developments which are able to progress in Newcastle (Stephenson Quarter) due to the differential between the build cost and rent levels that can be commanded, but where similar developments (Baltic Business Quarter) aren't considered viable in Gateshead as the rent levels

within the market are not sufficient to fund the construction and would require additional intervention to progress

Question 7: What is your view on how we should take into account the growth in local taxes since 2013-14?

Council Tax resource equalisation should continue to be an important part of the new system

Clarification required on whether consideration of local tax growth would be based on individual authorities or whole groups of authorities

Any proposal to retain increases in business rates tax since 2013/14, as outlined in paragraph 2.14 of the consultation, would be cancelled out through the tariff/top-up mechanism once the baseline is set unless the growth is excluded from the quantum for redistribution of needs. Growth should be retained outside of the quantum or the incentive to stimulate growth is lost or diminished

Question 8: Should we allow step-changes in local authorities' funding following the new needs assessment?

Assuming that the new method of needs assessment is fair and equals out the disproportionate cuts to councils such as Gateshead since 2010, this will mean that it's inevitable that council's that have historically received more favourable settlements will suffer. Clearly there will need to be a transition to avoid a cliff edge impact once the system is introduced but funding this should not be at the expense of other authorities and should be funded outside of the quantum

Any transition should be transparent in its methodology which was not the case in the 2016/17 settlement

Question 9: If not, what are your views on how we should transition to the new distribution of funding?

Any transition should be time constrained, transparent and not built in long-term

Question 10: What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?

The Council believe that a single local authority is still the most appropriate geographical level for assessing need and distributing funding. Combined Authorities are designed to deal with wider major infrastructure projects such as transport and are not appropriate for dealing with resourcing of individual statutory functions and everyday local service priorities

In addition, this would add a further level of bureaucracy in an already tight timeframe for decision making and setting the budget

Question 11: How should we decide the composition of these areas if we were to introduce such a system?

The Council disagrees with the principle, see response to question 10

Question 12: What other considerations would we need to keep in mind if we were to introduce such a system?

The Council disagrees with the principle, see response to question 10

Question 13: What behaviours should the reformed local government finance system incentivise?

Question 14: How can we build these incentives in to the assessment of councils' funding needs?

The system should promote local decision making but incentivisation should not be at the expense of fairness. Councils are already well versed in positive actions to implement efficiencies through transformation and collaboration as a result of the sustained level of reductions to local authority funding coupled with increasing demand. Incentives should therefore be kept separate from the funding of statutory service provision

APPENDIX 3

Department for Education - Early Years National Funding Formula

Policy Context

1. The key purpose of this report is to inform Cabinet Members of the responses to the Department for Education' consultation to the proposed Early Years National Funding Formula and changes to the way the three-and-four-year-old entitlements to childcare are funded.
2. The consultation response supports the Gateshead Council Plan 2015 – 2020, in particular Prosperous Gateshead and Live Well Gateshead. The long-term strategic outcomes of Vision 2030 are also supported, in particular Sustainable Gateshead and Active and Healthy Gateshead.

Background

3. The Government committed, in the Autumn Statement, to make changes to the way the three-and-four-year-old entitlements to childcare are funded. These changes are recognised as a way of incentivising providers to deliver enough free childcare places to secure an additional 15 hours of childcare entitlement for working parents, from September 2017.
4. The proposals include:
 - introducing a new early years national funding formula for 3- and 4-year-olds
 - changing the way local authorities fund the early years providers in their area
 - making sure that children with special educational needs or disabilities attract the extra funding they need.

Consultation

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

Alternative Options

6. There are no alternative options.

Implications of Recommended Option

7. Resources:

- a) **Financial Implications** – Based on the information provided, it is estimated that there will be additional funding for Gateshead settings. However under the proposals the additional funding may not increase funding for all settings, and it is anticipated that maintained nursery classes and nursery schools will see a decrease in funding. At present the extent of the decreased funding is not known as no detailed financial modelling is possible, however, if the

illustrative funding amounts and proposals within the consultation are instigated there could be a threat to the viability of Gateshead's only nursery school, and put more financial pressure on primary schools with nursery classes.

b) **Human Resources Implications** – None

c) **Property Implications** - None

8. **Risk Management Implication** - None

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

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

11. **Health Implications** - None

12. **Sustainability Implications** - Should the illustrative funding amounts and proposals within the consultation be instigated there could be a threat to the viability of Gateshead's only nursery school.

13. **Human Rights Implications** - None

14. **Area and Ward Implications** - All wards

Background Information

15. Government Consultation – An early year's national funding formula and changes to the way three-and-four-year-old entitlements to childcare are funded.

Response ID ANON-8PBM-MJG6-B

Submitted to **Early years funding: changes to funding for 3 and 4 year olds**

Submitted on **2016-09-22 12:22:21**

Introduction

1 Welcome - would you like to provide your email address?

Email:

carolesmith@gateshead.gov.uk

2 Would you like to tell us the name of your organisation?

Organisation:

Gateshead Council

About you

3 We'd like to know which area of the early years sector your answers represent. Which of these categories best describes your role in the sector?

This is a drop down menu of different categories of respondent - from nursery to local authority:

Local Authority

If you have answered 'other' please provide more details::

4 In which region do you work?

A drop-down menu of the 9 regions of England:

North East

5 If you are not responding as a local authority, which local authority you work in?

A list of all the local authorities in England:

Gateshead

6 If you are a childcare provider, do you consider yourself to work in a:

7 If you are a childcare provider, how many children can your individual setting offer places to?

Not Answered

8 If you are a childcare provider, do you offer the free entitlement to:

Page 2 - Early Years National Funding Formula

9 Should there be an early years national funding formula (to distribute money from Government to each local authority)?

Yes

10 Considering a universal base rate of funding which does not vary by local area...

Base rate (EYNFF) - Should a universal base rate be included in the early years national funding formula?:

Yes

Base rate (EYNFF) - Is 89.5% of overall funding the right amount to channel through this factor?:

No

11 Considering an additional needs factor...

Add needs - metrics - Should an additional needs factor be included in the early years national funding formula?:

Yes

Add needs - metrics - Do we propose the correct set of metrics?:

No

Add needs - metrics - Do we propose the correct weightings for each metric?:

No

12 Considering an area cost adjustment...

ACA - Should the early years national funding formula include an area cost adjustment?:

Yes

ACA - Should that adjustment be based on staff costs (based on the General Labour Market measure) and on nursery premises costs (based on rateable values)?:

No

13 If you have any comments or recommendations for alternative metrics or weightings to be used in the early years national funding formula, please explain here:

This box allows you to write an answer freely:

Q10 For Gateshead in the illustrative funding allocations, the universal base rate after ACA equates to 88.73% of total funding. Therefore to enable 89.5% of total funding to be allocated via a base rate to providers would mean reducing funding available for FSM as the DLA fund is proposed as a ring fenced grant.

Q11 We agree with an additional needs factor, however we do not agree with using DLA as the metric as we consider the level of SEN required to access DLA is too high a threshold. There is also some concern that this metric is not suitable for very young children who may not yet have progressed through the assessment process, but still have high levels of need.

Q12 We agree that there should be some form of ACA, however the use of the general market rate does not take into account that nursery classes and nursery schools must employ qualified teachers. The other issue is rateable value of nursery premises. Does this include schools, settings that are in rented accommodation or run out of church halls or community centres? It would not be equitable to have a metric that does not include the schools sector. For Gateshead the split in pupils attending settings is 51.6% in the schools sector and 48.4% in PVI settings.

It is difficult to comment on other metrics or weightings until they are fully understood. However possible other metrics should already be easily available to settings, LA's or central government. The ACA metric that is proposed is also different to that used for mainstream school funding which is also part of the Dedicated Schools Grant.

14 To what extent do you agree with the proposed funding floor limit, so that no local authority would face a reduction in its hourly funding rate of greater than 10%?

Agree

Page 3 - Two technical questions

15 To implement the increased hourly rate for the two-year old free entitlement...

2YO - Should we retain the current two-year-old funding formula?:

Yes

2YO - Should we use the additional funding secured at the spending review to uplift local authorities' allocations based upon this?:

Yes

16 Considering the Dedicated Schools Grant, should the free entitlement be capped at 30 hours for children of eligible working parents and 15 hours for all other children?

Yes

Page 4 - A high pass-through of local authority funding to providers

17 Should Government set the proportion of early years funding that must be passed on to providers?

Yes

18 Do you think that 95% is the correct minimum proportion of the money that should be passed from local authorities to providers?

Unsure

19 If you would like to explain a response you've submitted on this page in more detail, please do so here:

This box allows you to write an answer freely:

Q18 Whilst recognising the importance of passing on very high proportion of early years funding to providers, as Gateshead has always done, the DfE need to recognise that LA's officers workload has increased significantly in recent years during times of significant budget reductions. LA's have implemented the 2 year old offer and the distribution of EYPP which has created considerable amounts of additional work. The extended entitlement and the DLA proposals will significantly add to workloads.

We are unsure about the 95% proposal as there are inter-relationships between the different blocks of the DSG, and until the proposals for the mainstream block, the central block and the high needs block are known it is difficult to quantify if 95% pass through will be feasible without affecting services provided to early years settings.

Page 5 - How money is distributed from local authorities to childcare providers

20 Should local authorities be required to give the same universal hourly base rate to all childcare providers in their area?

No

21 Considering funding supplements that local authorities could choose to use (above the universal base rate)...

Supplements - Should local authorities be able to use funding supplements?:

Yes

Supplements - Should there be a cap on the proportion of funding that is channeled through supplements?:

Yes

22 If you agree that there should be cap on the proportion of funding that is channeled through supplements, should the cap be set at 10%?

No, the cap should be higher than 10%

23 Should the following supplements be permitted?

Basket of supplements - Deprivation:

Yes

Basket of supplements - Sparsity / rural areas:

Yes

Basket of supplements - Flexibility:

No

Basket of supplements - Efficiency:

No

Basket of supplements - Additional 15 hours of childcare:

No

24 When using funding supplements, should local authorities have discretion over the metrics they use and the amount of money channeled through each one?

Metrics & amount - supplements - Deprivation:

Yes - over the metric they use, Yes - over the amount of money

Metrics & amount - supplements - Sparsity / rural areas:

Yes - over the amount of money

Metrics & amount - supplements - Flexibility:

Unsure when it comes to metrics, Unsure when it comes to the amount of money

Metrics & amount - supplements - Efficiency:

Unsure when it comes to metrics, Unsure when it comes to the amount of money

Metrics & amount - supplements - Additional 15 hours of childcare:

No - over the metric they use, No - over the amount of money

25 If you agree that efficiency (efficient business practices that provide excellent value for money) should be included in the set of supplements, do you have a suggestion of how should it be designed?

This box allows you to write an answer freely:

26 If you agree the delivery of the additional 15 hours of free childcare should be included in the set of supplements, do you have a suggestion of how should it be designed?

This box allows you to write an answer freely:

27 If you think that any additional supplements should be permitted which are not mentioned here, please set out what they are and why you believe they should be included:

This box allows you to write an answer freely:

We believe that there should be a qualification supplement. All settings should be encouraged to employ staff with higher skill levels irrespective of setting. In general, individuals with higher levels of qualifications will require a higher rate of pay, and therefore to remove the barrier to employee more skilled staff, LA's should be able to have a qualification supplement.

Funding is also being allocated on the basis of EAL children, however EAL is not a supplement that is proposed for allocating funding to settings.

28 Finally, for this page, if you want to explain a response you've submitted on this page in more detail, please do so here:

This box allows you to write an answer freely:

Q20 If the base rate is set too high and there is no scope for additional supplements, this will be a significant disadvantage to the schools sector that have to employ qualified teachers on teachers terms and conditions and therefore in general have higher staffing costs. All schools must also have a headteacher; again this is not a requirement for non-school settings.

Q21 We agreed with the supplements, however the 10% cap would not work in Gateshead as actual supplementary funding is 11.27% of the illustrative total funding, and this could disadvantage settings with higher levels of FSM and EAL children, as the remaining allocation factor of DLA is proposed as a ring-fenced funding.

Q23 After exploring a flexibility supplement when we designed our current EYSFF we found that it would be too complex to design and administer a system that could be applied consistently and accurately without very resource intensive processes.

After considering an efficiency supplement we felt that this would be very subjective and it would be very difficult to design and monitor any efficiency metric.

All free hours should be funded at the same level. If a child attended multiple settings for their 30 hour entitlement how could it be determined which hours were which?

Page 6 - Funding for disabled children

29 Should there be a Disability Access Fund to support disabled children to access their free entitlement?

Yes

30 Should eligibility for the Disability Access Fund be children aged 3 or 4 which are a) taking up their free entitlement and b) in receipt of Disability Living Allowance?

No

31 When it comes to delivering the funding for the Disability Access Fund, is the most appropriate way the existing framework of the Early Years Pupil Premium?

Unsure

32 If you want to explain a response you've submitted on this page in more detail, please do so here:

This box allows you to write your answer freely:

Q29 we do believe there should be a disability access fund.

Q30 We agree that the supplement should only be available to children accessing their free entitlement, however we consider the condition that they are in receipt of DLA too high a threshold, as children with lower levels of need or currently undergoing the application process would benefit from additional funding.

Q31 We were unsure. We agreed that the funding should be ring-fenced, but disagreed with the annual allocation as children can move settings. Another concern is how the data would be gathered, and how would the individual children be identified to the different settings. Therefore it is difficult to either agree or disagree without further information.

Page 7 - Funding for children with special educational needs

33 To what extent do you agree that a lack of clarity on how parents / childcare providers can access financial support results in children with special educational needs not receiving appropriate support? (We mean children who do not already have an Education, Health and Care Plan)

Neither agree nor disagree

34 When it comes to establishing an inclusion fund...

SEN - inclusion fund - Should local authorities be required to establish an inclusion fund?:

Neither agree nor disagree

SEN - inclusion fund - Would an inclusion fund help improve the supply of appropriate support children receive when in an early years setting?:

Agree

35 If you envisage any barriers, arising from existing practice or future proposals, to introducing a new requirement on local authorities to establish an inclusion fund, please tell us what they are and how they might be overcome:

This box allows you to write an answer freely:

We think having an inclusion fund is a good idea, however until detailed modelling of the proposals can be undertaken it is difficult to ascertain where funding for this fund would come from, as our high needs block of the DSG is fully utilized and there has to be at least 95% pass through to settings.

36 When it comes to the SEN inclusion fund, should local authorities be responsible for deciding...

SEN - local authority role - The children for which the inclusion fund is used?:

Yes

SEN - local authority role - The value of the fund?:

Yes

SEN - local authority role - The process of allocating the funding?:

Yes

37 Where specialist SEN or SEND services are delivered free at the point of use, should they be considered as funding passed directly to providers for the purposes of the 95% high pass-through?

Unsure

38 If you want to explain a response you've submitted on this page in more detail, please do so here:

This box allows you to write an answer freely:

We were unsure about this proposal as detailed modelling and consideration of services currently provided need to be carefully considered. If funding was delegated to providers, they may not buy back the high quality specialist services provided by the LA.

Page 8 - Transitions to a new funding system

39 To what extent do you agree with the transition approach proposed for the Early Years National Funding Formula (money distributed from Government to local authorities)?

Agree

40 To what extent do you agree with the transition approach proposed for the high pass-through of early years funding from local authorities to providers?

Agree

41 To what extent do you agree that our proposals on the high pass-through of funding from local authorities to childcare providers makes the existing Minimum Funding Guarantee for the early years unnecessary?

Strongly disagree

42 To what extent do you agree with the transition approach proposed for introducing the universal base rate for all providers in a local authority area?

Agree

43 If you want to explain a response you've submitted on this page in more detail, please do so here:

This box allows you to write an answer freely:

Q40 Agree with this proposal as detailed modelling has not yet been undertaken to review the turbulence the proposals will cause Gateshead settings.

Q41 MFG still needs to exist to protect all settings that will lose funding under the new proposals. The high % pass through will not protect all settings, and they will need time to adapt to the funding changes in an already very difficult financial environment where staff costs have continued to rise and funding has remained stagnant.

Q42 The universal base rate does not take into account the different cost drivers that different settings have, e.g. having to pay staff on different terms and conditions. Also Gateshead's universal base rate is below the 89.5% pass level stated in the consultation as is actually 88.73 of Gateshead's total funding before any admin top slice. If the full 89.5% was to be passed through the base rate, then this could disadvantage settings with high levels of deprivation.

Page 9 - Equality Assessment

44 Please provide any representations and/or evidence on the impact of our proposals for the purposes of the Public Sector Equality Duty (Equality Act 2010). The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race (including ethnicity); religion or belief; sex and sexual orientation.

This box allows you to write your answer freely:

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Newcastle City Council – Consultation on the Draft Development Frameworks for East Pilgrim Street and Science Central West

Background

1. Newcastle City Council is consulting on draft development frameworks for the East Pilgrim Street and Science Central areas in the City Centre.
2. The East Pilgrim Street area is identified as a key site in the Gateshead and Newcastle upon Tyne Core Strategy and Urban Core Plan (CSUCP) which was adopted in March 2015 (policies CS2, UC1, UC2 and NC2). The area extends from Durant Road in the North to the Swan House junction to the south, and from Pilgrim Street on the west to the Central Motorway in the east (see annex 2).
3. The northern area of East Pilgrim Street is allocated for retail led development which will provide a new retail destination supported by a mix of other uses. Once developed this area will be included in the Primary Shopping Area through a review of the Local Plan. The central and southern areas will be developed for mixed-uses including offices, residential and leisure. Once in place the development frameworks will be a material consideration for all applications in the area, setting out planning submission requirements for both areas, key design principles and the need for a comprehensive and coordinated approach to site development and infrastructure provision.
4. The [development frameworks](#) set out a number of generic design principles relating to development mix; movement; public realm; listed buildings; scale, massing and height; placemaking; and vistas. These include:
 - Improved public realm, new pedestrian routes, public spaces and areas of pedestrian priority (including between the Blue Carpet and Hood Street)
 - Retention of the many Listed Buildings and removal of derelict buildings, some high walkways and Commercial Union House
 - Opportunities for new landmark buildings (including East Pilgrim Street south, and near Durant Road) and the need to create active frontages
 - Historic line of Town Wall to be reinstated
 - Blakett Street - restriction of vehicles in the medium term and removal of buses in the longer term, as part of a bus loop approach
 - Improved connections east with the city centre

5. The Science Central area is identified as a key site in the CSUCP through policies CS2, UC1 and C2. It is allocated for science and research-led mixed-use development including research and development and offices (B1), residential (C3), student accommodation (C4) and non-residential institutions (D1) (as principal uses).
6. The site is situated west of St James Boulevard and Gallowgate, north of Westgate Road, east of Buckingham Street and south of Pitt Street (see annex 3). Development for this site is also guided by the Science Central Masterplan (adopted in April 2012), which set initial parameters for future applications, including setting out plots for development. Pedestrian and cycling links will be prioritised to facilitate an attractive and better connected Urban Core (policies UC5 and UC6). Development on the site will improve the gateways to the urban core at Westmoreland Road, Westgate Road and Barrack Road as established through policy UC11. Public open spaces are provided to enhance the character and distinctiveness of the site (policy UC16).
7. The [development framework](#) identifies several principles to guide development on the site relating to listed buildings and conservation areas, access, movement, placemaking and vistas:
 - the creation of a new urban quarter for leading scientific and technology businesses and institutions including Newcastle University
 - Opportunities to enhance the sustainability of the area, including the continuation of Strategic Cycle Route 1 from Elswick Road through the site
 - focus on pedestrian and cycle movement around the site
 - improvements to the urban realm and creation of distinctive public spaces such as Knowledge Square and Science Square
 - wayfinding will be enhanced through provision of signage and maps, integration with Newcastle's existing public signage
 - developments will be expected to encourage varied uses of the public spaces provided
8. The deadline for consultation responses relating to the East Pilgrim Street Development Framework was 8th September 2016. The consultation for the Science Central Development Framework was launched on 12th September, and runs until 14th October. Comments from Gateshead Council on both documents will be forwarded to Newcastle City Council subject to Cabinet approval in October 2016 (see annex 4).

Implications of Recommended Option

9. Resources:

- a) Financial Implications** – No financial implications directly arise from this report
- b) Human Resources Implications** – No human resources implications.
- c) Property Implications** - No property implications.

10. Risk Management Implication - No risks associated with the consultation.

11. Equality and Diversity Implications – No equality and diversity implications

12. Crime and Disorder Implications – No crime implications.

13. Health Implications – No health implications.

14. Sustainability Implications – the sites are allocations in the Core Strategy and Urban Core Plan, which was subject to a sustainability appraisal.

15. Human Rights Implications - No human rights implications.

16. Area and Ward Implications – No area or ward implications.

Annex 2 – East Pilgrim Street

Policy NC2 - Core Strategy and Urban Core Plan (March 2015)











-  Retail Led Mixed Use Area
-  Mixed Use Area
-  Listed Building
-  Scheduled Ancient Monument
-  Potential Pedestrian Route
-  Potential Public Open Space
-  Potential Bus Route
-  Potential Car Park Location

Figure 16.3 East Pilgrim Street Key Site

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Annex 3 – Science Central West

Policy C2 – Core Strategy and Urban Core Plan (March 2015)



- | | |
|-----------------------------|------------------------|
| Existing Building | Character Areas |
| Potential Development Plot | ① Knowledge Area |
| Listed Building | ② Live Work Area |
| Potential Pedestrian Route | ③ Home Zone |
| Potential Public Open Space | ④ Local Facility Area |

Figure 16.4 Science Central Key Site

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Annex 4

Draft East Pilgrim Street Development Framework - Gateshead Council Comments

The East Pilgrim Street area is of keen interest to the Council as it provides key links in both the bus and cycle network. The area acts as both a terminus and through route for a number of bus services that carry significant numbers of passengers between Gateshead and Newcastle. The area is also crossed by NCN725 which provides a key north south link between Gateshead and Newcastle and onwards to the wider cycle network north of the Tyne.

With that in mind, the Council would like to raise the following points in relation to the draft East Pilgrim Street Development Framework:

- Both the North and South frameworks restate policies NC2 and UC7 from the CSUCP, both of which refer to the provision of new bus facilities in the area. NC2, in particular, is quite detailed in setting out what is expected. However, the policy requirements do not appear to transfer through to the rest of the document in terms of the site specific guidance or preferred options.
- Neither of the 'Site Constraints and Opportunities' sections in either document refer to the significant number of bus movements through the area – the area caters for both north-south and east-west cross-city movements and acts as a terminus/return route for many services from Gateshead.
- The 'Transport Phasing' diagram and descriptions give little detail of the nature of the works involved in any of the phases and consequently it is impossible to judge the potential benefits and disbenefits of the overall package.

However, as was highlighted throughout the development of the CSUCP, there is a need to maintain a routing for buses to/from Gateshead bearing in mind current (and likely future) cross-river routings. The use of Tyne Bridge for northbound journeys and High Level Bridge for southbound journeys makes the East Pilgrim Street area key for services from Gateshead.

We would stress that there must be capacity (both in terms of road space and stop infrastructure) for westbound journeys on the Market Street and Grainger Street sections of the bus loop. We would also seek to clarify access arrangements to the loop from Tyne Bridge – i.e. via Pilgrim Street, via the eastern end of Market Street or via Durant Road and the southern section of John Dobson Street.

- There appears to be inconsistencies between the 'Strategic Urban Design Diagram' and how these principles are translated into the various sections of site specific guidance –for example, the bus/cycle improvements for Market Street don't appear in the site specific guidance for each adjacent

development area and are sometimes described as 'potential' but sometimes not.

- In relation to East Pilgrim Street North, and in the context of proposed retail development, the frameworks could have made reference as to how this area will form part of and contribute to the existing Primary Shopping Area in terms of proposed uses and frontages. The Planning Submission Requirements section should include reference to the need for an application to include a retail impact assessment to consider impacts on the existing Primary Shopping Area (in accordance with CSUCP Policy UC2).

Draft Science Central Development Framework - Gateshead Council Comments

Gateshead Council has no comments on the draft Science Central Development Framework.

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Consultation on the Publication Draft International Advanced Manufacturing Park Area Action Plan

Background

1. South Tyneside Council and Sunderland City Council are consulting on the Publication Draft Area Action Plan (AAP) for an International Advanced Manufacturing Park (IAMP). The IAMP is proposed to be located to the east of Follingsby Park along the A19/A184 corridor, on land that is currently designated as Green Belt. Proposals indicate it will provide 100 hectares of allocated employment land, with a further 50 hectares of safeguarded land, which could be released in the future to accommodate further growth. The IAMP aims to accommodate growth in the advanced manufacturing sectors related to automotive production and low carbon technology.
2. The current consultation is an opportunity for the Council to view and comment upon the draft policies that will be used by South Tyneside Council and Sunderland City Council to guide development of the IAMP. This consultation builds upon previous engagement with residents and stakeholders, the most recent public consultation being the February 2016 consultation on Green Belt site selection options.
3. Development of the IAMP will be supported through the preparation of a Development Consent Order (DCO), which South Tyneside Council and Sunderland City Council intend to submit in 2017. The AAP, subject to approval, will remove land at the IAMP from the Green Belt. The subsequent DCO will effectively provide outline planning consent for the project. A DCO is required as the IAMP has been designated a Nationally Significant Infrastructure Project.
4. The draft AAP addresses a wide range of policy areas. Given the close proximity of the IAMP to a number of Gateshead's existing employment areas, and the scale of the proposed development, our draft response provides detailed recommendations relating to a number of emerging policies. The level of detail provided in our draft response is also a result of this being the first opportunity to view and comment upon the specific policies that will guide development at the IAMP.
5. The deadline for the consultation response is 26th September 2016. In order to meet this deadline, our comments have been forwarded to South Tyneside Council and Sunderland City Council for information,

with an accompanying covering letter stating that our formal consultation response is subject to Cabinet approval on 11th October 2016.

Implications of Recommended Option

6. **Resources:**
 - a) **Financial Implications** – No financial implications directly arise from this report
 - b) **Human Resources Implications** – No human resources implications.
 - c) **Property Implications** - No property implications.
7. **Risk Management Implication** - No risks associated with the consultation.
8. **Equality and Diversity Implications** – No equality and diversity implications
9. **Crime and Disorder Implications** – No crime implications.
10. **Health Implications** – No health implications.
11. **Sustainability Implications** - A Sustainability Appraisal and Strategic Environmental Assessment will be carried out on the proposals as they are developed.
12. **Human Rights Implications** - No human rights implications.
13. **Area and Ward Implications** – The proposed IAMP could potentially have implications, predominantly in the east of Gateshead, although close cooperation between Councils and adhering to the duty to co-operate should resolve any issues.

Annex

Consultation on the Publication Draft International Advanced Manufacturing Park Area Action Plan

Thank you for providing us with the opportunity to comment on the publication draft Area Action Plan (AAP) for the International Advanced Manufacturing Park (IAMP). An IAMP has potential to be of national significance in terms of its economic impact, and could play a major role in the development of the North East economy over the next decade and beyond. In recognition of the potential wide-ranging implications of this project, and the requirement for local authorities to work together on cross-boundary issues under the duty to cooperate, Gateshead Council wishes to submit a response to consultation on the publication draft IAMP AAP. As consultation on the publication draft AAP is a formal stage of the plan preparation process, this letter is provided in addition to relevant representation forms, which are enclosed with this letter.

Successful implementation of the IAMP project, through delivery of development which meets the vision and objectives for the IAMP, will make a positive contribution to economic growth in Sunderland and South Tyneside, and the wider region. Policies of the emerging IAMP AAP will be the primary means by which Sunderland and South Tyneside Councils can guide and support the successful and sustainable delivery of the IAMP. The scale and location of the IAMP means that it has potential to have a significant impact on economic development within Gateshead. The successful application of robust policies relating to the IAMP will therefore make a positive contribution to economic growth within our area. Through reviewing the publication draft AAP, we have identified a number of areas where we consider some improvements could be made to policy wording to enable the AAP to be more effective.

This formal stage of consultation on the AAP requires a consultation form to be completed setting out suggested changes to specific policies or paragraphs, and seeks that consultees indicate whether they consider the AAP to be sound and legally compliant on this basis. The restrictions of the consultation response form (requiring respondents to indicate they either consider a policy or paragraph to be 'sound' as written, or whether they consider some changes are required, and the policy or paragraph is therefore 'unsound') mean that, for our suggested amendments to policies to be regarded appropriately through the consultation process and subsequent examination of the AAP, we have needed to indicate that we consider a number of policies to be 'unsound'.

The IAMP has potential to have implications for Gateshead's economic growth, and this consultation is the first opportunity we have had to consider the Councils' draft policies for an AAP. Through this consultation response we would like to recommend a number of revisions to the proposed policies which we consider could improve their effectiveness, particularly in relation to the potential impacts on Gateshead. However, we would like to make clear that, as noted in our previous responses to consultation on emerging

proposals for the IAMP, Gateshead Council is supportive of this project, and we regard the overarching vision and broad policy approach to development at the IAMP to be appropriate. We consider that when taken as a whole, our suggested amendments to the draft IAMP AAP policies amount to relatively minor modifications which, if taken forward would improve the clarity of the Councils' emerging policy approach to development of an IAMP.

Strategic Policies

Policy S2 sets out the Councils' approach to designating Green Belt and safeguarded land. Criterion B states: *"Areas of safeguarded land shall only be released for development through a review of the AAP, where it can be demonstrated that there is insufficient land within the allocated employment areas to accommodate development needs."* Although the criterion makes clear that a revision of the IAMP AAP is the only means by which safeguarded land can be released for development, neither the policy nor its supporting text give an indication of how the Councils will determine whether there is sufficient land within the allocated employment areas to accommodate development needs. The monitoring framework provided within Appendix B identifies a contingency measure for monitoring the implementation of this policy (and the trigger for a review of the IAMP AAP), stating: *"If 50% of the land is taken up by year 5, then consider an early review of the AAP to release the safeguarded land"*. However, this approach does not appear to provide a clear mechanism for how the capacity of the IAMP will be reviewed after year five of the project's implementation.

The future release of safeguarded land (50ha) at the IAMP could have significant implications for economic development in the wider area, and for Gateshead's policy approach to the provision of employment land. In our view, the policy would benefit from increased clarity regarding which criteria need to be fulfilled before a review of the IAMP AAP would be deemed necessary. Inclusion of some criteria within policy S2 or its supporting text (rather than the current reference within the monitoring framework table) would also aid transparency. In our view, appropriate criteria would establish how future development needs at the IAMP will be determined, and set out how these needs will be considered against the remaining capacity of land within the IAMP.

Policy S2 and the approach to monitoring this policy appear to refer only to an exploration of the demand for, and supply of employment land within the allocated employment areas of the IAMP. Notwithstanding the specific sectors that will be the focus of development at the IAMP, in our view a more effective assessment of the need to release safeguarded land would consider the supply of suitable and deliverable employment land in other nearby locations, including those within Gateshead. Such an approach would be in keeping with the Duty to Cooperate, and would aid in minimising the potential displacement effects of the IAMP project. Considering the supply of employment land in nearby areas will be of particular relevance if development within the IAMP's allocated employment areas contains occupiers operating outside of the automotive and advanced manufacturing sectors.

Land Uses

Policy S3 aims to establish the principal uses that will be located within the IAMP. Supporting text to the policy notes that, in order to protect against potential future changes to permitted development rights, the long term uses of the IAMP for the automotive and advanced manufacturing sectors will be secured through a requirement in the Development Consent Order (DCO). Providing a robust and unambiguous planning framework for the uses that are to be located within the IAMP is likely to be a key factor in its success as a strategically important employment location. Accordingly, we consider that policy S3 should more clearly specify the principal uses that will be considered appropriate within the IAMP. Implementing the IAMP vision will mean the development of the IAMP primarily for B2 and B8 uses, and these Principal Uses should be clearly defined within the AAP policy. Clearly identifying the Principal Uses within policy S3 would also support the implementation of other AAP policies, including policy S4, which makes reference to the Principal Uses “*as set out in policy S3*”.

Criterion B of policy S3 aims to establish criteria which will be used to assess where development proposals not associated with automotive or advanced manufacturing sectors will be acceptable. For proposals to be considered acceptable, criterion B.iii. requires applicants to demonstrate “*that there are no alternative, suitable locations*” that could accommodate the proposal. The AAP does not indicate the geographic area that should be used in the assessment of alternative, suitable locations. Given the IAMP’s close proximity to Gateshead, and a number of our employment areas, we consider the policy would be more effective if it is made clear that assessments of suitable, alternative locations should include an appraisal of potential development sites in Gateshead.

Policy S4 identifies the mix of uses (in terms of amount of floorspace) that will be accommodated within the IAMP. Although the policy sets the total amount of floorspace for employment (B use class) uses within the IAMP, the policy does not indicate floorspace area(s) of individual units. Supporting text to the policy notes: “*The IAMP AAP will facilitate provision for a range of unit sizes to encourage companies of varying scales to locate on the site. This approach offers the opportunity for business growth within the development to encourage future sustainability*”. We recognise the potential benefits of supporting the development of businesses located within the IAMP, and also acknowledge the need to accommodate a range of unit sizes within the IAMP to cater for the needs of different businesses. However, in our view, it would be appropriate for the majority of the IAMP’s premises to be larger units capable of attracting and accommodating larger occupiers. An approach of focussing on the provision of larger premises, capable of accommodating established businesses would be in keeping with the IAMP’s vision of establishing “*A nationally important and internationally respected location for advanced manufacturing and European-scale supply chain industries*”, and would also support the objective of attracting “*European-scale ‘super suppliers*”. Provision of a relatively high proportion of larger units would also support the use of the IAMP by businesses operating in the automotive and

advanced manufacturing sectors, reinforcing the Councils' approach of concentrating development within these specific sectors.

Policy S5 aims to establish the Councils' approach to ancillary uses within the IAMP. Ancillary uses will provide an important supporting function within the IAMP; however, if left unchecked, there is potential for retail and leisure uses in particular to occupy space in the IAMP that would be better used by industrial occupiers. In this way, inappropriate development of retail and leisure uses within the IAMP could be detrimental to the project, and could detract from its contribution to economic growth. Accordingly, a clear and succinct policy is required to control the location and quantity of ancillary uses. We consider the current structure of policy S5 results in some ambiguity regarding the appropriate quantity and location of ancillary uses within the IAMP.

Criterion A of policy S5 sets out the type and quantity of ancillary uses that will be acceptable within the whole of the IAMP, and states: "*To support the delivery of a sustainable scheme the following ancillary uses shall be permitted **within the IAMP** [our emphasis] as part of a comprehensive scheme comprised in the IAMP DCO application*". The criterion goes on to specify the total quantity of floorspace that will be permitted for some ancillary uses, including a total of 1,500sq m for retail and leisure uses.

Criterion B specifies that ancillary uses of education, training, leisure and hotel uses shall be accommodated within or next to the Hub. Although supporting text to policy S6 suggests that the Hub will be a key location for retail uses, restaurants and cafés, such uses are not mentioned within criterion B of policy S5.

Criterion D of policy S5 states: "*In addition to the Hub location, small scale retail and leisure provision of up to 1,000sq m gross floorspace shall be supported to service the northern extent of the IAMP, north of the River Don*". Criterion D of this policy (unlike criterion A) does not make clear whether the amount of ancillary floorspace specified is the total quantity of floorspace that will be permitted, or the maximum area that will be acceptable for a single unit. Assuming that criterion D sets out the total retail and leisure floorspace that will be acceptable within the northern part of the IAMP, applying this alongside criterion A suggests that there will only be 500sq m of retail and leisure facilities within the Hub location, which does not seem appropriate for its status as the 'focal point' for ancillary facilities.

An unambiguous policy framework guiding the location and quantity of ancillary uses within the IAMP as a whole, and within the Hub location specifically would contribute to a more effective policy, and we respectfully suggest that revisions are made to improve the clarity of policy S5.

Design

Policy D1 provides key design principles that will be used to shape the IAMP. Given the sensitivity of the River Don to nearby development, we suggest that protection and enhancement of the River Don corridor should be a key design

principle for the IAMP, set out within policy D1. Effective water management and provision of landscape and ecology buffers will support this principle, as would a requirement for the proposed bridge crossing to be sensitively designed to minimise its impact on the River Don corridor. A requirement to protect and enhance the River Don Corridor would also be consistent with the policy approach Gateshead Council has taken to development at the South of Follingsby Lane employment site, allocated within policy KEA2 of the Gateshead and Newcastle Core Strategy and Urban Core Plan (CSUCP).

Highway Infrastructure

Policy T1 relates to the mitigation of the highways impacts of the IAMP. The Councils have published a Transport Technical Background Report to support consultation on the publication draft AAP; however, this report does not provide detail on the transport modelling work that has been undertaken. Through ongoing dialogue, South Tyneside Council and Sunderland City Council have agreed to share this more detailed evidence on transport modelling with Gateshead Council. Once we have received and had the opportunity to review this evidence, we hope to be in a position to advise on whether we consider the approach to mitigating the IAMP's traffic impacts is appropriate, particularly regarding the potential impacts on Gateshead.

Walking, Cycling and Horse Riding

Policy T2 sets out the Councils' emerging policy on non-motorised transport at the IAMP. If sustainable transport options are to be optimised within the IAMP, and within this part of the region, policies should seek to firmly integrate sustainable transport options within developments. The current approach within policy T2, particularly within criterion A.i. and A.ii. places focus on accommodating cycleways and footpaths around planned changes to the highways network, rather than highlighting the importance of establishing a high-quality, integrated sustainable transport network. We would support changes to policy T2 which emphasise the value of integrated sustainable transport routes in encouraging sustainable commuting, and acknowledge the importance of connecting the IAMP with wider sustainable transport networks.

Public Transport

Policy T3 sets out the approach that will be taken to promote and facilitate public transport servicing the IAMP. We support the enhancement of bus services to and from the IAMP, and are keen to engage with both Councils to discuss potential links to Gateshead and the potential mutual benefits of links with the proposed Park and Ride facility at Follingsby.

Flood Risk and Drainage

Policy IN2 includes requirements to provide SuDS features within the IAMP. Criterion C requires that "*...run-off from the site (post development) does not exceed corresponding greenfield rates, minimises pollution and is effectively managed with clear ownership in place*". While we support the principle of this policy, we consider that its requirements regarding pollution should be strengthened, by replacing "minimises" with "prevents". The policy also presents an opportunity to support the multifunctional benefits of SuDS, and

should require SuDS to provide multifunctional benefits to wildlife, landscape and water quality. The contribution of SuDS, flood mitigation measures and river restoration in supporting the enhancement of the River Don Wildlife Corridor should also be recognised within the policy.

A further opportunity for the IAMP to compliment the development of the South of Follingsby Lane site could be realised if policy IN2 required off-site measures to enhance the River Don corridor westwards up to the Gateshead boundary, to integrate with activity to enhance the River Don corridor through development in Gateshead. This approach would support the wider catchment management and ecological connectivity of the River Don.

Ecology

Policy EN2 seeks to establish policies which will protect and enhance the ecological value of the IAMP. As referred to in our comments relating to draft AAP policies D1 and IN2, the River Don corridor provides a valuable shared ecological resource which spans areas of Gateshead, South Tyneside and Sunderland. The mobile nature of protected species also means that development within the IAMP has potential implications for biodiversity within Gateshead. In this respect, Gateshead Council would support a strong policy approach to protecting and enhancing Local Wildlife sites and ecological connectivity through development of an IAMP. We recognise that policies of the AAP will be applied alongside those contained in the Councils' other Local Plan documents. However, we would support revisions to the wording of policy EN2 to provide a more robust policy approach requiring the protection and enhancement of ecological assets through development of the IAMP.

Supporting text to policy EN2 states: "*Priority will be given to mitigating effects [on ecological assets] within the IAMP boundary, however in certain cases it may be necessary to provide offsite mitigation*". In our view it will be necessary to provide offsite mitigation if the ecological connectivity along the River Don corridor is to be protected, and this should be made clear within policy EN2.

Summary

If the potential benefits of an IAMP for Sunderland, South Tyneside, and the wider region are to be delivered, effective cooperation with key stakeholders will be of fundamental importance. Gateshead Council welcomes the opportunity to contribute to the IAMP's success through active participation in this process.



REPORT TO CABINET
11 October 2016

TITLE OF REPORT: Land at Winlaton Mill (Ground Lease for Land of Oak and Iron Visitor Centre)

REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance
Paul Dowling, Strategic Director, Communities and Environment
Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. To seek approval to the disposal of land at Winlaton Mill, by way of 99 year ground lease at less than best consideration, to Groundwork North East and Cumbria ('Groundwork'), for a development of a Visitor Centre for the Land of Oak and Iron Project.

Background

2. At its meeting on 12 July 2016 Cabinet approved the principle of a disposal at less than best consideration to support the project: Minute No.C51(2016). The Service Director, Legal, Democratic and Property Services considers the market value of the land to be £269,500. It is proposed that the Council foregoes the capital receipt for the land in lieu of a contribution to the development of the Visitor Centre.
3. Terms have been provisionally agreed as set out in the attached appendix.

Proposal

4. It is proposed that a 99 year ground lease at nil rent be granted to Groundwork to facilitate the development of the Visitors Centre.
5. The lease will include provisions for Groundwork to complete the development of the Visitor Centre within two years of the lease commencement.
6. The lease will contain a provision allowing the lease to be terminated should future funding applications necessary for the project to proceed be unsuccessful.

Recommendations

7. It is recommended that Cabinet approves the disposal of the land at Winlaton Mill on the terms set out in the appendix 1.

For the following reasons:

- (i) To manage resources and rationalise the Council's assets in line with the Corporate Asset Strategy and Management Plan;
- (ii) To deliver meaningful long term benefits to rural Gateshead and raise the profile of the area to potential visitors

Policy Context

1. The proposed disposal is consistent with the overall vision for Gateshead as set out in Vision 2030 and the Council Plan: in particular creating conditions for economic growth and capacity through volunteering and community cohesion.
2. The proposal accords with the provisions of the 2015 update of the Corporate Asset Strategy and Management Plan 2015-2020. In particular, the rationalisation of the estate and support of the voluntary sector.

Background

3. The land at Winlaton Mill, which is shown edged black on the attached plan, has been identified as a suitable location for a Visitor Centre for The Land of Oak and Iron Project. There is existing car parking which will be utilised and expanded. It also provides good accessibility to walking and cycling routes and is within close proximity to the A1. The land is currently held by the Council for the benefit improvement and development of the borough pursuant to section 120(1) (b) of the Local Government Act 1972.
4. At its meeting on 12th July 2016 the land was declared surplus by Cabinet who also approved in principle the grant of a ground lease at less than best consideration subject to the agreement of terms (Minute No. C51 (2016)).
5. The land comprises a car park and open space extending to 9858 sq m (2.44 acres) and the Service Director, Legal, Democratic and Property Services considers the market value of the land to be £269,500. It is proposed that the Council foregoes the capital receipt for the land in lieu of a contribution to the development of the Visitor Centre. The Council has authority to dispose of land at an undervalue by virtue of the provisions of the General Disposal Consent (England) 2003 (the General Consent) which gives local authorities the power to dispose of land at less than best consideration provided the disposal does not represent an undervalue of more than £2,000,000 and that it is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the borough.
6. Groundwork requires circa £1,300,000 of funding for the construction of the Visitor Centre and associated car-parking. The funding will be provided by several funding bodies and will be assessed in stages. The decision on whether the funding bid for the final stage has been successful will be made by July 2017.
7. Groundwork has advised that the funding body, the Strategic Economic Infrastructure Fund (SEIF), have made it a condition of the grant that the lease needs to be completed by 28 October 2016.
8. Should the funding application be unsuccessful and the project unable to proceed then the Council and Groundwork have agreed to terminate the lease by way of surrender.

Consultation

9. In preparing this report, consultations have taken place with the Leader, Deputy Leader and Ward Councillors for Winlaton and High Spen who have raised no objections to the proposal.

Alternative Options

10. The alternative option of retaining the land at Winlaton Mill has been discounted as it is considered a better use could be made of the land following the development of the Visitor Centre.

Implications of Recommended Option

11. Resources:

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no revenue implications as a result of granting the proposed lease; however it does forego a potential capital receipt of £269,500.
- b. **Human Resources Implications** - There are no human resource implications arising from this report.
- c. **Property Implications** – The disposal of this land will result in a reduction in the Council’s overall property portfolio thereby reducing operational costs.

12. **Risk Management Implication** – There are no additional risk management implications arising from this report.

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

14. **Crime and Disorder Implications** – The disposal of this land will remove opportunities for crime and disorder on vacant land.

15. **Health Implications** – There are no health implications arising from this report.

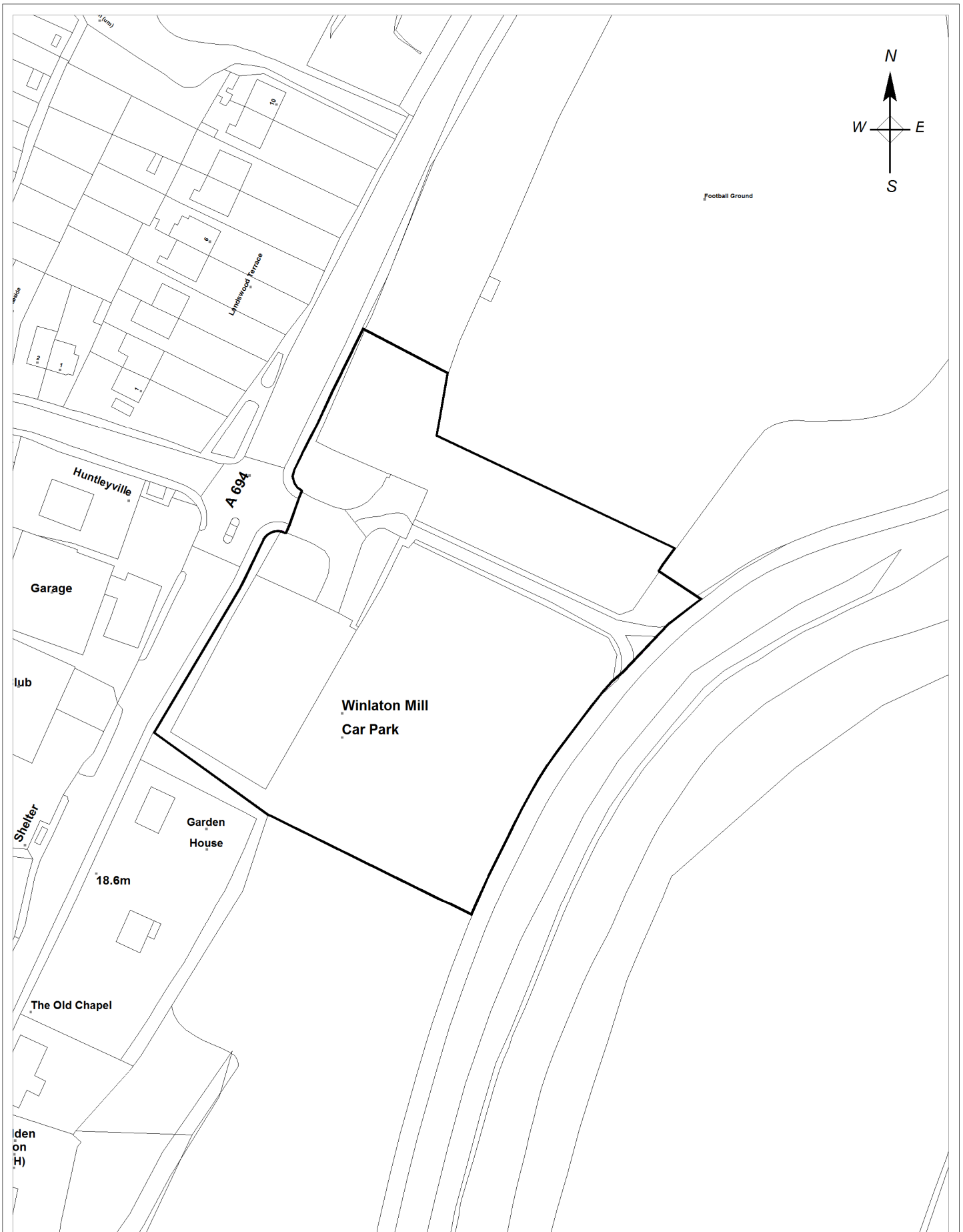
16. **Sustainability Implications** – The redevelopment of the site will provide modern energy efficient accommodation and bring back into use a site which has largely remained unused.

17. **Human Rights Implications** – There are no human rights implications arising from this report.

18. **Area and Ward Implications** – Winlaton and High Spen in the West area.

19. **Background Information** – Minute Nos. C268 (2007); C207 (2015); C242 (2016); C51 (2016)

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Title Proposed Visitor Centre Land of Oak & Iron Heritage Centre, Winlaton Mill		<small>© Crown Copyright and database rights 2011. Ordnance Survey license number 100019132.</small>		 www.gateshead.gov.uk
Drawing Number 002634-01		Rev 01		
Scale 1 : 1250	Date Created 11th February 2016	Drawn By J Middlemas	Date Printed 11th February 2016	O/S NUMBER NZ1860NE

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TITLE OF REPORT: Petitions Schedule

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

Purpose of the Report

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

Background

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

Proposal

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

Recommendations

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

For the following reason:

To inform the Cabinet of the progress of the petitions.

CONTACT: Mike Aynsley extension: 2128

APPENDIX 1

Policy Context

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

Background

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

Consultation

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

Alternative Options

4. There are no alternative options.

Implications of Recommended Option

5. Resources:

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

b) **Human Resources Implications** – Nil

c) **Property Implications** - Nil

6. **Risk Management Implication** - Nil

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

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

9. **Health Implications** - Nil

10. **Sustainability Implications** - Nil

11. **Human Rights Implications** - Nil

12. **Area and Ward Implications** - Borough wide

Background Information

13. Petitions schedule attached.

APPENDIX 2

PETITIONS SUBMITTED TO GATESHEAD METROPOLITAN BOROUGH COUNCIL

DATE RECEIVED	REF	FROM	ISSUE	FORWARDED TO	ACTION TO DATE
21.04.16 Submitted to Councillor Hood	6/16	Residents of Kibblesworth	Petition regarding the quality of the broadband service in Kibblesworth	Strategic Director, Corporate Resources	<p>The issue has been raised with BT and they confirmed that their network infrastructure in Kibblesworth is included in the programme to be upgraded so that superfast broadband can be made available there.</p> <p>The work to install the new fibre optic cabling and equipment has commenced and progress on the installation work can be tracked by entering a postcode on the Openreach website- www.homeandwork.openreach.co.uk</p> <p>Virgin Media are continuing to review the position taking into account the potential for new housing to be built in the area, and their internal planning team have reported that the review is looking positive.</p> <p>The ward councillors have been notified of the position.</p> <p>It is proposed that this petition be removed from the schedule.</p>
6.07.16 Submitted to Communities	8/16	Residents of Greenside	Petition requesting a zebra crossing on Lead Road, Greenside	Strategic Director, Communities	The content of the petition is currently being considered by officers.

and Environment				and Environment	Ward members and the Cabinet member for Environment and Transport will be advised of the response intended to be subsequently sent to the lead petitioner.
9.07.16 Submitted to Councillor Caffrey	9/16	Residents of Rowlands Gill	Petition in support of Rowlands Gill Library remaining open.	Strategic Director, Communities and Environment	The petition has been acknowledged and is being considered by officers. A public consultation regarding the review of the library service is running until 8 October. The petition will be fed into this consultation, the findings of which will be reported to Cabinet in November 2016.
14.07.16 Submitted at the Council meeting by Councillor Guggan	10/16	Residents of Low Fell	Petition requesting improvements to street cleaning in Low Fell	Strategic Director, Communities and Environment	A full response has been sent to the lead petitioner and local members addressing the requests and concerns raised. The area has been inspected and photographed for litter and few issues were identified. Further inspections will continue. Some requests raised in the petition are currently being met albeit unknowingly to the petitioners. Some requests are not feasible given the current financial climate. This information has been fed back to the lead petitioner along with photographs of the area and a response is awaited on how the petition can be taken forward.
4.08.2016 Submitted via the Council's online petition's site.	11/16	Residents of Gateshead	Petition in support of Whickham Library remaining open and requesting that the current staffing levels continue to be funded.	Strategic Director, Communities and Environment	The petition has been acknowledged and is being considered by officers. A public consultation regarding the review of the library service is running until 08 October. The petition will be fed into this consultation, the findings of which will be reported to Cabinet in November 2016.
25.08.2016 Submitted via	12/16	Residents of Gateshead	Petition requesting that the Council stops entrusting the	Strategic Director,	The petition has been acknowledged .and is being considered by officers. The

the Council's online petition's site.			running of libraries in Gateshead to volunteers.	Communities and Environment	Council is currently conducting a review of the library service and a public consultation is open until 8 October 2016. The findings of the consultation and petitions will be reported to Cabinet in November 2016.
30.09.16 Submitted via the Council's online petition's site.	14/16	Residents of Gateshead	Petition requesting a pedestrian crossing on Queen Elizabeth Avenue near to the Emergency Care Centre, QE Hospital.	Strategic Director, Communities and Environment	<p>Provision of a zebra crossing at this location has already been included within the current year's capital highways delivery programme. Informal consultation has been undertaken and requisite legal procedures will shortly commence. An update will be provided to local ward members and the cabinet member with responsibility for transport issues prior to a response being sent to the lead petitioner.</p> <p>It is proposed that this petition be removed from the schedule.</p>
24.08.16 Submitted to The Gateshead Housing Company	13/16	Petition from residents of Ventnor Gardens	Petition complaining about the height of trees in neighbouring properties and asking for them to be cut back to a reasonable height.	Strategic Director, Communities and Environment/ The Gateshead Housing Company	<p>The petition raised concerns about the large trees at the rear of numbers 37-75, which belong to a private property. Residents have raised concerns that the trees are blocking out light and have also caused some damage to a boundary wall.</p> <p>Officers are working with the lead petitioner and maintaining regular contact.</p> <p>The Council's Arboriculture Officer has visited a number of properties to establish which of them have been affected.</p>

				<p>Appropriate work is also being considered under the High Hedge legislation. Once this is assessed the Council will contact the property owner to discuss the situation and agree the relevant steps to improve the appearance of the trees.</p> <p>The ward members have been provided with an update and will continue to be updated as the matter progresses.</p>
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The Gateshead Housing Company

<p>12.11.2012 Submitted by Cllr A Douglas</p>	<p>45/12</p>	<p>Petition received from residents of East Street flats</p>	<p>Petition regarding replacement of windows</p>	<p>The Gateshead Housing Company</p>	<p>The Company and Council are working with partners to explore all options for work to multi-storey blocks, including insulation and window replacement. The lead petitioner was updated as part of the November 'Multi-storey Service Improvement Group' meeting. An update was provided on the Town Centre heating scheme (CHP), approved by cabinet. Details on the CHP will be developed in conjunction with the Council after which further updates will be provided to residents in these blocks.</p> <p>Preparatory work to connect these blocks to the CHP is ongoing. Further funding opportunities to support additional energy measures are to be explored alongside the proposed future capital programme.</p>
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