

CABINET AGENDA

Tuesday, 8 November 2016 at 10.00 am in the Blaydon Room - Civic Centre

From the Acting Chief Executive, Mike Barker

Item Business

1 Apologies for absence

2 Minutes (Pages 5 - 10)

Cabinet is asked to approve the minutes of the last meeting held on 11 October 2016.

Key Decision

3 ERDF Low Carbon Project Proposals (Pages 11 - 24)

Report of the Strategic Director, Communities and Environment

Recommendations to Council

4 Revenue Budget - Second Quarter Review 2016/17 (Pages 25 - 34)

Report of the Strategic Director, Corporate Resources

5 Capital Programme and Prudential Indicators 2016/17 - Second Quarter Review (Pages 35 - 50)

Report of the Strategic Director, Corporate Resources

6 Gateshead Community Infrastructure Levy (CIL) (Pages 51 - 92)

Report of the Strategic Director, Communities and Environment

Non Key Decisions

7 Budget Consultation 2017 - 2020 (Pages 93 - 150)

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

8 Responses to Consultation (Pages 151 - 166)

Report of the Acting Chief Executive

9 Review of Council's Discretionary Rate Relief Policy (Pages 167 - 172)

Report of the Strategic Director, Corporate Resources

10 Framework for the support of people with a learning disability and/or autistic spectrum condition at home and in the community (Pages 173 - 178)

Report of the Strategic Director, Care, Wellbeing and Learning

11 Nomination of Local Authority School Governor (Pages 179 - 182)

Report of the Strategic Director, Care, Wellbeing and Learning

12 North East JEREMIE 2 Fund (Pages 183 - 190)

Report of the Strategic Director, Communities and Environment

13 Library Service Review - Public Consultation Findings (Pages 191 - 228)

Report of the Strategic Director, Communities and Environment

14 Petitions Schedule (Pages 229 - 234)

Report of the Strategic Director, Corporate Services and Governance

15 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
16	2&4
17	3
19	3
20	3

EXEMPT AGENDA

Key Decisions

16 Restructuring and Reallocation of Housing and Construction Functions (Pages 235 - 248)

Report of the Strategic Director, Communities and Environment

17 Trading Bereavement Services (Pages 249 - 260)

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

Recommendation to Council

18 Review of Terms and Conditions

ITEM WITHDRAWN

Non Key Decision

19 Disposal of the former Derwentside Aged Persons Unit to The Gateshead Trading Company (Pages 261 - 268)

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

20 Sale of Former Public Works Depot, Swalwell (Pages 269 - 276)

Report of the Strategic Director, Corporate Services and Governance

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

CABINET MEETING

Tuesday, 11 October 2016

PRESENT: Councillor M Gannon

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

C89 APOLOGIES FOR ABSENCE

Apologies for absence have been received from Councillors L Green and G Haley.

C90 MINUTES

The minutes of the Cabinet meetings held on 6 September and 13 September 2016 were approved as a correct record and signed by the Chair.

C91 CHANGE PROGRAMME – PROGRESS REPORT SECOND QUARTER

Consideration has been given to an update on the activity and direction of travel of the Change Programme since July 2016.

RESOLVED - That the progress being made across the Change Programme be noted.

The above decision has been made to ensure Cabinet is able to monitor progress of the Change Programme and give direction in a timely manner.

C92 RESPONSES TO CONSULTATION

Consideration has been given to recent consultations.

RESOLVED - That the responses to the following consultations be endorsed:

- Local Government Finance Settlement 2017/18 - Department for Communities and Local Government (DCLG)
- Self-sufficient local government: 100% Business Rates Retention and Business Rates Reform Fair Funding Review: Call for evidence on Needs and Redistribution – DCLG

- Early Years National Funding Formula - Department for Education
- Draft Development Frameworks for East Pilgrim Street and Science Central West – Newcastle City Council
- Publication Draft International Advanced Manufacturing Park Area Action Plan – South Tyneside and Sunderland City Councils

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

C93 LAND AT WINLATON MILL (GROUND LEASE FOR LAND OF OAK AND IRON VISITOR CENTRE)

Consideration has been given to the disposal of land at Winlton 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.

RESOLVED - That the disposal of the land identified on the plan attached to the report and on the terms set out in the report be approved.

The above decisions have been made for the following reasons:

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

C94 PETITIONS SCHEDULE

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

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

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

C95 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.

C96 DEVELOPMENT OF THE GATESHEAD QUAYS SITE

Consideration has been given to progressing a preferred development scheme for the Gateshead Quays site with development partners Ask Real Estate Ltd and PATRIZIA UK.

- RESOLVED -
- (i) That the Council continuing to progress work with partners Ask Real Estate Ltd and Patrizia UK on the preferred development of Scheme 2 be approved.
 - (ii) That the Council entering into a Development Agreement with a new joint venture company formed by its appointed developers, Ask Real Estate Ltd and Patrizia UK Limited be approved.

The above decisions have been made to allow both parties to invest further time and resource in working together to create a viable scheme of development that meets the Council's objectives for the Gateshead Quays site.

C97 NORTHERN CENTRE FOR EMERGING TECHNOLOGIES

Consideration has been given to the provision of capital funds to proceed with development of the Northern Centre for Emerging Technologies (NCET) at Baltic Business Quarter, and to the Strategic Director, Corporate Services and Governance having delegated authority to accept match funding for the scheme from European Structural Investment Funding (ESIF), and if applicable, North East Growth Infrastructure Funding (NEGIF).

- RESOLVED -
- (i) That the Strategic Director, Corporate Services and Governance be given delegated authority to accept the DCLG Funding Agreement Letter for ESIF to deliver the Northern Centre for Emerging Technologies project, subject to review and agreement of the associated terms and conditions of funding.
 - (ii) That provision of additional capital funds of up to £1.066m to allow the Council to proceed with developing the Northern Centre for Emerging Technologies project, should the Council bid for Local Growth Fund be unsuccessful be approved.
 - (iii) That the Strategic Director, Corporate Services and Governance be given delegated authority to accept a NELEP Funding Agreement Letter for NEGIF, to proceed with developing the Northern Centre for Emerging Technologies project, subject to review and agreement of the associated terms and conditions of funding.

- (iv) That acceptance an offer of funding from SCAPE Reinvest to support costs associated with the project be approved.

The above decisions have been made for the following reasons:

- (A) To allow the Council to draw down European Structural Investment Funding and if applicable North East Growth and Investment Funds to support development of the Northern Centre for Emerging Technologies.
- (B) To bring the whole Baltic Business Quarter into Council ownership.
- (C) To support digital technology SMEs and the wider SME business community within Gateshead.
- (D) To support the delivery of Vision 2030 in particular the strong economy element of the Sustainable Gateshead big idea.
- (E) To maximise opportunities, and to build on the mounting recognition on a national level that Gateshead is receiving, for this smart specialism.
- (F) To facilitate further development in one of Gateshead's primary employment areas – Baltic Business Quarter.

C98 ACQUISITION OF ST MARYS GREEN, WHICKHAM

Consideration has been given to the acquisition of the leasehold interest in a mixed retail and residential property at St Marys Green, Whickham ('the Property') for investment purposes and for the amount set out in the report.

RESOLVED - That the acquisition of Hanro Limited's leasehold interest in St Marys Green for the amount set out in the report be approved.

The above decision has been made for the following reasons:

- (A) For investment purposes in order to generate additional income to support the Council's policy priorities.
- (B) To facilitate any future redevelopment of Whickham centre.

C99 REVIEW OF TERMS AND CONDITIONS

Item withdrawn

C100

LEISURE SERVICE REVIEW AND IMPLEMENTATION OF CHANGES IN THE SERVICE - GO GATESHEAD SPORT AND LEISURE

Consideration has been given to formal consultation with staff and the trade unions on a review of the Leisure Service to ensure the service can operate effectively and implement the changes needed to deliver the service vision and to implementing a GO membership with a reduced membership fee for Go Gateshead Sport and Leisure employees.

- RESOLVED -
- (i) That the integration of Sport, Physical Activity and Health and Leisure teams to GO Gateshead, Sport and Leisure be approved subject to resolution (ii) below.
 - (ii) That the commencement of a 45 day consultation period with employees and trade unions regarding the Leisure Service Review be approved and the outcome of this consultation be reported back to Cabinet for approval of the new structure of Go Gateshead Sport and Leisure.
 - (iii) That the implementation of a reduced GO Gateshead Sport and Leisure employee GO membership with effect from 1 November 2016 be approved.

The above decisions have been made to support the delivery of the service vision approved by Cabinet at its meeting on 19 April 2016 (Minute No C226).

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: 12 October 2016

Chair.....

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TITLE OF REPORT: ERDF Low Carbon project proposals

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

Purpose of the Report

1. To accept grant awards from the European Regional Development Fund (ERDF) for the following:
 - High Rise Energy Infrastructure for Gateshead Housing Tenants (HEIGHTs)
 - Bringing Plastic District Heating Technology to the UK
2. To approve the award of construction contracts for the delivery of the above, to:
 - Wilmott Dixon Construction, for the HEIGHTs Project
 - Balfour Beatty, for the Plastic District Heating Project

Background

3. The current European Structural Investment Fund (ESIF) 2014 – 2020 for the first time includes outputs to support development of energy efficiency and renewable energy projects to reduce energy use and greenhouse gas emissions.
4. A regional ESIF Strategy has been developed by the North East Local Enterprise Partnership (NELEP), which allocates £60m to the low carbon theme (Priority Axis 4 – Low Carbon Economy) of the European Regional Development Fund (ERDF).
5. The Council is currently developing a number of district energy schemes across the borough, to help meet its priorities around reducing carbon emissions, tackling fuel poverty, and generating cost savings or income. The use of ERDF funding to support the capital cost of delivering these projects will make these projects financially viable.

Proposal

6. It is proposed to accept grant awards to the ERDF Priority Axis 4 (Low Carbon Economy) for the following projects.

Project 1. High-rise Energy Infrastructure for Gateshead Housing Tenants (HEIGHTs).

7. The project will install new district heat and/or power systems to 7 High Rise Housing blocks in the Town Centre and Harlow Green.
8. The capital cost of this scheme is estimated to be £11.6m, which include £0.3m for internal fees, and £11.3m for external contractor costs. Of the scheme costs, £9.1m is eligible ERDF funding. ERDF will contribute towards 50% of the capital costs, equating to £4.55m of capital grant funding, and 50% of the revenue costs of

managing and delivering the construction phase, equating to £0.11m of revenue grant funding. The required match funding will be provided by the HRA.

9. It is proposed to appoint Wilmott Dixon Construction to deliver the scheme, via the SCAPE Major Works Framework in order to comply with ERDF procurement requirements.

Project 2. Bringing Plastic District Heating Technology to the UK.

10. This project will install a new district heat and private wire connection from the Town Centre District Energy scheme to the Gateshead Leisure Centre area. The project will use a new type of plastic district heating pipe, which will be brought to the UK for the first time
11. The estimated capital cost of this scheme is in the region of £2.35m, of which £1.73m is eligible for ERDF funding. ERDF will contribute towards 50% of the ERDF eligible capital costs, equating to £0.86m of capital grant funding, and 50% of the revenue costs of managing and delivering the construction phase, equating to £0.03m of revenue grant funding. The required match funding will be provided by the General Fund.
12. It is proposed to appoint Balfour Beatty to deliver the scheme, via the SCAPE Civil Engineering and Infrastructure Framework in order to comply with ERDF procurement requirements.
13. Both projects are going through final stages of project appraisal, by the Managing Authority for the ERDF grant, and should both projects be successful, it is expected that grant awards will be received before 8 November 2016, and require signed acceptance before the Autumn Statement (23 November 2016), to be committed.

Recommendations

14. It is recommended that:-
 - (i) Approval is given to accept an ERDF grant of £4.66m, comprising of £4.55m capital grant and £0.11m revenue grant for the HEIGHTs project;
 - ii) Approval is given to accept an ERDF grant of £0.89m, comprising of £0.86m capital grant and £0.03m revenue grant for the Plastic District Heating Project;
 - (iii) Approval is given to award a contract of up to £11.3m to Wilmott Dixon Construction, for delivery of the HEIGHTs project;
 - iv) Approval is given to award a contract of up to £2.35m to Balfour Beatty, for the delivery of the Plastic District Heating Project;
 - v) Approval is given to delegate authority to the Strategic Director, Communities and Environment, following consultation with the Strategic Director, Corporate Resources, to agree the final terms, scope and costs of the contract awards.

For the following reasons:

- (i) To continue to deliver Council priorities around reducing fuel poverty, energy consumption and carbon emissions.
- (ii) To support initiatives to generate costs savings and income streams for the Council.
- (iii) To secure significant external grant funding to support capital investment as part of the Council's Capital Programme.

CONTACT: Paul Dowling Extension: 3402

APPENDIX 1

Policy Context

1. On a local level, the proposals will contribute to the delivery of many targets within Vision 2030, strategic interventions within the Council Plan, the Council's Climate Change Strategy and other Council strategies and commitments, specifically:
 - Helping to alleviate fuel poverty for residents, by providing lower cost heat;
 - Reducing energy consumption and carbon emissions of homes and public buildings in the borough.
 - Reducing carbon emissions of homes and public buildings.
2. The proposals will also accord with the provisions of the Corporate Asset Strategy and Management Plan 2015 – 2020. In particular; ensuring that the Council's properties are fit for purpose and the continuous improvement of the sustainability of the Council's assets;

Background to ERDF programme

3. The two outline project proposals submitted to the low carbon theme (Priority Axis 4 – Low Carbon Economy) of the European Regional Development Fund (ERDF) were successful, and the Council was invited to submit full applications for both projects.
4. Cabinet approval to submit applications was received in July 2016, and officers were delegated to complete the exact terms and scope of the final applications, which were submitted to DCLG by August 2016.
5. Nationally, the UK Government has confirmed that it will commit to any ERDF projects that have grant awards approved and agreed by all parties, before the Autumn Statement, which is due on 23 November 2016.
6. At present, both projects are going through final appraisal at DCLG, for approval in late October, after which the Council will be notified of the outcome.

Proposal 1. High Rise Energy Infrastructure for Gateshead Housing Tenants (HEIGHTs)

7. The project will install new district heat and/or power systems to 7 High Rise Housing blocks in the Town Centre and Harlow Green.
8. Since Cabinet approval to submit final applications in July 2016, the project scope has been reviewed in response to increased scheme costs to ensure that the investment was considered to be financially viable. The project scope has therefore been amended as follows:
 - i. Project includes Regent Court, and 6 Harlow Green blocks (Acomb, Bedale, Ripley, Willerby, Stretford, Barford Courts), plus a connection to Angel Court
 - ii. We have had to remove Bensham Court and other public buildings (Southernwood, St Anne Primary School), from the project scope. It was

also confirmed that the inclusion of Barnes Close flats and Mulgrave Villas was not financially viable.

iii. Technologies used have been revised, to optimise the financial viability of the scheme as follows:

1. Regent Court – heat only, supplied from town centre district energy scheme
2. Ripley, Willerby, Acomb, Bedale, Angel courts – heat only, supplied from Ground Source Heat pumps
3. Stretford, Barford – heat and power, supplied from a small combined heat and power plant.

9. Alongside the ERDF project proposal, it is proposed to co-ordinate the following other, non-ERDF, block improvement works, to improve the sustainability of the properties, seek efficiencies in the construction phase, and minimise disruption to tenants,

- Window replacement for all Harlow Green high rise blocks
- Façade replacement for Regent Court

Capital Element

10. The table below outlines the revised capital cost plan, for the HEIGHTs scheme, which is equivalent to RIBA Stage 2. The expected scheme funding is summarised as follows:

Capital Funding	ERDF Eligible £000's	ERDF Ineligible £000's	Total £000's
General Fund	-	(100)	(100)
HRA Capital Programme	(2,173)	-	(2,173)
HRA Capital Receipts	(2,386)	(2,340)	(4,726)
ERDF Grant	(4,558)	-	(4,558)
Total Capital Element	(9,117)	(2,440)	(11,557)

11. The capital cost is still subject to RIBA Stage 3, and full subcontractor tendering, but currently include a 10% contingency, as allowed by ERDF criteria to manage the risk of further potential increases.

12. In accordance with European Union regulations (Regulation 1303/2013 Article 61) the potential income generated by the project must be considered as part of the application process. Where it is not possible to accurately project the revenue which will be generated with a reasonable degree of confidence in advance of the scheme commencing, then the actual net revenue generated by the scheme will be reviewed after the first three years.

13. Given that ERDF are funding 50% of the eligible capital costs of the project, they are then entitled to receive 50% of the net revenue that has been generated during this period. This cost would need to be met by the HRA, but it is directly linked to the actual performance of the scheme.

14. The reasons we cannot accurately forecast future energy cost and incomes (within the 10% allowed flexibility), are due to the following:

- a. Gas price is currently volatile, having reduced by 50% over the past 3 years;
 - b. Changes to energy levies (Climate Change Levy, Carbon Reduction Commitment) are due to come into force in 2019 which will be the first year of scheme operation and may further alter pricing.
15. Within the overall scheme cost is the cost of a pre-construction contract, valued at £0.387m, which would need to be carried out between December 2016 and March 2017, to confirm pre-construction information and detailed design.
16. The element of the project considered ineligible for ERDF funding primarily relates to the Ground Source Heat Pump (GSHP) systems, costing £2.34m. This element of the project already attracts external funding in the form of Renewable Heat Incentive (RHI) income, which can then be used to recover the capital costs. In addition, the connection of Regent Court to the town centre district energy scheme, costing £0.1m, will be leased to Gateshead Energy Company and is considered to be commercially viable without the use of external funding so has also been excluded from the scope of the ERDF project.
17. The Council intends to seek contribution from the 62 leaseholders, potentially amounting to £0.175m in total. It is estimated this may equate to £1,500 per property for Regent Court (equivalent to cost of new boiler) and £3,000 per property for Harlow Green blocks (equivalent to cost of new boiler and central heating system). This would displace the use of HRA capital receipts if contributions can be secured.

Revenue Element

18. The delivery of the project requires input from staff within the Council and Gateshead Housing Company. These costs are also considered eligible for ERDF grant funding with ERDF prepared to support 50% of the direct costs, supported by timesheets, along with a fixed contribution of 15% towards the associated overheads. The table below summarises the revenue cost estimates associated with the delivery of the project:

Revenue Cost	£'000s
Council Staff Costs	93
Council Overhead Contribution	14
TGHC Staff Costs	75
TGHC Overhead Contribution	11
Project Monitoring / Evaluation	27
Total Revenue Cost	220
ERDF Grant Funding	(110)
HRA Revenue Resources	(110)

Operating model and Business Case

19. The HEIGHTs heat networks will be owned and operated by the Council (with the exception of the small heat connection between Regent Court main plant room and the town centre network). The following operating principles will be applied to each heat network as follows:

- a. Regent Court.
 - i. Council purchases heat from external heat supplier (for example, Gateshead Energy Company) at commercial rates.
 - ii. Council sells on heat to tenants, at ca. 10% discount to domestic rates, via prepayment meters
 - iii. Operating costs of network are covered by margin between commercial and domestic heat rate

- b. Acomb, Bedale, Ripley, Willerby, Angel Court (GSHP systems)
 - i. Each household (except Angel Court) is installed with its own heat pump
 - ii. Tenants operate heat pump using their own electricity supply
 - iii. Council charges a fixed standing charge to tenants, to recover fixed operating costs of ground water loop.
 - iv. For Angel Court, single large heat pump is installed, to become primary heat source, in place of existing gas boilers.

- c. Stretford, Barford Court (CHP system)
 - i. A combined heat and power engine, plus gas back up boilers, provide heat to each household, with Council paying for all running costs
 - ii. Council sells on heat to tenants, at ca. 10% discount to domestic rates, via prepayment meters
 - iii. Council sells electricity to a licenced electricity supplier at premium to wholesale rates, for onward sale to tenants.

20. Separate cost centres will be established within the HRA, to manage costs/incomes of each mini-heat network which will be required to determine the net revenue position. The Council's Energy Services Team will be responsible for managing all operation and administration of mini-heat and power networks, within these cost centres. The administration fee is included within the estimated operating/maintenance costs of the project.

21. Whilst it is not possible to accurately project the income the scheme is expected to generate with sufficient certainty to satisfy ERDF audit requirements, a Council base case model has been prepared for the full scheme based upon current prices to provide comfort that the scheme is considered to be financially viable.

22. In addition to the potential income the scheme will generate, the Council base case model considers the potential operating costs, including fuel, maintenance, lifecycle replacement costs and administration over the lifetime of the scheme.

23. The Council base case model suggests that the whole scheme, including the non-ERDF elements, is expected to generate sufficient income through the sale of heat to tenants, export of electricity and through the receipt of RHI Income to meet the ongoing operating costs in full as well as recovering the HRA's initial investment.

24. It is estimated that the net revenue generated over the first three years of the operation may be in the region of £0.3m, which would result in £0.15m being paid to ERDF.

25. The following are the anticipated outputs of the HEIGHTs project:

- Financial savings of 10% to up to 622 householder energy bills, equivalent to at least £100 per year;
- Improvement to SAP energy rating of properties (Corporate Indicator), and improvement of thermal comfort, to reduce fuel poverty and cold-related health issues;
- Revenue savings to HRA, from reduced maintenance cost for heating systems and gas safety checks;
- Installation of modern, new heating systems for 622 properties;
- Carbon savings of 1,200 tonnes per year.

Proposal 2. Bringing Plastic District Heating Technology to the UK Market

26. The ERDF funded project aims to install mini-heat network, from Gateshead Civic Centre, to the Leisure Centre Cluster (Gateshead Leisure Centre, Central Library, Prince Consort Road offices, Shipley Art Gallery), using a new, plastic insulated pipe system. Alongside the ERDF funded project, the Council will also fund the installation of a private wire connection, along the same route. As this is considered to have a commercially viable business case, it is not eligible for ERDF funding.
27. The proposed contracting approach is through using SCAPE Civil Engineering and Infrastructure Framework, with Balfour Beatty as main contractor. The Council has already signed a project request, as of 1st September, and Balfour Beatty are preparing an initial proposal, at no cost to Council. This should be received by 1st November 2016

Capital Element

28. The table below outlines the revised capital cost plan, for the Plastic District Heating project, which is equivalent to RIBA Stage 2. Scheme funding is summarised as follows:

Funding	ERDF Eligible £000's	ERDF Ineligible £000's	Total £000's
General Fund	(864)	(610)	(1,474)
ERDF Capital Grant	(864)	-	(864)
Total Capital Element	(1,728)	(610)	(2,338)

29. The capital cost is still subject to RIBA Stage 3, and full subcontractor tendering, but currently include a 5% contingency to manage the risk of further potential increases.
30. In the same manner as the Heights scheme, given that ERDF are funding 50% of the eligible capital costs of the project, they are then entitled to receive 50% of the net revenue that has been generated during the first three years. This cost would need to be met by the General Fund, but it is directly linked to the actual performance of the scheme. For this scheme, this is likely to be minimal as the ERDF project operates broadly on a breakeven basis.

Revenue Element

31. The delivery of the project requires input from staff within the Council. These costs are also considered eligible for ERDF grant funding with ERDF prepared to support 50% of the direct costs, supported by timesheets, along with a fixed contribution of 15% towards the associated overheads. The table below summarises the revenue cost estimates associated with the delivery of the project:

Revenue Cost	Cost £'000s
Council Direct Staff	52
Council Overhead Contribution	8
Total Revenue Cost	60
ERDF Revenue Grant	(30)
General Fund Revenue Resources	(30)

Business case and operating model

32. Once built, the mini heat network will remain owned and operated by Gateshead Council, and will not form part of the main district energy scheme, as it is hydraulically separate. Instead, the Council will purchase heat from a third party heat supplier, at a supply point within the Civic Centre boiler house. The Council will then use this heat within existing Council buildings, helping to reduce existing energy costs, and sell heat to Shipley Art Gallery.
33. The non-ERDF element of the scheme consists of a private wire network, as a continuation of the existing high voltage network which will be leased to and operated by a third party electricity supplier, in return for a concession fee. The electricity supplier will then directly supply electricity to buildings in the Leisure Centre cluster.
34. Whilst it is not possible to accurately project the income the scheme is expected to generate with sufficient certainty to satisfy ERDF audit requirements, a Council base case model has been prepared for the full scheme based upon current prices to provide comfort that the scheme is considered to be financially viable.
35. In addition to the potential income the scheme will generate, including revenue savings to existing energy costs, the Council base case model considers the potential operating costs, including energy, maintenance, lifecycle replacement costs and administration over the lifetime of the scheme.
36. The Council base case model suggests that for the ERDF element of the scheme the savings to Council buildings from avoided gas use, plus heat sales to Shipley Art Gallery, are sufficient to meet the operating costs in full.
37. The private wire network element of the scheme is considered to be commercially viable and is expected to generate sufficient income through the concession charge to recover the initial investment costs for the scheme and generate a revenue surplus for the Council.
38. The anticipated outputs of the Plastic Heating scheme are as follows:

- Revenue savings to existing Council buildings through the provision of lower cost heat as well as avoiding potentially significant future costs associated with the maintenance and replacement of existing heating systems;
- Ability to introduce a new technology to the UK which may help to improve viability for future energy projects;
- Council to charge a concession fee, for use of the 1.3 km private wire network, generating an ongoing revenue income stream;
- Carbon saving of 400 tonnes per year;
- Potential for further benefits to be realised in the scenario that Gateshead Energy Company are successful in winning the procurement exercise to operate the private wire network.

Consultation

39. The following consultation has taken place on the scheme:

- Outlined scheme proposal to Members' Seminar, 16th June 2016.
- Consultation with Transport and Environment, and Housing Portfolio members
- Consultation with Ward members

Alternative Options

40. **Do not accept the grant awards.** In this scenario, the Council would lose the opportunity to secure grant funding, and hence the wider benefits of these schemes. The external funding is required to make it financially viable to proceed with these schemes.

Implications of Recommended Option

41. **Resources:**

- a) **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the two proposed schemes are expected to involve capital investment of £13.90m which will be included in the Council's Capital Programme. Accepting the ERDF grant offers will provide £5.42m of capital grant towards this cost.

The HEIGHTs project has an estimated capital cost of £11.56m, including non-ERDF elements, and will receive £4.56m of ERDF capital grant funding. The remaining match funding will be accommodated from within the HRA Capital Programme (£6.9m) and General Fund Capital Programme (£0.1m). It is proposed to utilise HRA capital receipts to supplement the existing HRA Capital Programme to ensure that the decision to support the scheme does not impact on other planned investment over the medium term.

The Plastic District Heating project has an estimated cost of £2.34m, including non-ERDF elements, and will receive £0.86m of ERDF capital grant funding. The remaining match funding will be accommodated from within the General Fund Capital Programme (£1.48m).

The revenue cost of delivering the scheme over 2 years is estimated to be in the region of £0.28m, and the ERDF grant offer includes a £0.14m grant

towards these costs with the required match funding provided from existing Council and Housing Company revenue budgets.

To comply with the ERDF funding conditions, the Council will also be required to pay 50% of any net revenue generated through the first three years of operation to ERDF. This will be monitored once the scheme is operational and provision will be made to make this payment within the relevant revenue budgets in future. It is estimated this could be in the region of £0.15m.

The Council's base case model suggests that both schemes should generate sufficient revenue income to meet the ongoing operating costs associated with the scheme and meet the initial investment costs. There is the potential to generate a share of further surplus income depending upon the outcome of the procurement process regarding the energy supply to the Plastic District Heating network.

- (b) Human Resources Implications** – Existing officers within the Council and Gateshead Housing Company will be used to deliver the projects over 2 years, and the revenue grant funding will part cover the costs of those posts for the duration of the projects.
- (c) Property Implications** - The scheme will provide a modernised heating system for 7 tower blocks included in the scheme including new wet distribution systems, radiators and heat meters within resident's flats. It will also provide low carbon heat and power supplies to 3 Council buildings, and 1 external partner.

42. Risk Management Implications – As with other energy projects the Council is delivering, there are a number of significant risks inherent in delivering energy projects. In addition, seeking ERDF grant funding adds further risk to the project. The current risks, and how they are mitigated, are below:

- **State Aid.** Both projects have potential State Aid implications. For HEIGHTs, the analysis suggests that the Council would not be in receipt of State Aid. For Plastic District Heating, the Council believes we can rely on a General Block Exemption for constructing district heating networks. However, the risk remains that an auditor may take a different interpretation. Based on the Council's experience of managing State Aid for other ERDF scheme, the risk of challenge is low, but the impact could be significant if our level of allowable State Aid was reduced, and a proportion of funding had to be repaid.
- **Grant Claims.** ERDF grant claims are quarterly in arrears, and importantly underspend / overspend cannot be transferred between calendar years. Cost profiles have been modelled as accurately as possible, by the contractor, but changes to programme could increase risk on not being able to carry forward unspent grant from one year to next. This will require effective project management. It is also likely that 10% of the grant will be withheld by ERDF until the net revenue position has been confirmed for the first three years so there will be a cashflow implication for the Council to manage.

- Cost. Cost plan is based on RIBA Stage 2, and is likely to vary during pre-construction stage design. Contingencies are included (10% HEIGHTs, 5% for plastic district heating) to mitigate this risk. Also ERDF have stated RIBA Stage 3 costs are required, prior to award. A dispensation of this requirement has been requested, whilst we attempt to complete Stage 3 costs by mid-November.
- Grant Clawback. With ERDF schemes there are risks regarding clawback if there are deemed to be funding conditions that have not been complied with. Effective project management, strict document retention procedures and ongoing engagement with the Managing Authority for the programme helps to minimise this risk. The application details the proposed procurement route and this has not been challenged by the Managing Authority.
- Interface to other HRA works. All works are planned alongside other HRA improvement works (window replacement, façade replacement). Works would need to be co-ordinated to manage Health and Safety issues, and ensure programmes align, and do not risk each other, with the detailed options still to be explored.
- Conditional grant awards. ERDF generally cannot commit any grants until planning approval has been received. This is only an issue for HEIGHTs, where planning approval is expected March 2017. Any spend to that point is still eligible for ERDF grant but will be at the Council's risk, and subject to achieving planning approval, but there is no indication planning cannot be achieved.
- Procurement. The Council will need to procure a heat supplier for Regent Court and the Plastic District Heating network. Whilst only Gateshead Energy Company is currently known to be in a position to supply heat, the opportunity will need to be subject to advertisement to comply with ERDF requirements.
- Technical risks. Viability of each scheme is still subject to detailed survey. For example, if ground conditions prevent GSHP schemes at any one site, we have option to change technologies between sites, or specific an alternative technology.
- Tenant engagement. The HEIGHTs scheme already models 5% void rate (from either void properties, or non-participation of tenants / leaseholders). We have invested in tenant liaison services, to maximise engagement with tenants, to minimise likelihood of non-access issues.
- Renewable Heat Incentive. Significant incomes to the non-ERDF HEIGHTs schemes depend on the continuation of the Renewable Heat Incentive, which like all govt. subsidies, is subject to change. The most recent government consultation on RHI indicates that while the scheme is being reviewed and streamlined, support for GSHP systems is not being proposed to be altered, as uptake is still lower than projected (unlike other areas, such as biomass boilers).

- Heat sales to tenants. Recovery of HEIGHTs ERDF scheme costs rely on heat payments from customers. This is mitigated in Regent Court and the CHP scheme, by installation of pre-payment meters. For the other blocks, served by GSHP, tenants remain responsible for purchasing electricity to run their heat pumps, but then pay a fixed charge to Council. This introduces a risk of non-payment.

43. Equality and Diversity Implications – The heat and power supplies will be offered to all tenants across the named blocks, with tenant liaison services supporting the engagement of all customers groups, including all equality and diversity groups.

44. Crime and Disorder Implications – None.

45. Health Implications –The quality and standard of maintenance of the properties and the heating scheme will contribute to the health and wellbeing of the tenants in the blocks.

46. Sustainability Implications. - The scheme will reduce domestic carbon emissions in Gateshead by reducing energy consumption and replacing existing heating with lower carbon alternatives.

47. Human Rights Implications - Nil

48. Area and Ward Implications - The schemes are in the Bridges Ward (Regents, Leisure Centre Cluster), Chowdene Ward (Harlow Green blocks) in the Central and South areas.

Background Information

49. ERDF Low Carbon grant funding applications, Cabinet Report, July 2016

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TITLE OF REPORT: Revenue Budget - Second Quarter Review 2016/17

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report sets out the latest monitoring position on the 2016/17 revenue budget at the end of the second quarter to 30 September 2016. Cabinet is asked to note the contents of the report and to recommend to Council a budget virement in relation to Adult Social Care.

Background

2. Cabinet receives quarterly reports on the agreed revenue budget so that any variances can be identified and addressed. This report sets out the revenue monitoring position at 30 September 2016.
3. Council agreed the original revenue budget for 2016/17 on 23 February 2016. This was set at £198.883m.

Proposal

4. Without any further action, the projected outturn for 2016/17 at 30 September 2016 is £202.232m compared to the estimate of £198.883m. There is an expected increase in funding from original budget of £0.048m and this results in a projected over spend of £3.397m. The projection for the year includes the use of £8.877m of reserves, including £3.847m from the General Reserve. A comparison of projected use of reserves against original estimated use is presented in Appendix 3.
5. Continued monitoring within services, regular reports to Strategy Group and the delivery of action plans to address budget variances and shortfall on savings targets will aim to ensure that spending for the year remains contained within the current estimate. No change in the total revenue budget is therefore recommended in this report.
6. Key budget variances have been identified in the second quarter review in respect of the Social Work - Children and Families Service and Adult Social Care. These areas of budget pressure are currently partially offset by under spends in Contingencies, Capital Financing Costs and Traded Income. Specific action plans have been prepared to address the areas of over spend and these areas will remain under review. The agreed savings for 2016/17 continue to be actively monitored to facilitate delivery of the original budget.
7. It is important that effective budget monitoring and action planning is in place to ensure that spending in 2016/17 is contained within approved budgets as this will

contribute to a sustainable financial position for the Council. Any overspend at the end of the financial year will result in the 2017/18 funding gap being increased.

8. A budget virement is required in order to re-align budgets relating to the delivery of the agreed saving of £3.300m for a Revised Demand Management Model for Adult Social Care. The net budget movement required in order to accurately reflect the delivery of the saving within revenue monitoring is set out below; this has a neutral impact on the budget overall:

- Development and Public Protection to be reduced by £0.106m
- Housing General Fund to be reduced by £0.122m
- Commissioning and Quality Assurance to be reduced by £0.983m
- Early Help to be reduced by £0.018m
- Social Work Children and Families to be reduced by £0.033m.
- Adult Social Care to be increased by £1.262m

Recommendations

9. It is requested that Cabinet:

- i. Recommend to Council the budget virement in relation to the Adult Social Care saving as set out in Paragraph 8.
- ii. Notes the Council's revenue expenditure position at 30 September 2016, as set out in Appendix 1.

For the following reason:

To contribute to the sound financial management of the Council and medium term financial sustainability.

CONTACT: Deborah Clark - Extension 2093

Policy Context

1. This report meets the standards required to comply with the Accounts and Audit Regulations 2015. It is also consistent with Vision 2030 and the Council Plan of ensuring a sustainable financial position for the long term.

Background

2. The Accounts and Audit Regulations 2015, which represent financial management good practice, recommend that councillors should receive regular reports on performance against revenue and capital budgets. The frequency of the reports is determined following a risk assessment of the budget, and Cabinet currently receives a report on a quarterly basis.
3. This report sets out the latest position on the 2016/17 revenue budget as at 30 September 2016 and projects spending and income to the end of the financial year.
4. Council agrees the revenue budget and it also approves variations and revisions to the original budget.
5. Council agreed the original revenue budget for 2016/17 on 23 February 2016. This was set at £198.883m.
6. Appendix 2 details the agreed budget for 2016/17 compared to an assessment of the projected outturn for the year. At the end of the second quarter of the year, the projected outturn of £202.232m is £3.349m more than the agreed budget and the revenue financing is £0.048m less than the agreed budget which results in a total projected under spend of £3.397m.
7. Appendix 3 details the expected use of reserves for 2016/17. At the end of the second quarter of the year the projected use of reserves is £8.877m.

Variations

8. The main variances on a group basis are set out below.

Care, Wellbeing and Learning

9. There has been a re-alignment of budget responsibilities within Care, Wellbeing and Learning following a service review. This has resulted in a new service: Commissioning and Quality Assurance which combines the Children's and Adult's Commissioning functions, and Children and Families Support has been renamed Early Help and Education. Budget responsibilities have mainly been re-aligned across Early Help and Education, Commissioning and Quality Assurance and Adult Social Care.
10. The projected over spend of £1.662m on Social Work - Children and Families relates to placement expenditure for Looked After Children in Out of Borough Residential, Independent Fostering and In-House Fostering. Action planning is

continuing in this area which is linked to the Children's Social Care Financial Strategy.

11. The projected over spend of £0.804m on Early Help and Education relates to Home to School/College transport costs, with specific focussed action planning continuing to address the over spend.
12. The projected over spend of £1.635m on Adult Social Care relates to an over spend on employee costs, higher than expected care costs for Older People and Learning Disabilities, and a delay in the service review which has resulted in an underachievement of savings.
13. The expectation remains that expenditure on Public Health will be managed to ensure that the outturn will be consistent with the ring-fenced allocation and any over spends will be funded from the ring fenced Public Health reserve.

Communities and Environment

14. The projected over spend of £0.703m on Housing General Fund relates mainly to delays in the delivery of agreed savings.
15. The projected over spend of £0.255m on Council Housing, Design and Technical Services relates mainly to an underachievement of income.
16. The projected over spend of £0.250m on Culture, Communities, Leisure and Volunteering relates mainly to an over spend on employee costs at Birtley Leisure Centre and an underachievement of income across all leisure facilities.
17. The projected over spend of £0.351m on Waste Services, Grounds Maintenance and Fleet Management relates mainly to an under achievement of income.

Corporate Resources

18. The projected over spend of £0.318m on Housing Benefits relates mainly to a projected underachievement of income due to the ongoing impact of Welfare Reform.

Other Services and Contingencies

19. The projected under spend of £0.619m relates to under spends on debt management expenses within Other Services, and in the expected use of Contingencies.

Capital Financing Costs

20. The projected under spend of £0.629m on Capital Financing Costs is mainly due to a lower than expected revenue requirement for the Capital Programme financing for 2016/17, a reduction in the Bank of England base rate which has brought down investment and borrowing costs, and active management of the Council's cash balances.

Traded and Investment Income

21. The projected under spend of £0.597m relates to an increase in Investment Income and an increase in expected income from the Trinity Square Partnership with Northumbria University in 2016/17.
22. The Council received a dividend of £2.897m from Newcastle Airport beyond the second quarter on 6 October 2016 arising from a refinancing exercise. This income has not been included within the projections for the year end position as Cabinet will determine its use.

Reserves

23. A summary of the intended use of reserves is attached at Appendix 3. It was estimated that £11.431m would be required to support the revenue budget in 2016/17 and projections currently show that £8.877m will be required. This usage includes £3.847m from the General Reserve.

Virement

24. Work is progressing on a new staffing model in order to achieve the agreed saving of £3.300m in 2016/17 for a Revised Demand Management Model for Adult Social Care. A first phase saving of £2.096m has been delivered which impacts budgets across Groups and Services. The budget movement set out below is required in order to accurately reflect the expected delivery of the saving within revenue monitoring; this has a neutral impact on the budget overall:
 - Development and Public Protection to be reduced by £0.106m
 - Housing General Fund to be reduced by £0.122m
 - Commissioning and Quality Assurance to be reduced by £0.983m
 - Early Help to be reduced by £0.018m
 - Social Work Children and Families to be reduced by £0.033m.
 - Adult Social Care to be increased by £1.262m

Summary

25. The projected over spend as at 30 September 2016 of £3.397m is after the application of reserves in line with the usage agreed as part of 2016/17 budget and the 2015/16 revenue outturn report.
26. For all projected over spends, regular monitoring will continue to take place with action plans being monitored with the aim of containing spending within the original budget. Plans will be incorporated into the internal monthly revenue monitoring timetable with regular updates to Strategy Group and with updates to Cabinet.

Balance Sheet Management

27. Balance Sheet control accounts, which cover the Council's assets and liabilities, are reconciled on a quarterly basis. In addition, a number of key Balance Sheet control accounts are now reconciled on a monthly basis as part of the revenue monitoring process. This is part of a proactive approach to Balance Sheet management which,

if carried out on a timely basis, ensures the early identification of problems which could impact on the Council's financial position.

28. Key control accounts are assessed based on experience from previous years, materiality and reliance on third party data. Those key control accounts reconciled as at 30 September 2016 are operating satisfactorily.

Consultation

29. The Leader of the Council has been consulted on this report.

Alternative Options

30. There are no alternative options proposed.

Implications of Recommended Option

31. Resources

a. Financial Implications – The Strategic Director, Corporate Resources confirms these are as set out in the report and Appendix 2 and 3.

b. Human Resource Implications – There are no direct Human Resource implications as a consequence of this report.

c. Property Implications – There are no direct property implications as a consequence of this report.

32. Risk Management Implication

Regular budget monitoring and the associated action planning that arise from this activity assists in reducing the risk of the Council overspending its agreed budget. This enables effective financial planning which allows the Council to deploy resources in line with priorities.

33. Equality and Diversity Implications - Nil.

34. Crime and Disorder Implications - Nil.

35. Health Implications - Nil

36. Sustainability Implications – Regular budget monitoring and allocated actions contributes to the financial sustainability of the Council.

37. Human Rights Implications - Nil.

38. Area and Ward Implications - Revenue spending supports the delivery of services across the whole of Gateshead.

Appendix 2 - Revenue Monitoring Summary 2016/17

Service	Revised Budget £'000	Projected Outturn £'000	Variance £'000
<u>Care, Wellbeing & Learning</u>			
Social Work - Children & Families	19,961	21,623	1,662
Early Help & Education	7,448	8,252	804
Commissioning & Quality Assurance	8,347	8,253	-94
Learning & Schools	2,162	1,874	-288
Adult Social Care	55,081	56,716	1,635
Public Health	17,380	17,380	0
<u>Communities & Environment</u>			
Housing General Fund	-27	703	730
Development & Public Protection	2,475	2,507	32
Council Housing, Design & Technical Services	-754	-499	255
Transport Strategy	2,090	2,050	-40
Culture, Communities, Leisure & Volunteering	6,893	7,143	250
Commissioning & Business Development	3,645	3,662	17
Facilities Management	2,197	2,004	-193
Waste Services, Grounds Maintenance & Fleet Management	9,816	10,167	351
Construction General Fund	3,816	3,816	0
Economic & Housing Growth	1,375	1,294	-81
<u>Office of the Chief Executive</u>			
Policy, Performance, Communications and Change	1,777	1,782	5
<u>Corporate Services & Governance</u>			
Legal, Democratic & Property Services	1,240	1,159	-81
Human Resources & Litigation	2,324	2,261	-63
Corporate Commissioning & Procurement	411	407	-4
<u>Corporate Resources</u>			
Corporate Finance	1,094	1,093	-1
Customer & Financial Services	3,469	3,445	-24
Housing Benefits	-406	-88	318
ICT Services	2,229	2,234	5
Other Services & Contingencies	7,023	6,404	-619
Capital Financing Costs	30,500	29,871	-629
Traded and Investment Income	-2,620	-3,217	-597
Expenditure Passed outside the General Fund	-1,896	-1,896	0
Levies	11,832	11,832	0
NET BUDGET	198,883	202,232	3,349
<u>Financed By</u>			
Settlement Funding Assessment (SFA)	-91,427	-91,134	293
Other Grants	-12,829	-13,074	-245
Public Health	-17,380	-17,380	0
Council Tax	-77,236	-77,236	0
Collection Fund (Council Tax)	-11	-11	0
TOTAL FUNDING	-198,883	-198,835	48
PROJECTED (UNDER) / OVER SPEND	-0	3,397	3,397

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Appendix 3

Reserves Summary 2016/17

	Original Estimated Use 2016/17 £'000	Projected Use 2016/17 £'000
General Reserves		
SAVINGS MITIGATION		
Adult Social Care	2,933	2,933
Children's Services	814	814
Communities and Environment	174	100
Governance and Resources	50	0
TOTAL SAVINGS MITIGATION	3,971	3,847
Earmarked Funds		
STRATEGIC RESERVES		
Budget Flexibility Reserve	2,563	1,993
Economic Growth Reserve	500	8
Discretionary Social Fund Reserve	250	250
Strategic Change Reserve	1,600	1,600
TOTAL STRATEGIC RESERVES	4,913	3,851
RINGFENCED RESERVES		
Unapplied Revenue Grants	1,252	621
Developer's Contributions	446	395
Public Health Reserve	849	163
TOTAL RINGFENCED RESERVES	2,547	1,179
TOTAL USE OF RESERVES	11,431	8,877

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TITLE OF REPORT: Capital Programme and Prudential Indicators 2016/17
– Second Quarter Review

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report sets out the latest position on the 2016/17 capital programme and Prudential Indicators at the end of the first quarter to 30 September 2016. The report assesses reasons for the variances from the approved programme and details the proposed financing of the capital programme. In addition the report considers the impact of CIPFA’s Prudential Code on the capital programme and the monitoring of performance against the statutory Prudential Indicators.

Background

2. The original budget for the capital programme for 2016/17, as agreed by Council on 23 February 2016, totalled £71.069m, which was then revised to £76.297m as part of the first quarter review. The second quarter review now projects the year-end expenditure to be £73.346m.
3. The proposed reduction to the capital programme at the second quarter comprises of the following movements:

	£m
Slippage of planned capital expenditure from 2015/16	0.050
Increased borrowing/external funding/contributions	3.869
Re-profiling of capital expenditure to future years	(5.414)
Re-profiling of planned HRA Investment	(1.256)
Other reductions	(0.200)
Total Variance	<u><u>(2.951)</u></u>

4. The proposed slippage in the capital programme is resourced by external funding and prudential borrowing, and the Council continues to manage the available resources in a flexible manner to ensure that the use of external resources is maximised where possible.
5. A total of £5.414m of slippage has been identified on a number of key schemes throughout the capital programme where expenditure has been re-profiled into 2017/18. This includes £2.412m relating to potential development at Baltic Business Quarter, relating to a planned delay in the progression of the speculative office development element of the scheme. The Council’s resources are currently focussed instead on progressing the Northern Centre for Emerging Technology scheme which is expected to utilise external funding from ERDF and the Local Growth Fund.

6. The slippage to future years also includes:
 - £0.590m relating to the proposed Street Lighting LED replacements following delays in the procurement process which means installation is unable to commence in the current financial year;
 - £0.500m relating to potential investment in Gateshead Quays. Work is ongoing to develop specific investment proposals with our Development Partner which will then inform the Council's investment plans within the future Capital Programme;
 - £0.400m relating to the proposal to reconfigure the Public Spaces within the Civic Centre. This will be considered alongside potential opportunities to improve the use of the building and explore options to work with other Public Sector organisations;
 - £0.400m relating to the planned extension of the Energy Network to Trinity Square as commercial negotiations with potential end users continue.

7. Additions to the programme identified during the second quarter review amount to £3.869m. This includes the proposed acquisition of retail and residential units as an investment at St Mary's Green in Whickham. The retail units will form part of the non-operational portfolio whilst the residential units utilise HRA capital receipts and will form part of the HRA in a manner consistent with the Council's existing assets held at St Mary's Green.

8. Other significant value additions also included:
 - £0.380m relating to the proposed £11.56m High-rise Energy Infrastructure scheme at Harlow Green and Regent Court, which is seeking ERDF funding, to fund the required pre-construction costs and undertake the detailed design;
 - £0.340m relating to the £0.85m Battery Storage project which is linked to the Council's District Energy Scheme and provides the opportunity to store surplus electricity for re-supply at peak periods;
 - £0.300m relating to the £3.1m development of the New Build Assisted Living Schemes within the HRA to provide enhanced specialist housing for people with learning disabilities and autism. The investment in the current year will progress the design and site investigations elements of the scheme with construction work expected to commence next year.

9. During the second quarter there have also been a number of changes to re-profile planned investment to future years within the HRA amounting to £1.256m including:
 - £0.387m of investment in Decent Homes works, primarily as a result of revising the scope of required works. Potential reserve schemes are being developed for consideration;
 - £0.366m of investment in Service Risers pending the outcome of CCTV survey's required to inform the design work;
 - £0.187m relating to the delivery of the ongoing multi-year lift replacement and refurbishment programme, reflecting the contractors proposed delivery plans;
 - £0.117m relating to Estate Regeneration commitments, with the remaining acquisitions likely to require a CPO to progress;
 - £0.114m relating to investment in Door Entry system upgrades as a result of performance issues with the system which has resulted in a decision to defer the planned investment until the issues have been resolved.

Proposal

10. The report identifies planned capital expenditure of £73.346m for the 2016/17 financial year. The expected resources required to fund the 2016/17 capital programme are as follows:

	£m
Prudential Borrowing	34.823
Capital Grants and Contributions	13.627
Major Repairs Reserve (HRA)	21.226
Capital Receipts	3.670
Total Capital Programme	73.346

11. CIPFA's Prudential Code advises the regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2016/17 were agreed at Council on 23 February 2016 and borrowing and investment levels have remained within these limits.

Recommendations

12. Cabinet is asked to:
- (i) Recommend to Council that all variations to the 2016/17 Capital Programme as detailed in Appendix 2 are agreed as the revised programme.
 - (ii) Recommend to Council the financing of the revised programme.
 - (iii) Confirm to Council that the capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and that none of the approved Prudential Indicators set for 2016/17 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2016/17.
- (ii) To accommodate changes to the Council's in-year capital expenditure plans.
- (iii) To monitor performance within the approved Prudential Limits.

CONTACT: David Mason extension 3686

Policy Context

1. The proposals within this report are consistent with the objectives contained within the Council's corporate Capital Strategy and will contribute to achieving the objectives and priority outcomes set out in Vision 2030 and the Council Plan.

Background

2. The original budget for the capital programme for 2016/17, as agreed by Council on 23 February 2016, totalled £71.069m. This was revised to £76.297m at the first quarter review.
3. The projected year-end expenditure is £73.346m at the end of the second quarter.
4. The £2.951m variance is due to a combination of the review of existing schemes and re-profiling of resources to future years, the receipt of additional resources and other variances. All variations in the programme during the second quarter are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and actual year end payments by Corporate Priority. The budget, projected year end payments and comments on the progress of each scheme are detailed in Appendix 4.
6. The Prudential Code sets out a range of Prudential Indicators that were agreed by the Council on 23 February 2016. Performance against the indicators for 2016/17 is set out in Appendix 5.

Consultation

7. The Leader of the Council has been consulted on this report.

Alternative Options

8. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2016/17.

Implications of Recommended Option

9. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the financial implications are as set out in the report.
- b) **Human Resources Implications** – There are no human resources implications arising from this report.
- c) **Property Implications** - There are no direct property implications arising from this report. Capital investment optimises the use of property assets to support the delivery of corporate priorities. The property implications of individual schemes will be considered and reported separately.

10. **Risk Management Implication** - Risks are assessed as part of the process of monitoring the programme and in respect of treasury management. The Cabinet will continue to receive quarterly reports for recommendation of any issues to Council, together with any necessary action to ensure expenditure is managed within available resources.
11. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.
12. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising from this report.
13. **Health Implications** - There are no health implications arising from this report.
14. **Sustainability Implications** - The works will help to make the environment more attractive and reduce health and safety hazards.
15. **Human Rights Implications** - There are no direct human rights implications arising from this report.
16. **Area and Ward Implications** - Capital schemes will provide improvements in wards across the borough.
17. **Background Information**
 - i. Report for Cabinet, 23 February 2016 (Council 25 February 2016) - Capital Programme 2016/17 to 2020/21.
 - ii. Report for Cabinet, 12 July 2016 - Capital Programme and Prudential Indicators 2016/17 – Second Quarter Review.

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Reason for Movement	Vision 2030	Group	Project Title	Variance (£'000)
Increases				
Additional External Funding	Sustainable Gateshead	CAE	Flood Alleviation Investment	152
		CWL	Schools Devolved Formula Funding	250
			School Capital Improvements	188
	Active & Healthy Gateshead	CAE	Fixed Play S106	70
Slippage from Previous Years	Sustainable Gateshead	CAE	Health & Safety	50
Other Increases	City of Gateshead	CSG	Non Operational Portfolio - Strategic Investment Plan	1,830
	Sustainable Gateshead	CAE	Battery Storage	340
			CIL System	30
			Leisure ICT Infrastructure	60
		CWL	ASC System Improvements	75
	HRA	CAE	External Wall Insulation Works to Non-Traditional Properties	194
			Tower Block Energy Efficiency Improvements	380
			New Build	300
Total Increases				3,919
Other Reductions	Sustainable Gateshead	CAE	Team Valley Flood Alleviation	-29
		CRS	Digital Gateshead	-50
		HRA	Boiler Replacement Investment (Including Back Boiler Renewal)	-95
			Equality Act Works	-4
			T-fall Insulation	-22
Slippage to future years	City of Gateshead	CAE	ADZ Investment – BBQ	-2,412
			ADZ Investment - Gateshead Quays	-500
			Coatsworth Road Regeneration - THI	-377
			Empty Property Programme 2015/18	-39
			New Build Housing (Weathercock Lane)	-210
			Urban Core - Exemplar Neighbourhood	-329

Reason for Movement	Vision 2030	Group	Project Title	Variance (£'000)
	Sustainable Gateshead	CAE	Civic Centre Workspace Strategy	-400
			Energy Network Extension - Trinity Square	-400
			Gateshead Millennium Bridge Strategic Maintenance	-114
			Land of Oak and Iron	-43
			Street Lighting LED Replacement - Phase 4	-590
		HRA	Decent Homes Investment Programme	-387
			Door Entry System Upgrades	-114
			Estates Regeneration	-117
			Fire Safety Works - General	-57
			Lift Replacement / Refurbishment	-187
			Replacement of Communal Electrics	-28
			Risers (Services)	-366
		Total Reductions		
Grand Total				-2,951

Vision 2030	Revised Forecast Q1 30/06/2016	Revised Forecast Q2 30/09/2016	Variation as at 30/09/2016	Actual Spend as at 30/09/2016
	£000	£000	£000	£000
Active & Healthy Gateshead	4,707	4,777	70	2,370
City of Gateshead	9,775	7,738	-2,037	906
Creative Gateshead	139	139	0	36
Gateshead Goes Global	5,125	5,125	0	1,380
Sustainable Gateshead	56,551	55,567	-984	15,562
TOTAL	76,297	73,346	-2,951	20,254

Vision 2030	Group	Project Title	Approved Budget Q1 (£000)	Revised Budget Q2 (£000)	Comments	
Active & Healthy Gateshead	CAE	Chase Park Restoration	572	572		
		Equality Act 2010 (former DDA)	200	200		
		Falls Prevention	100	100		
		Fixed Play S106	0	70	Additional external funding (Developer Contributions)	
	CSG	Northside Birtley	1,730	1,730		
	CWL	Disabled Facilities Grants (DFGs)	1,750	1,750		
		Telecare Equipment	75	75		
		Changing Lives	280	280		
	Total Active & Healthy Gateshead			4,707	4,777	
	City of Gateshead	CAE	ADZ Investment – BBQ	5,500	3,088	Slippage to future years (Borrowing)
ADZ Investment - Gateshead Quays			650	150	Slippage to future years (Borrowing)	
City Boulevard			130	130		
Coatsworth Road Regeneration - THI			580	203	Slippage to future years (Borrowing and HLF Grant)	
Development Site Preparation Works			520	520		
Empty Property Programme 2015/18			145	106	Slippage to future years (HCA Grant)	
Housing JV - Brandling			350	350		
Keelman Homes - Affordable Housing Development			500	500		
New Build Housing (Weathercock Lane)			210	0	Slippage to future years (Receipts)	
Urban Core - Creative Quarter			50	50		
Urban Core - Exemplar Neighbourhood			350	21	Slippage to future years (Borrowing)	
Urban Core - Retail Quarter			90	90		
Housing JV - Bensham & Saltwell			300	300		
CSG		Non Operational Portfolio - Strategic Investment Plan	400	2,230	Other Increases (Borrowing and HRA Receipts)	
Total City of Gateshead			9,775	7,738		
Creative Gateshead	CAE	GRP Public Art	54	54		
	CRS	Broadband Delivery UK	85	85		
	Total Creative Gateshead			139	139	
Gateshead Goes Global	CAE	Ravensworth Terrace Primary School	4,845	4,845		
	CWL	Additional Childcare Provision	280	280		
	Total Gateshead Goes Global			5,125	5,125	

Vision 2030	Group	Project Title	Approved Budget Q1 (£000)	Revised Budget Q2 (£000)	Comments
Sustainable Gateshead	CAE	All Round Camera System for Collection Vehicles	88	88	
		Birtley Cemetery Extension	140	140	
		Bus Based Major Transport Scheme	175	175	
		Civic Centre Workspace Strategy	800	400	Slippage to future years (Borrowing)
		Crawcrook Quarry Restoration	100	100	
		Energy Network Extension - Trinity Square	400	0	Slippage to future years (Borrowing)
		Flood Alleviation Investment	600	752	Additional External Funding (Environment Agency)
		Gateshead Millennium Bridge Strategic Maintenance	180	66	Slippage to future years (Borrowing)
		Gateshead Town Centre District Energy Network	10,385	10,385	
		Great North Cycleway	881	881	
		Health & Safety	500	550	Slippage from previous years (Borrowing)
		Land of Oak and Iron	227	184	Slippage to future years (Borrowing)
		Local Transport Plan	4,825	4,825	
		Metrogreen	200	200	
		Public Realm Improvement	113	113	
		Quay Wall	90	90	
		Replacement of Fleet and Horticultural Equipment	2,600	2,600	
		Salix Energy Efficiency Works	210	210	
		Strategic Maintenance	1,250	1,250	
		Street Lighting Column Replacement	2,135	2,135	
		Street Lighting LED Replacement - Phase 4	600	10	Slippage to future years (Borrowing)
		Street Lighting Phase 3 LED Lanterns	250	250	
		Team Valley Flood Alleviation	40	11	Other Reductions (Borrowing)
		Waste Infrastructure Grant	125	125	
		Highways Strategic Maintenance	750	750	
		Infant Free School Meals Funding	40	40	
	s106 Highways Works Boroughwide	18	18		
	Battery Storage	0	340	Other Increases (Borrowing)	
	CIL System	0	30	Other Increases (Borrowing)	
	Leisure ICT Infrastructure	0	60	Other Increases (Borrowing)	
	CRS	Agresso Development	100	100	
		Digital Gateshead	450	400	
		Technology Plan: Infrastructure	2,875	2,875	
Technology Plan: Transformation Through Technology		1,042	1,042		
CWL	School Capital Improvements	2,183	2,371	Other Increases (School and DSG Contributions)	
	Schools Devolved Formula Funding	150	400	Additional external funding (EFA)	
	ASC System	0	75		

Vision 2030	Group	Project Title	Approved Budget Q1 (£000)	Revised Budget Q2 (£000)	Comments
Sustainable Gateshead	HRA	Aids and Adaptations	1,500	1,500	
		Decent Homes – Backlog/Ad-hoc Works	300	300	
		Decent Homes - Investment Programme	7,390	7,003	Slippage to future years
		Door Entry System Upgrades	411	297	Slippage to future years
		External Wall Insulation Works to Non-Traditional Properties	979	1,173	Other Increases
		Fire Safety Works - General	157	100	Slippage to future years
		Lift Replacement / Refurbishment	710	523	Slippage to future years
		Boiler Replacement Investment (Including Back Boiler Renewal)	1,450	1,355	Other Reductions
		Programme Management	1,000	1,000	
		Regent Court Improvement Works	150	150	
		Replacement of Communal Electrics	260	232	Other Reductions
		Risers (Services)	400	34	Slippage to future years
		Strategic Maintenance	2,000	2,000	
		T-fall Insulation	176	154	Other Reductions
		Timber Replacements	105	105	
		Tower Block Energy Efficiency Improvements	2,000	2,380	
		Warden Call	250	250	
		Window Replacement	750	750	
		Improvement Works - Boiler Plant Renewal	235	235	
		Equality Act Works	300	296	Other Reductions
Estates Regeneration	1,422	1,305	Slippage to future years		
New Build	0	300	Other Increases (HRA resources and HCA funding)		
South End Garage Clearance	84	84			
Total Sustainable Gateshead			56,551	55,567	
Grand Total			76,297	73,346	

PRUDENTIAL INDICATORS 2016/17

The 2016/17 Prudential Indicators were agreed by Council on 23 February 2016 (column 1). This is now compared with the 2016/17 actual position as at the end of the second quarter, 30th September 2016 (column 2).

Certain Treasury Management indicators must be monitored throughout the year on a regular basis in order to avoid breaching agreed limits. The capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and none of the other approved Prudential Indicators set for 2016/17 have been breached.

<i>Capital Expenditure</i>		
	2016/17 £000 Reported Indicator	2016/17 £000 Projection for the Year at Q2
Non-HRA	48,799	51,820
HRA	22,270	21,526
Total	71,069	73,346
To reflect the reported capital monitoring agreed by Council during the year		

<i>Ratio of Financing Costs to Net Revenue Stream</i>		
	2016/17 Reported Indicator	2016/17 Projection for the Year at Q2
Non-HRA	13.77%	N/A
HRA	46.36%	N/A

<i>Capital Financing Requirement</i>		
	2016/17 £000 Reported Indicator	2016/17 £000 Projection for the Year at Q2
Non-HRA	286,297	308,144
HRA	345,505	345,505

Authorised Limit for External Debt	
	2016/17 £000 Reported Indicator
Borrowing	750,000
Other Long Term Liabilities	0
Total	750,000
Maximum YTD £617.319m	

Operational Boundary for External Debt	
	2016/17 £000 Reported Indicator
Borrowing	725,000
Other Long Term Liabilities	0
Total	725,000
Maximum YTD £617.319m.	

The Council's actual external debt at 30th September 2016 was £593.721 million. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

Estimated Incremental Impact on Council Tax and Housing Rents

This indicator is set at the time the Council's budget is set. Therefore, there is no requirement for this Indicator to be monitored on a quarterly or annual basis.

Adherence to CIPFA code on Treasury Management

The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

UPPER LIMIT ON FIXED AND VARIABLE INTEREST RATES EXPOSURES		
Range	2016/17 £000 Reported Indicator	2016/17 £000 YTD Position
Fixed Rate	624,164 357,170	Act 493,470 max 504,433 min 468,307
Variable	152,227 (30,000)	Act 37,000 max 41,000 min 18,000
All within agreed limits. (Max and Min YTD.)		

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
	2016/17 £000 Reported Indicator		2016/17 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	20%	0%	1.61%	6.18%
12 months to 24 months	20%	0%	9.31%	10.50%
24 months to 5 years	50%	0%	17.73%	19.61%
5 years to 10 years	50%	0%	6.65%	8.06%
10 years to 20 years	50%	0%	15.39%	15.39%
20 years to 30 years	50%	0%	0.00%	0.00%
30 years to 40 years	50%	0%	11.60%	11.60%
40 years to 50 years	60%	0%	27.95%	28.79%
50 years and above	30%	0%	6.40%	6.40%
All within agreed limits.				

On 8 March 2007, Council agreed to the placing of investments for periods of longer than 364 days in order to maximise investment income before forecasted cuts in interest rates. An upper limit was set and agreed as a new Prudential Indicator.

Upper Limit on amounts invested beyond 364 days			
	2016/17 £000 Reported Indicator	2016/17 £000 Actual Position	2016/17 £000 Maximum YTD
Investments	15,000	0	0

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TITLE OF REPORT: Gateshead Community Infrastructure Levy (CIL)

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

Purpose of the Report

1. This report explains the outcome of the Examiner's report on the Gateshead CIL Draft Charging Schedule, the proposed minor modifications to the final Charging Schedule and associated policies and proposes formal adoption of the Charging Schedule and associated policies with a proposed implementation date of 1st January 2017. The Charging Schedule and policies are attached as appendices.
2. To request Cabinet to recommend Council to
 - i. Note the Report on the Examination of the Gateshead and Newcastle Community Infrastructure Levy (CIL) Draft Charging Schedules (August 2016).
 - ii. Adopt the Gateshead Community Infrastructure Levy Charging Schedule to take effect on 1st January 2017 to help secure a source of funding for infrastructure provision which will enable the growth of Gateshead in accordance with the Planning for the Future Core Strategy and Urban Core Plan for Gateshead and Newcastle (2015) and the Infrastructure Delivery Plan.
 - iii. Agree the CIL Instalments Policy.
 - iv. Note the attached Regulation 123 Infrastructure List which CIL monies will help to fund.

Background

3. Cabinet agreed at its meeting in March 2015 [Minute C184] that the Council would undertake the necessary processes to become a CIL charging authority. Consultation commenced on a Preliminary Draft Charging Schedule in between April and June 2015. Authority was delegated to the Strategic Director, Communities and Environment, and the Strategic Director, Corporate Services and Governance following consultation with the Cabinet Members for Environment and Transport and Economy, to progress the CIL through to submission and independent examination.
4. The CIL is a non-negotiable charge based on floor area of new buildings within the development and a rate per square metre (m²) as set out in the Charging Schedule. In Gateshead there are a range of rates for different types of development in different zones. It is charged on most buildings/extensions over 100m² and dwellings of any size based on a net increase in floorspace. It will not be charged on social housing, charities, self-build or householder extensions. CIL

becomes liable on the grant of planning permission but payment is not due until development commences on site.

5. The Council submitted the CIL Draft Charging Schedule to the Planning Inspectorate in February 2016, following extensive consultation on:
 - Preliminary Draft Charging Schedule (2012 & 2015)
 - Viability Assumptions (2013)
 - Draft Charging Schedule (2015)
6. A joint examination took place between 21-22 April 2016, in respect of separate charging schedules for Newcastle City Council and Gateshead Council and the Examiner's report, attached as Appendix 2 was published on 17 August 2016, concluding that:

“Gateshead and Newcastle Councils have worked constructively together in the production of Charging Schedules for their respective areas, building on the work undertaken on the recently adopted Core Strategy. Both Councils have a positive growth agenda, and in setting the CIL rates have had regard to detailed evidence.... The proposed rates will not put the development of the area at risk, but will help to fund new infrastructure required to support growth. Overall, I conclude that, subject to the modifications, an appropriate balance will be achieved between the desirability of funding infrastructure whilst ensuring that a range of development remains viable across the charging areas.”
7. The Inspector's recommended modifications needed for the Charging Schedule to meet the statutory requirements comprised minor modifications to improve clarity and have been incorporated into the final Charging Schedule and related maps which are attached at Appendix 3.
8. The proposed infrastructure to be funded through CIL, as required to support the growth in the Core Strategy and Urban Core Plan and associated Infrastructure Delivery Plan, is set out in the Regulation 123 Infrastructure List attached at Appendix 5. The broad categories of development which will benefit from CIL are strategic transport infrastructure, primary schools, strategic green infrastructure and at Metrogreen, water and flood alleviation and mitigation, and green infrastructure. The investment in infrastructure will be delivered as part of the Council's Capital Programme.
9. Legislation restricts the use of planning obligations for the CIL funded infrastructure, and the Council is therefore in the process of reviewing and republishing a CIL compliant Planning Obligations Supplementary Planning Document (SPD). Planning obligations (secured by s.106 agreements) will still be required to address site specific issues such as the need for affordable housing, local infrastructure enhancements or site specific issues relating to mitigating the impact of a development. However, regulations restrict the pooling of planning obligations to a maximum of five in respect of any infrastructure project or type of infrastructure.

10. In addition, it is proposed that the Council allow persons liable to pay CIL to do so by instalments and the proposed Instalments Policy is attached at Appendix 4.

The Proposal

11. To ensure that the necessary infrastructure is in place to support and mitigate economic and housing growth within the Borough it is proposed that Cabinet notes the Examiners report on the CIL, including the modifications as incorporated into the charging schedule and maps, and recommends that Council adopts the Charging Schedule and maps to take effect on 1 January 2017. Cabinet is further requested to approve the content of the Regulation 123 List and the Instalments Policy.

Recommendations

12. It is requested that Cabinet recommends that Council:

- I. Notes the Report on the Examination of the Gateshead and Newcastle Community Infrastructure Levy (CIL) Draft Charging Schedules (August 2016).
- II. Approves the content of the CIL Charging Schedule.
- III. Formally adopts the CIL Charging Schedule and approves that it shall take effect from 1st January 2017.

13. It is further recommended that Cabinet:

- IV. Approves the Gateshead CIL Instalments Policy and Regulation 123 Infrastructure List.
- V. Agrees that as required following monitoring, revisions to any of the matters listed in (iv) above going forward can be approved by the Strategic Director, Communities and Environment under delegated authority.
- VI. Agrees that the Service Director, Transport, Development and Public Protection is the officer responsible for CIL implementation.

14. For the following reasons:

- (i) To ensure that sufficient infrastructure is provided at both a local and strategic level to facilitate and accommodate the growth proposed in the Plan.
- (ii) To ensure that Gateshead's CIL is adopted and implemented in accordance with statutory requirements.
- (iii) To facilitate persons liable to pay CIL to make payments by instalments.

Policy Context

1. The timely provision of supporting infrastructure is essential to achieve Gateshead's ambition of delivering sustainable economic and population growth, and to support health and wellbeing, as set out in Vision2030 and the Planning for Future Core Strategy and Urban Core Plan for Gateshead and Newcastle (2015).
2. The CIL was introduced by the Planning Act 2008 and is a charge that Local Authorities in England and Wales can choose to levy on new developments in their area, taking into account viability. The money raised can be used to fund infrastructure that the council, local community and neighbourhoods need. It is the Government's preferred mechanism for collecting contributions from developers to pay for offsite infrastructure needs brought about by their developments.
3. In setting CIL rates the Council needs to ensure an 'appropriate balance' is struck between the desirability/necessity to fund new infrastructure and the need to ensure development remains economically viable. The Council has been working with Newcastle City Council in the development of separate CIL Charging Schedules (the document that sets out the rates), but sharing methodology, approach and appraisal work.
4. CIL takes the form of a charge per m² of additional floorspace of development and is applied to:
 - a. new developments of more than 100m².
 - b. new development of less than 100m² that results in the creation of a new dwelling.
 - c. the conversion of a building that is not in lawful use which results in new dwellings.

Main Issues

5. The CIL Examination report states that the Examiner considers the Council has sufficient evidence to support the CIL Charging Schedule and can show that the levy is set at a level that will not put the overall development of the Borough at risk. The Examiner recommends that the Charging Schedule should be approved in its published form subject to some minor modifications to improve clarity. The Examiner is satisfied that the Council has a positive growth agenda, and in setting the CIL rates has had regard to detailed evidence on infrastructure planning and the economic viability of the development market.
6. The proposed rates will not put the development of the Borough at risk, but will help to fund new infrastructure required to support growth, concluding that, subject to the modifications, an appropriate balance will be achieved between the desirability of funding infrastructure whilst ensuring that a range of development remains viable across the Borough. The Council's Instalments Policy for paying CIL is an additional means by which development proposals can come forward viably.

Final Charging Schedule

7. The Inspector's recommended modifications needed for the Charging Schedule to meet the statutory requirements comprised minor modifications to improve clarity. These have been incorporated into the final Charging Schedule and related maps for adoption which are attached at Appendix 3 (N.B. with additional front cover to be added), and are:
 - a. Insert reference to a Zone C on the residential zones map to clarify the locations in Gateshead where no charges are liable.
 - b. For chargeable retail development include the reference "net floorspace" to clarify how the threshold floorspace size is measured.
 - c. Revision to the residential Zone B boundary to exclude land at Whinfield (due to it being in a mid-value area and not a high value area).
 - d. The addition of clear OS Grid Lines on the charging zone maps.

Regulation 123 List

8. Currently the Council requires many developments to pay contributions towards greenspace, education, open space and play via planning obligations which are pooled to deliver infrastructure. Following the implementation of CIL and infrastructure identified in the Regulation 123 List will no longer be collected via s.106 planning obligations. Therefore the Regulation 123 List sets out those projects and infrastructure types that it intends will be, or may be, wholly or partly funded through CIL.
9. CIL payments will be collected and pooled into a central fund and the Council will publish an annual report setting out how this fund has been utilised. Infrastructure that is required but is not specified on the list will be sought via a planning obligation under S106 of the Town and Country Planning Act 1990 (as amended) or another source of funding may be pursued to deliver the relevant infrastructure item.
10. The Regulation 123 Infrastructure List is attached as Appendix 5.

Instalments Policy

11. In accordance with CIL Regulations, the Council, in line with the approach of many other charging authorities, can set out a policy to allow CIL to be paid by instalments, which helps viability, especially for larger developments. The proposed Instalments Policy was submitted as a supporting document at the examination, and is attached at Appendix 4.

Spending and Apportionment

12. Decisions on spending and priorities are not the subject of this report. There are various options available to the Council in deciding such matters which will be the subject of further discussions with stakeholders. The investment in infrastructure will be delivered as part of the Council's Capital Programme. However, in relation to a Parish Council the CIL Regulations require that 15% of CIL receipts for chargeable development within the parish boundary are passed on to the parish

council (capped at £100 per existing council tax dwelling in each financial year). This will therefore apply to Lamesley Parish.

13. The CIL Regulations require local authorities to comply with statutory procedures prior to adoption of the CIL Charging Schedules. At the time the Council adopts a charging schedule the date it will take effect must also be specified so that developers and applicants seeking planning permission are clear when charges will commence.
14. CIL will apply to certain types of development within the charging zones identified on the maps attached at Appendix 3, and when it comes into effect any planning permission granted in respect of chargeable development will attract the levy.

Alternative Options

15. Although adoption of CIL is not a mandatory requirement, authorities without a charging schedule from April 2015 are severely restricted in pooling planning obligation contributions towards new infrastructure. Therefore, there are limited genuine alternative options to adopting the CIL charging schedule. The charging zones and rates set out have been informed by government guidance, evidence (including on viability) and extensive consultation, and further to the examination has been concluded to be appropriate and balanced.

Implications of the recommended option

16. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that any costs of CIL implementation will be met from existing budgets. The adoption of the CIL Charging Schedule will provide a capital income stream to contribute towards the delivery of infrastructure to support growth in Gateshead as part of the Council's Capital Programme. CIL Regulations allow the Council to use up to 5% of funds from CIL to recover the costs of its administration.

The proposed arrangements will allow developers to pay CIL in instalments to reduce the potential impact upon scheme viability. This may mean that it could take up to two years following the commencement of the relevant phase of development activity to receive the final instalment as set out within the proposed CIL Instalment Policy.

- b) **Human Resources Implications** – There are no human resource implications arising from this report.
- c) **Property Implications** - There are no direct property implications arising from this report. However the implementation of the CIL Charging Regime may have an impact on a limited number of Council owned sites when brought to the market for sale. The direct implications of which will be highlighted in the Cabinet report relating to that disposal.

- 17. Risk Management Implication** – Since 6 April 2015, the Council has been restricted in the types of infrastructure monies it can collect via s.106 planning obligations. Adopting CIL in Gateshead will provide an opportunity to receive monies in respect of infrastructure which would otherwise not be available. This will maximize the Council's ability to support growth across the borough without placing a strain on existing infrastructure, whilst the Instalments Policy will facilitate the payment of CIL and therefore site development.
- 18. Equality and Diversity Implications** – There are no equality and diversity implications arising from this report.
- 19. Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.
- 20. Health Implications** – There are no health implications arising from the report
- 21. Sustainability Implications** – The provision of strategic infrastructure is essential in ensuring that development and growth in Gateshead, as set out in the Plan, is sustainable, and the adoption of CIL will contribute to this goal.
- 22. Human Rights Implications** - There are no human rights implications arising from this report.
- 23. Area and Ward Implications - All**

Appendix

Appendix 2: Report on the Examination of the Gateshead and Newcastle Community Infrastructure Levy (CIL) Draft Charging Schedules (August 2016)

Appendix 3: Gateshead Charging Schedule and Maps (November 2016)

Appendix 4: Gateshead Instalments Policy (November 2016)

Appendix 5: Regulation 123 - List of Recipient Infrastructure (November 2016)

Background papers

CIL Background Paper (February 2016)

<http://www.gateshead.gov.uk/DocumentLibrary/Building/PlanningPolicy/CIL/Evidence/P01-CIL-BKD-PAPER-Feb-2016.pdf>

National Planning Practice Guidance (Beta, DCLG)

<http://planningguidance.communities.gov.uk/blog/guidance/community-infrastructure-levy/>

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Report to Gateshead Council and Newcastle City Council

by Katie Child BSc (Hons) MA MRTPI

an Examiner appointed by the Councils

Date: 17 August 2016

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

REPORT ON THE EXAMINATION OF THE GATESHEAD AND NEWCASTLE COMMUNITY INFRASTRUCTURE LEVY (CIL) DRAFT CHARGING SCHEDULES

Charging Schedules submitted for examination on 8 February 2016

Examination hearings held on 21 and 22 April 2016

File Ref: PINS/H4505/429/2 and PINS/M4510/429/6

Non-Technical Summary

This report concludes that, subject to modifications, the Gateshead and Newcastle Charging Schedules provide an appropriate basis for the collection of the levy in the respective charging areas. The Councils have sufficient evidence to support the schedules and can show that the levies are set at a level that will not put the overall development of the areas at risk.

The modifications which are needed to meet the statutory requirements can be summarised as follows:

Gateshead and Newcastle:

- Insert reference to Zone C £0 per square metre (psm) in the Charging Schedule and maps.
- Amend the descriptions of small retail, supermarkets and retail warehousing to clarify that 280 square metres (sqm) relates to net floorspace.

Gateshead:

- Amend the Residential Charging Zone Map to exclude land in the vicinity of Rowlands Gill from Zone B and include it in Zone C.
- Insert clear Ordnance Survey grid lines on the Residential Charging Zone Map.

Newcastle:

- Amend the description of shared/student accommodation to clarify it relates to purpose built student accommodation.
- Amend the Residential CIL Zones Map to exclude 'Interest Area 4' from Zone A and include it in Zone C.

The specified modifications recommended in this report are based on matters discussed during the public hearing sessions and do not significantly alter the basis of the Councils' overall approach or the appropriate balance achieved.

Introduction

1. This report contains my assessment of the Gateshead and Newcastle Community Infrastructure Levy (CIL) Charging Schedules in terms of Section 212 of the Planning Act 2008. It considers whether the schedules are compliant in legal terms and whether they are economically viable as well as reasonable, realistic and consistent with national guidance¹.
2. To comply with the relevant legislation, local charging authorities have to submit a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across an area.
3. Gateshead Council and Newcastle City Council have produced separate Charging Schedules covering their respective areas. However, the Councils have worked together in preparing the Schedules and have produced a joint CIL evidence base. The Charging Schedules were submitted for joint examination.
4. Consultation on the Draft Charging Schedules (DCSs) took place between 26 October and 7 December 2015 for Gateshead and 30 October and 6 December for Newcastle². In order to correct a mapping error, an updated DCS for Gateshead (document GS02) was published for consultation between 21 December 2015 and 24 January 2016. Statements of Proposed Modifications (GP04 and NP06) were published separately by the Councils for consultation between 8 February and 7 March 2016.
5. Consequently, the basis for the examination is the DCSs as amended by the Statements of Modifications. This is the same as the submission Draft Charging Schedules for each authority (February 2016) (GP01 and NP1-3).
6. Following the hearing, additional evidence and information was produced by the Councils and published for consultation between 6 and 20 May 2016 and 28 June to 12 July 2016 (EX23 and EX30). I have taken the representations received on the Statements of Modifications and the post-hearing work into account in writing this report.
7. The Councils propose three geographical charging zones for residential development. Zones A and B, with rates of £60 and £30 per square metre (psm) respectively are clearly defined in the tables and maps in the submission DCSs. It can logically be deduced that a £0 rate would apply elsewhere, and this is confirmed in other evidence documents. However, this is not clearly explained in the submission DCSs. I therefore recommend modifications (**EM/G1, EM/N1**) to the tables in the Charging Schedules to include an additional column appertaining to 'Residential Zone C' where a £0

¹ CIL section in the National Planning Policy Guidance (NPPG) ID 25.

² Gateshead DCS October 2015 (GS12) and Newcastle DCS October 2015 (NS02).

rate would apply. The residential maps in the submission DCSs should also be modified (**EM/G2, EM/N2**) to identify the £0 'Zone C' within the key.

8. The Councils also propose three different geographical charging zones for commercial development. The zone boundaries are shown in the submission DCS maps. Charges are proposed for hotel, supermarket, small retail, and retail warehousing development in both Gateshead and Newcastle. A charge for shared/student accommodation is proposed for Newcastle only. The commercial charges in the submission DCSs are summarised below:

Development and Use Class	Zone 1	Zone 2	Zone 3
Hotels (C1)	£0	£40 psm	£0
Small retail (A1) units ≤ 280 sqm	£0	£30 psm	£0
Supermarket (A1) > 280 sqm	£10 psm	£10 psm	£10 psm
Retail warehousing (A1) > 280 sqm	£0	£50 psm	£50 psm
Shared/student accommodation (C3, C4, sui generis) – Newcastle only	£50 psm	£50 psm	£0

9. The Councils have confirmed that the category of 'shared/student accommodation' is intended to cover purpose built student accommodation typically provided with some element of shared communal facilities, and is not intended to capture other forms of shared accommodation. Student accommodation is tested in the viability work and is referred to in other supporting evidence. I therefore recommend that a modification (**EM/N3**) is made to the description in the Newcastle Charging Schedule to clarify this position. Consequently, in the remainder of this report I refer to 'student accommodation' in lieu of 'shared/student accommodation'.
10. All other development, including offices, industrial development and other forms of retail development, would be subject to a nil charge.

Are the charging schedules supported by background documents containing appropriate available evidence?

Development plans

11. The Core Strategy and Urban Core Plan for Gateshead and Newcastle upon Tyne 2010-2030 (the 'Core Strategy') was adopted in March 2015 (PO7). It sets out the main elements of growth that will need to be supported by further infrastructure in the charging areas in the period up to 2030. The Core Strategy makes provision for approximately 30,000 new dwellings and at least 150 hectares of additional employment land over the Plan period. It identifies a range of key development opportunity sites and allocations for residential, employment and/or mixed use development across the Plan area, including the Urban Core, Neighbourhood Growth Areas and Village Growth Areas.

12. The Councils are currently preparing separate plans in support of the Core Strategy that will identify additional detailed allocations and policies³. Nevertheless, the Core Strategy sets out the broad quantum of development in Gateshead and Newcastle over the Plan period and identifies key strategic sites for future development. As such I consider it provides an appropriate basis to implement CIL.

Infrastructure planning evidence

13. The Councils have prepared a joint Infrastructure Delivery Plan (IDP) (2014) (PO5) which identifies key infrastructure likely to be required over the Plan period up to 2030. The IDP was updated in February 2016 (PO6) and the latest version outlines local community requirements and infrastructure needs totalling some £236 million (m) for Gateshead and £262 m for Newcastle.
14. Having regard to current known funding sources, a funding gap of about £214 m and £239 m remains for Gateshead and Newcastle respectively. Additional funding may be secured in the future, via infrastructure providers or other sources including Section 106 agreements and Government grant funding. However, there is no evidence before me to indicate that such funding would be sufficient to deliver the necessary infrastructure in either charging areas over the Plan period.
15. Concerns have been raised regarding the accuracy of the updated IDP (2016), in the context of a number of emerging Council studies, omitted projects, and key allocation sites. Infrastructure planning is, by its very nature, an on-going process which is subject to change. Nevertheless, the document covers a wide range of infrastructure requirements, and identifies schemes where firm plans are being progressed. There is also evidence that the Councils have worked closely with key developers and landowners to identify infrastructure requirements arising from allocations. Although some future changes are likely as schemes progress, overall I consider the Councils' CIL infrastructure planning work to be robust and proportionate for the purpose.
16. Gateshead Council estimates that dwellings liable for CIL could generate at least £12.5 m of receipts up to the year 2030. A further £220,900 is anticipated from retail development charges. Newcastle City Council estimates that about £24.5 m could be raised from chargeable residential development, nearly £4 m from student accommodation, and about £277,000 from retail development. As such, CIL could make a useful contribution to the funding gap for infrastructure in both charging areas. The Councils' evidence on infrastructure requirements and funding demonstrates the need to levy CIL in order to help deliver the Core Strategy.

³ Newcastle City Council's 'Development and Allocations Plan' and Gateshead Council's 'Making Spaces for Growing Places Plan'.

17. The Councils have produced Draft Regulation 123 lists (February 2016) (GP05 and NP07) which identify the types of infrastructure to which CIL funds would contribute in each area. Both lists include strategic transport infrastructure, green infrastructure, flood alleviation and primary schools places, and exclude infrastructure required to mitigate the impact of site-specific development. Gateshead Council confirmed at the hearing that there is no identified need for additional secondary school provision in the borough, and accordingly this is omitted.
18. I consider the Draft Regulation 123 lists to be clear regarding the type of infrastructure that would be supported by CIL. There is no evidence before me that 'double-dipping' would occur (e.g. paying for the same infrastructure twice under a Section 106 obligation and CIL). The legislative requirements on the use of planning obligations would, in themselves, help to ensure that planning obligations are appropriately applied. The Councils have provided transparency, and the items in the list should clearly assist the delivery of the adopted Core Strategy, as a whole. Additional information on the operation of Section 106 and CIL is included in the Councils' Supplementary Planning Documents (SPD) on Planning Obligations⁴.
19. In summary, I conclude that the submission DCSs of both Councils are supported by detailed evidence of infrastructure needs, which provides a robust and proportionate basis to inform the Charging Schedules.

Economic viability evidence

20. The Councils commissioned a joint CIL Viability and Deliverability Report (VR) (PO3), dated February 2014, to inform production of the Preliminary Draft Charging Schedules. This built on an earlier joint viability assessment, carried out in 2012 (PDCS1-6). The VR 2014 was updated in October 2015 to accompany publication of the DCS, and again in February 2016 (the 'VR update') (PO4) to accompany submission of the DCSs and publication of the Statements of Modifications. The viability work was undertaken in-house. However, the Councils used a consultant to test the adopted assumptions⁵.
21. Further viability buffer workings for a range of development types are set out in the Councils' Examination Statement (April 2016) (EX09), along with updated viability results relating to sheltered housing. The Councils' post-hearing work (EX23 and EX30) also includes viability buffer workings on retail development, and additional viability appraisals for retail and hotel development and student accommodation, as well as other background data. Within this report I refer collectively to this whole body of evidence as 'the Councils' viability work'.

⁴ Gateshead Planning Obligations SPD (December 2015) (GP06) and Newcastle Planning Obligations SPD (January 2015) (NP09).

⁵ DTZ, now known as Cushman and Wakefield - Appendix 9 of the Viability and Deliverability Report Annex Update (Feb. 2016) (PO4).

22. The Council's viability work uses a residual valuation approach. This approach involves estimating the value of a completed development and subtracting development costs (with the exception of land purchase) to obtain a residual value. The price which a landowner would be prepared to sell the land (the 'threshold land value') is then subtracted from the residual value, along with estimated Section 106 costings, to obtain a 'headroom' figure or theoretical maximum CIL charge. The CIL charge may be taken from this figure providing there is an adequate viability buffer.
23. Concerns have been raised that the Councils' method of calculating headroom does not build in finance costs for CIL, Section 106 and specific infrastructure costs, as they are deducted separately from the residual land value. However, there is no substantive evidence before me to indicate that any such costs, where they exist, would be significant enough to affect whether a scheme is viable or not, particularly in the context of other conservative cost estimates and built in-flexibility, as referred to in the section below.
24. The viability work distinguishes between broad value areas and between urban and non-urban sites. Non-urban is defined as land within the Green Belt as set out in the Gateshead Unitary Development Plan (UDP) (2007) and the Newcastle UDP (1998), therefore incorporating the strategic release allocations and other land released from the Green Belt in the Core Strategy (2015). Urban land is defined as land outside the Green Belt, as set out in the aforementioned UDPs.
25. The viability work incorporates modelling of residential development, including sheltered housing. Commercial development is also modelled, including student accommodation, hotels, retail development, industrial development and offices.

Residential viability evidence

26. The assumptions used in the modelling are critical to determining viability and therefore CIL rates. Representations in response to the DCSs and Statements of Modifications raised particular concerns regarding a number of assumptions used in the residential appraisals. This includes site typologies, threshold land values, sales values, build costs, abnormals, externals, Section 106 costs, policy requirements and profit levels. These are addressed in turn below.
27. The viability work includes modelling of hypothetical residential sites, ranging between 1 and 100 units and reflecting different densities and mixes of house types. The typologies are tested across five value zones, for urban and non-urban sites. Specific allocation sites from the Core Strategy have also been tested for viability, ranging from about 40 to 3000 units in size.
28. The viability testing incorporates a policy compliant rate of 15% affordable housing, as defined in Core Strategy Policy CS11. The Councils' evidence indicates a fair degree of success in securing this rate of affordable housing in

both areas in recent years⁶. The Councils' threshold of 15 or more units for seeking affordable housing also exceeds the minimum thresholds in the updated NPPG⁷, and on this basis it would appear that no related adjustments to the viability testing are necessary.

29. The size mix in the generic testing reflects Core Strategy requirements for family sized housing (Policy CS11). There is no substantive evidence that the mix would be undeliverable, nor that additional testing on dwelling form (e.g. detached, semi-detached) is necessary in the context of a broad area-wide appraisal. Overall I find that the Councils have tested an appropriate range of residential typologies and specific sites, which relate to the majority of development likely to come forward in the charging area over the Plan period.
30. The threshold land values (TLVs) have been informed by transactional data from Gateshead and Newcastle, and tested against information from other local authority areas. The transactional data is limited due to issues of commercial confidentiality, and shows a range of results. The Councils', however, have taken a cautionary approach by applying a further 50% contingency buffer to the average figures used in the appraisals, in order to ensure that viability is not compromised.
31. Further TLV transactional evidence submitted by one representor includes several higher figures. Nonetheless, this data is primarily taken from other local authority areas, and no information is provided regarding the value profile of the locations. I am also mindful that the TLVs used by the Councils are averages in an area-wide approach, and therefore some sites will have higher or lower values. Overall, I consider that there is no substantive evidence before me that the Councils' TLV figures, including the applied gross to net ratios for developable areas, are unreasonable or that alternative values should apply.
32. Sales values have been informed by an assessment of local property market data from various sources, including Land Registry, Valuation Office, Council transactional data, active house builders, and property websites. The data includes a mix of houses and flats from both Gateshead and Newcastle, mainly relates to prices achieved, and includes some details relating to floorspace and values per square metre. The data has been used to inform value zone maps for each local authority area.
33. The sales values used in the Councils' viability work have been disputed by a number of representors as being too high, both generically and in relation to a number of specific allocation sites including those at Kibblesworth, Ryton and Callerton. A range of alternative evidence has been submitted by representors, including Land Registry data and assessments focused on specific sites.

⁶ Table 1 in the Councils' CIL Background Paper (February 2016) (PO1).

⁷ NPPG paragraph 031, reference ID: 23b-031-20160519.

34. In relation to Gateshead, the Councils' post-hearing evidence shows that average sales prices in high-mid value areas, including Kibblesworth and Ryton, fall slightly short of the £2,250 psm average value used in the appraisal work. However, the VR update (PO4) highlights a potential upward movement in sales values since 2014 which has not been substantively counteracted by representors, and there is evidence of recent strong market activity and high levels of recent completions⁸. Significant buffers have also been incorporated into the viability work as discussed in the section below. Therefore, having regard to these factors in the round, I consider that the £2,250 psm sales figure for high-mid value areas is broadly reasonable as applied to Gateshead.
35. In reaching this conclusion I have had regard to alternative data on Gateshead submitted by representors. However, overall I consider that the Councils' data is more extensive and provides a reasonable overview of the market across the borough and within specific localities. The Council data on Kibblesworth and Ryton, despite being based on a small sample and including some post-2014 and non-new build data, includes a range of sites within both villages and close to the allocations. The alternative Kibblesworth data appears to focus on a site which involved the part renewal of a local authority housing estate, whilst some of the alternative Ryton data covers a wide postcode area. The average sales figures for other value areas of Gateshead have not been substantially challenged and there is no compelling evidence to suggest they should be altered.
36. The Councils' assessment of Land Registry data for Newcastle, utilising dwelling types and average dwelling sizes, appears to be relatively simplistic. Nevertheless, the average sales values used in the Councils' appraisal work appear to be exceeded in many instances, and are also supported by evidence in the Councils' New Build Sales Survey (EX23). I am also mindful that CIL involves an area-wide approach and as such is a relatively broad assessment. In this context I am therefore satisfied that the sales values in the Councils' viability work are broadly reasonable as they apply to Newcastle.
37. Alternative evidence submitted by representors in relation to Callerton⁹ shows sales values in the locality below the Councils' rate of £2,250 psm. However, given the scale of the scheme and having regard to the pockets of high value in the vicinity, I am of the view that a well-designed Callerton development could create its own value and raise higher values than the surrounding area, including at Upper Callerton. On this basis, and having regard to the modest difference between the Councils and representors values, I consider that an average sales value of £2,250 psm applied to Callerton is broadly reasonable. I also note that this rate has been applied in the alternative viability appraisal submitted by representors (Appendix 2 in EX10).

⁸ Housing trajectories in the Councils' Examination Statement (April 2016) (EX09).

⁹ Hearing Statement EX10 Appendix 3 and Report of Representations (Regulation 19(c) (February 2016) (NP05) – Taylor Wimpey.

38. The Councils have confirmed that an incorrect build cost figure was applied in the workings for the Upper Callerton appraisal. However, although the application of the correct rate would decrease the amount of available headroom, there is no firm evidence before me that it would render the Callerton scheme unviable. Accordingly, this matter does not alter my conclusion above.
39. Representors have questioned whether the Councils' sales data takes account of incentives that may be offered for new build properties. However, such incentives may not apply in all cases. Furthermore, Land Registry data is based on net prices paid, and accordingly should capture some of the incentive discounts. There is also no firm evidence before me to suggest that the Councils' data is overly focused on 'premium' new built dwellings, nor contains significant numbers of errors to the extent that overall conclusions would be substantially altered.
40. Representors have suggested that the value maps are too simplistic and the number of areas should be increased to more closely reflect the different sale prices across Gateshead and Newcastle. However, I deem the Councils' proposed approach, which is based on extensive evidence and purports a fairly simple pattern of value areas, to be suitable and proportionate, and to avoid undue complexity. A number of minor changes were made to the value maps at submission stage, and these are discussed in the section below on Charging Zone boundaries.
41. Affordable housing revenues of about 59% of market value are used in the Councils' viability work. Whilst I note the recent Government rent regime changes, there is no substantive evidence before me to suggest that alternative figures should apply.
42. Residential build costs are based on RICS¹⁰ Building Cost Information Service (BCIS) localised figures, rebased to the fourth quarter 2014. The Councils have taken a tapered approach, with median costs applied to high value areas, and lower quartile costs applied to low value zones.
43. There was some challenge to the tapering approach, as well as to the use of a 15 year sampling period, with views expressed that build costs were consequentially too low. However, in other respects I note the Council has adopted a cautious approach; for example, through the use of higher 'Housing Mixed Development' BCIS costs, by not applying the BCIS reduction rate for large contracts, and by increasing the rates for the Newcastle Central Area to reflect particular costs of developing in a historic urban location. Taking account of these factors in the round, and the high level nature of the assessment, I am satisfied that the build cost figures in the Councils' viability work are reasonable and represent a proportionate approach.

¹⁰ Royal Institution of Chartered Surveyors.

44. One representor has suggested that the most up to date build costs should be used. However, other variables, including house prices, are likely to have changed. It would skew the findings of the viability work if certain data only were to be updated, and it therefore makes sense to have a common base date for all assumptions made.
45. The Councils have made additional cost allowances for abnormals, externals and contingencies. The abnormals and externals rates have been challenged as being too low, with representors indicating that the existence of old mine workings in the local area can lead to higher abnormal costs. However, many of the alternative abnormals examples submitted by representors relate to sites outside Newcastle and Gateshead, whilst the list of abnormals supplied by a representor in relation to the Ryton allocation appears to include CIL and Section 106 costs (EX11). I also note that the representor's alternative viability appraisal for Ryton retains the Councils abnormals and contingencies rates, stating that *'whilst arguably one could include a high abnormal allowance, these are both within the acceptable ranges I would adopt for a viability of this nature.'*
46. Overall, I consider there is no compelling evidence before me that the Councils' abnormals, externals and contingency cost allowances are inappropriate, or that alternative rates should apply. In reaching this conclusion I have taken into account that significant abnormal costs, where they exist, may potentially be reflected in a lower land price, and that cumulatively the abnormals, externals and contingency rates are equivalent to an additional 20% of build costs.
47. The VR update includes a Section 106 assumption of £2,000 per dwelling for urban sites. This rate has been informed by requirements in the Councils' SPDs on Planning Obligations and in the context of the Councils' draft Regulation 123 lists, and appears to be reasonable.
48. A base Section 106 rate of £8,740 per dwelling has been applied to non-urban sites, with individual costings applied where known for specific sites. In relation to the Callerton allocation, interim total Section 106 costings of £36 m have been broadly agreed by the main parties, notwithstanding the potential additional cost of £656,240 to refurbish the Parkway Medical Centre¹¹. This total is less than the £40 m figure included in the Councils' appraisal. In the case of Ryton, representors have suggested that a rate of £0 should apply. However, having regard to scale of the scheme and the Council's SPD on Planning Obligations, I consider that this would be unrealistically low. For other sites it appears that infrastructure planning work is on-going. In summary, there is no firm evidence before me that the Councils' Section 106 base rate or estimates for specific sites are wholly inaccurate or unreasonable.

¹¹ See documents EX23 and EX25.

49. The VR update includes cost allowances for other elements, including legal fees, professional fees, marketing and NHBC¹² warranty costs. The applied rates appear to accord with industry norms, and capture national and local policy costs where relevant. No substantive evidence has been submitted to justify alternative figures.
50. The VR update assumes a 20% profit on Gross Development Value (GDV) for private housing and 6% profit on GDV for affordable housing. The affordable housing rate has been disputed as being too low. However, the profit figures in the VR update conform with industry standards, and there is no substantive evidence to suggest that alternative figures should apply.
51. The viability work also includes modelling of assisted living housing. One sheltered housing provider has queried several inputs, including build costs and sales values. The Councils' build cost of £984 psm is lower than the BCIS rate for 'sheltered housing general', but between the BCIS rates for 'sheltered housing 2 storey' and 'general sheltered housing'. Nevertheless, in the context that the Councils anticipate that most future development in Zone B will be in the latter two forms, I consider that the applied figures are broadly appropriate. There is also no firm evidence before me to suggest a contrary figure to the Councils' 30% uplift above market value. In many respects I note that the Councils have taken a cautious approach, with the application of unit sizes which exceed those recommended in the Retirement Housing Group Guidance, and further refinement regarding estimated Section 106 costs¹³.
52. In summary, in relation to residential development, I conclude that the submitted DCSs are supported by detailed evidence relating to economic viability from a wide range of sources. There are some different views on particular assumptions, and I recognise that small variations could cumulatively have an effect on overall viability. Nevertheless, viability testing does not involve absolute answers, and the assumptions made by the Councils in the main reflect appropriate industry standards and are not set significantly low or high. Furthermore, the inclusion of abnormals and contingency rates in the Councils work, along with viability buffers, should help to provide additional capacity to absorb any variations in costs or revenues.

Commercial viability evidence - general

53. The viability work incorporates modelling of various types of commercial development schemes, including student accommodation, hotels, retail development, industrial development and offices. The submitted evidence indicates that these uses represent the types of schemes most likely to come forward over the Plan period. The viability evidence for each is addressed in turn below.

¹² National House Building Council.

¹³ Table 4 in Appendix 3 in the Councils' Examination Statement (April 2016) (EX09).

54. The value zone maps and the threshold land values used in the commercial viability work are based on a range of data sources, and have not been significantly challenged.

Student accommodation viability evidence

55. A range of typologies are tested in the VR update, incorporating a different mix and number of cluster and studio flats. The range appears to be broadly appropriate, taking account of the type and location of new build student accommodation schemes which have recently come forward in Newcastle and Gateshead.
56. The Councils' use of a 51 week tenancy period in the revenue assumptions is based on recent private sector schemes in the city and appears to be broadly proportionate. It contrasts with the 38 week period which Newcastle University indicate is typically provided in University owned accommodation. Nonetheless, at the hearing Newcastle City Council indicated that University accommodation may also be rented out during holiday periods, which would increase revenues. Furthermore, on the basis of recent market activity it appears likely that the majority of CIL-liable student accommodation over the Plan period will be provided by the private sector, although some refurbishment and demolition and rebuild University schemes are anticipated by the City Council.
57. The sensitivity testing in the VR update applies lower yields and higher build costs based on the fourth quarter 2015. It has not been significantly challenged, and represents an up to date position on costs and revenues. There is also no firm evidence before me that the Councils' use of established and industry standard BCIS build costs is inappropriate.
58. Overall, in relation to student accommodation, I conclude that the submission DCSs are supported by viability work that is reasonable, proportionate and appropriate.

Hotel viability evidence

59. The Councils' viability work includes testing of a budget hotel across the value zones, and a larger more upmarket hotel typology in the city centre. Increased build costs and space standards have been applied to the upmarket hotel typology, reflecting its higher specification. Based on the Councils' evidence of historical supply and future demand, the typology testing appears to be appropriate.
60. The assumptions in the hotel viability work, including rental income, yields, build costs, fees and profit levels have not been significantly challenged, and appear to be reasonable. The Councils have also adopted a cautious approach by including a further abnormal rate in the city centre to reflect the particular costs of constructing in a historic urban environment. Overall, I consider the

Councils' hotel viability work provides an appropriate evidence base for the Charging Schedules.

Retail viability evidence

61. Viability testing has been undertaken for a range of retail formats, including supermarkets, discount supermarkets, retail warehousing, small retail units, and larger scale comparison development.
62. A number of concerns have been raised in terms of the typologies tested and the general suitability of the proposed charging rates. The Councils sought to address many of these issues at modification stage by undertaking further modelling and sensitivity testing on supermarkets and retail warehousing in the VR update. This included adjustments to yields and profits, and testing of smaller retail warehousing typologies.
63. Overall, taking account of the Councils' updated viability work, I consider the testing covers a reasonable range of typologies, which broadly reflect the type of recent retail development in Gateshead and Newcastle. The individual assumptions in the modelling, including rents, yields, build costs and profit levels also appear reasonable and have not in themselves been significantly challenged. Overall, I am satisfied that the retail modelling provides a reasonable basis to inform the Charging Schedules.

Industrial and office viability evidence

64. The typologies and assumptions used in the Councils' industrial and office modelling work have not been significantly challenged, and appear to be reasonable.

Are the charging rates informed by and consistent with the evidence? Would they put the overall development of the area at serious risk?

CIL rates for residential development

65. The submission DCSs recommend that three residential charging rates (£60, £30 and £0 psm) should apply in Gateshead and Newcastle, differentiated in terms of geographical zones.

Charging zone boundaries

66. The Councils' evidence shows clear viability differences between residential schemes on a geographical basis across the charging areas. Schemes within high-mid value non-urban areas and high value urban areas have been assigned charges of £60 psm and £30 psm respectively, with a £0 charge applying elsewhere.
67. As set out in the above section, a number of representors have questioned the inclusion of several sites in high-mid value non-urban areas and therefore

within Charging Zone A, including strategic allocations at Callerton, Kibblesworth, Ryton and Dunston Hill. Some have suggested that a £0 rate should apply to particular sites, whilst others have indicated that the rate should be lower than £60 psm. However, as previously established, the Councils' viability work supports the inclusion of these sites in high-mid value areas and therefore Charging Zone A, and no compelling alternative evidence has been submitted to the contrary.

68. The boundaries of the £60 and £30 psm charging zones broadly accord with those of the aforementioned value areas. There are some small differences where areas of public open space or golf courses have been excluded from the charging zones, on the basis that development is unlikely to be appropriate in these localities.
69. The Councils have highlighted a small number of cartographic errors in the charging zone boundaries, where pockets of land have been incorrectly included in Zones A/B. In Newcastle this concerns 'Interest Area 4'¹⁴ which is identified as a mid value area on the residential value areas map. Accordingly, I recommend a modification to the Newcastle Residential CIL Zones Map **(EM/N4)** to remove the area from Zone A, and include it in the £0 Zone C.
70. In Gateshead a number of boundary errors have been identified on land west of Rowlands Gill, as shown on Map 2A in the Councils' Response to Post-Hearing Note (EX23). One of the sites is within a mid value area on the value zone map, but is incorrectly shown on the Residential Charging Zone Map within Zone B. Two further areas are identified as high value on the value zone maps but post-hearing evidence submitted by the Councils suggest the boundaries do not relate to physical features on the ground, and should logically be identified as mid value areas. Accordingly, I recommend modifications to the Gateshead Residential Charging Zone Map **(EM/G3)** to remove the areas from Zone B and include in the £0 charge zone. I am satisfied that the recommended Newcastle and Gateshead map changes would not adversely affect the viability of housing schemes or prejudice interests, as they would involve reducing the CIL charge.
71. Gateshead Council has also highlighted some minor errors in the value zone map in the vicinity of Birtley. This involves two small areas that should have been included in high-mid value zones, in order to reflect urban/non-urban characteristics and existing physical boundaries. However, the proposed changes to the values areas do not affect the boundaries of the charging zones. One of the value zone map errors was made at submission stage only and was not reflected in the submission DCS maps. The other site comprises an embankment which the Council state would not be developable.

¹⁴ Map 3, Appendix 4 of the Councils' Examination Statement (April 2016) (EX09).

Overall viability and deliverability

72. The Councils' updated headroom workings¹⁵ show sizable buffers for most residential typologies and specific sites in high-mid value non-urban areas and high value urban areas, ranging predominantly from about 45% to 90%. In relation to Callerton the revised total Section 106 costings discussed above could potentially have a further positive impact on scheme viability. Smaller buffers are recorded for sheltered housing schemes in high-mid non-urban areas, and the Wideopen site, although still at reasonable rates of 20-21%.
73. The appraisal evidence also shows that 1 unit schemes in both areas, and schemes of 100 units in high value urban areas may not have sufficient headroom to support the proposed CIL charge. However, the Councils' evidence indicates that this type/location of development will provide a modest source of future housing supply. Overall I therefore consider the proposed £60/30 psm residential charges in Zones A and B appear to be justified, and would not significantly affect overall housing supply.
74. The Councils' updated viability work also shows that some schemes may be viable in other value areas. However, in most cases this is modest and relates to a limited range of typologies which are not anticipated to form the bulk of development in these locations. In the case of high value non-urban areas there are no strategic releases proposed from the Green Belt. Accordingly, I consider that the proposed £0 charge outside Zones A and B is justified.
75. In summary, I conclude that the proposed residential rates of £60 psm and £30 psm, when applied to much of the qualifying development that is likely to come forward, incorporate a significant margin or viability buffer. This would allow for potential variations in the costs and value of particular developments, or changes in the market over time, whilst making a useful contribution towards infrastructure needed to support development. On this basis the proposed residential charging rates of £60 psm and £30 psm are reasonable and would not put residential development required by the Plan at serious risk.
76. This conclusion is supported by evidence that the proposed £60 psm CIL charge would represent an average of about only 2.5% of gross development value (GDV), as applied to the Plan allocation sites¹⁶. Although this represents a modest proportion of overall costs, it is still an additional cost for developers to bear. Nevertheless, there are signs that the housing market in Newcastle and Gateshead is relatively strong, with reasonable levels of recent completions against targets in the Core Strategy, and no substantive evidence of significant problems with the delivery of strategic sites or the identification of a five year housing land supply. Furthermore, I note that the proposed charges would apply to only about 31% and 22% of the total housing to be

¹⁵ See document EX09.

¹⁶ Table 5 in the Councils' CIL Background Paper Appendices (February 2016) (PO2).

delivered in Newcastle and Gateshead respectively over the Plan period¹⁷.

Commercial charging rates - general

77. A number of CIL charges are proposed for commercial development in Gateshead and Newcastle, within three separate charging zones.
78. The boundaries of the charging zones broadly correspond with the value areas identified in the Councils' viability work, with low and medium value areas classified as Zone 3, high value as Zone 2, and central areas as Zone 1. The two exceptions are Gateshead Quays and industrial land at Follingsby, which although falling within high value areas, are included in Zone 3. The Councils' have indicated that Gateshead Quays is excluded due to particular constraints including contamination and topography, whilst the latter site is an industrial area where there is potential for industrial growth. Based on the evidence before me I consider these differences, and the general charging zone boundaries, to be broadly reasonable.

CIL rate for student accommodation

79. The viability evidence shows clear differentials in student accommodation viability across Newcastle, with a sizable headroom of about 70% for the updated base typology in the Newcastle Central Area and high value areas. Elsewhere in Newcastle the workings show insufficient viability to accommodate a CIL charge.
80. Representors have indicated that the proposed CIL charge of £50 psm in Zones 1 and 2 would represent a significant increase above Section 106 rates which have recently been secured in association with Newcastle schemes. However, the proposed charge is supported by the viability evidence, and there is no compelling evidence before me that it would threaten the delivery of the majority of future student accommodation development. There is evidence of strong on-going demand for accommodation in the city, and significant recent market activity. The Council has also responded to the latest costs and revenues evidence by reducing the rate from £80 psm, as set out in the DCS. The proposed £0 charge in Zone 3 in Newcastle is also supported by the Councils' viability evidence.
81. The Gateshead submission DCS proposes a £0 charge for student accommodation. The viability work shows insufficient headroom in the Gateshead Central Area, and there appears to be low market demand for such schemes in the borough. Overall I consider the Council has adopted a suitably cautious approach with the setting of a nil CIL charge.

¹⁷ Paragraph 4.17 in the Councils' Examination Statement (April 2016) (EX09).

CIL rate for hotel development

82. The Councils' viability work shows that hotel development is viable in high value areas in Newcastle and Gateshead, with reasonable buffers of 79%. The proposed charge of £40 psm in Zone 2 in both charging areas therefore appears to be reasonable, and on this basis would not put the delivery of future development at serious risk.
83. The modelling in Newcastle Central Area provides mixed results, with viability shown for budget hotels but not for upmarket hotels. However, the City Council has highlighted a particular need for additional upmarket 4 star hotels, and suggest this will form the majority of new future build schemes in Newcastle City Centre. In relation to the Gateshead Central Area, the Councils' evidence highlights potential delivery issues, with only one recent hotel scheme progressing successfully without public sector intervention. Accordingly, on the basis of viability and market evidence before me, I consider the proposed £0 charge in the Newcastle and Gateshead Central Areas is reasonable. The £0 charge for hotel development in Zone 3 is also supported by the modelling work, which shows insufficient headroom to support a CIL charge.

CIL rates for retail development

84. The submission DCSs propose a rate of £50 psm for retail warehousing in Zones 2 and 3, £30 psm for small retail development in Zone 2, and £10 psm for supermarket development across all zones. Other forms/locations would be subject to a £0 charge.

Retail differentiation and definitions

85. The Councils' viability work shows clear differences between the viability of various types and scales of retail development, in different geographical locations. For example, small retail development shows viability of about 94% in Zone 2, and supermarket development in general has some form of viability across all zones, whilst large scale comparison development shows a lack of viability. I therefore consider that the use of differentiated charges based upon the type, size and location of retail use to be appropriate.
86. Small retail, supermarket and retail warehousing development is defined in the submission DCSs with reference to a floorspace threshold of 280 square metres (sqm). The Councils have confirmed that this is a net figure relating to the sale or display of goods, as derived from thresholds established in Sunday Trading Act. Accordingly, for the purposes of clarity, I recommend that the retail descriptions in the tables in the Charging Schedules are altered to include reference to net floorspace (**EM/G4, EM/N5**).

Retail viability and deliverability

87. The retail warehousing charge in Zones 2 and 3 appears to be reasonable and justified by the Councils' viability work, which shows viability buffers of 22% and 87% respectively. Retail warehousing does not appear to be a typical form of development in Zone 1, and there is no evidence that it could viably pay a CIL charge in this location. Thus a zero rate in Zone 1 appears to be proportionate and appropriate.
88. The Councils' modelling shows that small A1 retail schemes below a threshold of 280 sqm have a sizeable viability buffer of about 94% in Zone 2. The modelling indicates that larger comparison schemes are not viable, and this is supported by market evidence which indicates a lack of schemes above 280 sqm coming forward. In contrast, there appear to have been a significant number of recent completions of small scale convenience stores below the size threshold, albeit in some cases involving conversion rather than new build development. Having regard to the submitted evidence, and the differences in operating models arising from the Sunday Trading Act, I am satisfied that the proposed £30 psm CIL charge in Zone 2 and the £0 charge elsewhere is broadly reasonable.
89. The Councils' modelling work shows that different forms of supermarket development are viable in different parts of the charging areas. General supermarkets show sizable viability buffers of 57% to 98% across all areas with the exception of low value areas, whilst, conversely, discount supermarkets show viability in low value zones only. In relation to discount supermarkets, the market evidence lends some support to this position, with recent completions in low and medium value areas. However, few general supermarket schemes appear to be coming forward across the charging areas, although there is no firm evidence to suggest that this will continue over the Plan period. Taking account of both the viability and market evidence I consider the Councils have taken a suitably cautious approach to supermarket rate setting, with a rate of £10 psm across all zones.
90. In summary, based on the evidence before me I conclude that the proposed retail rates for both Gateshead and Newcastle appear to be reasonable and proportionate. The charging rates incorporate a reasonable viability buffer to allow for uncertainties relating to development costs and values and variations associated with specific schemes. The supermarket and retail warehousing charges have also been markedly reduced from those put forward in the DCSs following a review of the evidence base. Overall, there is no substantive evidence that the proposed charges in the submission DCSs would put the delivery of supermarket, retail warehousing and small retail development at risk overall or on key strategic sites.

Other development

91. The Councils' viability testing of industrial development and offices demonstrates that these uses would be unable to support CIL charges. The proposed nil CIL charges for these development types therefore appears to be justified.

Other Matters

92. A number of representations were made on the Councils' use of Exceptional Circumstances Relief, and how the spending of CIL monies would be prioritised between different projects or localities. However, these matters are within the Councils' discretion, and it is not the role of the examination to appraise them.
93. A number of representors have raised concerns about different CIL rates in adjoining authorities and elsewhere. However, in terms of the proposed rates before me, I am satisfied that these are justified by the viability evidence, as it applies to Gateshead and Newcastle.
94. One representor has expressed concern that the draft Gateshead instalments policy would have significant cash flow implications for large sites where schemes may take a number of years to build out. However, large schemes may come forward in separate phases, and there is no compelling evidence before me to indicate that the viability of large schemes would be significantly affected. Furthermore, the instalments policy is in draft form only, and the Council has indicated it welcomes receipt of specific concerns from developers.
95. The submission DCSs show grid numbers and lines on the charging zone maps, in accordance with Regulation (2)(c)(iii). However, in the Gateshead document the grid lines on the Residential Charging Zone Map are obscured by the Zone A shading. Accordingly, I recommend that the map is redrafted to clearly show the grid lines **(EM/G5)**.

Conclusion

96. Gateshead and Newcastle Councils have worked constructively together in the production of Charging Schedules for their respective areas, building on the work undertaken on the recently adopted Core Strategy. Both Councils have a positive growth agenda, and in setting the CIL rates have had regard to detailed evidence on infrastructure planning and the economic viability of the development market.
97. The proposed rates will not put the development of the area at risk, but will help to fund new infrastructure required to support growth. Overall, I conclude that, subject to the modifications, an appropriate balance will be achieved between the desirability of funding infrastructure whilst ensuring that a range of development remains viable across the charging areas.

98. Nevertheless it would be prudent for the Councils to review the schedules within 2 years of adoption to ensure that overall approaches taken remain valid, that development remains viable, and that an appropriate balance is being struck.

LEGAL REQUIREMENTS	
National Policy/Guidance	Subject to the recommended modifications the Charging Schedules comply with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended)	The Charging Schedules comply with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the Core Strategy and Infrastructure Delivery Plan and are supported by an adequate financial appraisal.

99. I conclude that, subject to the modifications set out in Appendix A, the Gateshead and Newcastle submission Draft Charging Schedules satisfy the requirements of Section 212 of the 2008 Act and meet the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the Charging Schedules be approved.

Katie Child

Examiner

Appendix A (attached) – Examiner's Recommended Modifications

Appendix A – Examiner's Recommended Modifications

These are the modifications recommended by the Examiner so that the Gateshead and Newcastle Charging Schedules may be approved. In some cases the modifications relate to both Charging Schedules, in other cases one only. This is indicated by the reference numbers in the first column below, where EM/G relates to Gateshead and EM/N relates to Newcastle.

Where relevant, additional text is shown in bold, and deleted text is shown using strikethrough.

Reference number	Modification
EM/G1 & EM/N1 Gateshead & Newcastle	Insert new column in the table in the Charging Schedules after 'Residential Zone B', entitled 'Residential Zone C' with a rate of £0 psm.
EM/G2 & EM/N2 Gateshead & Newcastle	Amend the key in the Charging Schedule residential zone maps, using appropriate shading, to refer to the £0 psm 'Zone C'.
EM/N3 Newcastle	Delete the word 'shared' from the description of development in the third row of the table in the Newcastle Charging Schedule, as follows: ' Shared /student accommodation (C3, C4, Sui Generis)' Insert associated new footnote as follows: ' Purpose built student accommodation which usually has an element of communal facilities '.
EM/N4 Newcastle	Amend the Newcastle Residential CIL Zones Map by deleting 'Interest Area 4' (as identified in Map 3, Appendix 4 of the Council's Examination Statement EX09) from Zone A and including it in the £0 psm Zone C.
EM/G3 Gateshead	Amend the Gateshead Residential Charging Zone Map by deleting the area bounded in red on Map 2A of the Councils' Response to Post-Hearing Note (EX23) from Zone B, and including it in the £0 psm Zone C.

<p>EM/G4 & EM/N5</p> <p>Gateshead & Newcastle</p>	<p>Insert reference to net floorspace in the description of small retail, supermarket and retail warehousing development in the table in the Charging Schedules, as follows:</p> <p>'Small retail (A1) units \leq 280 sqm net floorspace'</p> <p>'Supermarket (A1) ** $>$ 280 sqm net floorspace'</p> <p>'Retail warehousing (A1) *** $>$ 280 sqm net floorspace'</p>
<p>EM/G5</p> <p>Gateshead</p>	<p>Insert clear OS grid lines in the Gateshead Residential Charging Zone Map.</p>

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Appendix 3

Gateshead Community Infrastructure Levy Charging Schedule (November 2016)

Please refer to the residential and Commercial Zones identified in the Residential and Commercial Zone Maps .

Development and use class	Residential Zone A	Residential Zone B	Residential Zone C	Gateshead Commercial (Central Area) Zone 1	Gateshead Commercial Zone 2	Gateshead Commercial Zone 3
Dwellings* (inc. sheltered housing) (C3)	£60/sqm	£30/sqm	£0	-	-	-
Hotels (C1)	-	-	-	£0	£40/sqm	£0
Small retail (A1) units equal to or less than 280sqm net floorspace	-	-	-	£0	£30/sqm	£0
Supermarket** (A1) greater than 280sqm net floorspace	-	-	-	£10/sqm	£10/sqm	£10/sqm
Retail warehousing*** (A1) greater than 280sqm net floorspace	-	-	-	£0	£50/sqm	£50/sqm
All other development****	£0	£0	£0	£0	£0	£0

* **Dwellings**- refers to houses and flats

** **Supermarkets** are convenience-led stores selling mainly everyday essential items, including food, drinks, newspapers/ magazines and confectionary, and where it is intended to utilise less than 50% of the gross retail floor area for the sale of comparison goods and where, depending on scale, weekly food shopping needs are met. In addition, the area used for the sale of goods will generally be above that applied for the purposes of the Sunday Trading Act of 280sq. m.

*** **Retail warehouses** are usually large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods. They can be stand-alone units, but are also often developed as part of retail parks. In either case, they are usually located outside of existing town centres and cater mainly for car-borne customers. As such, they usually have large adjacent, dedicated surface parking.

******For Clarity this Includes** Offices, Use Class B (business, industry, storage and distribution); Shared/ Student Accommodation (C3, C4, Sui Generis) and Extra Care accommodation (Use Class C2)

Calculating the Chargeable amount of CIL

CIL is charged on all new developments which create more than 100m² of floor space and on those developments which create 1 or more new dwellings, even where the floor space is less than 100m². The chargeable amount of CIL is calculated on the gross internal area of the net increase in floor area. The amount to be charged for individual developments will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010, as amended.

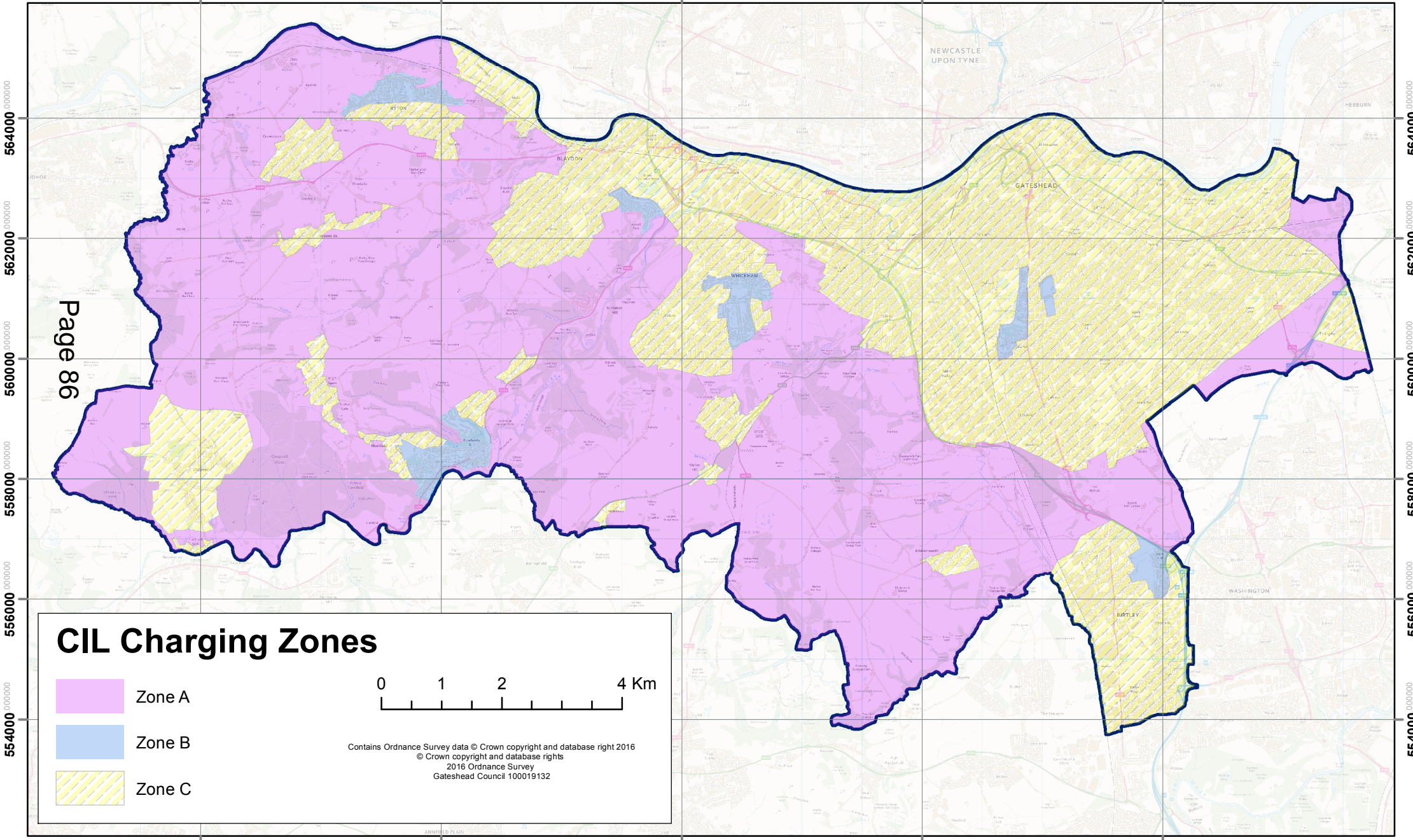
Name of Local Authority – **Gateshead Council**

The Charging Schedule was **approved by Gateshead Council on 10th November 2016.**

The Charging Schedule will **take effect on 1st January 2017**




Gateshead Community Infrastructure Levy Charging Schedule Residential Charging Zone Map

412000 000000 416000 000000 420000 000000 424000 000000 428000 000000



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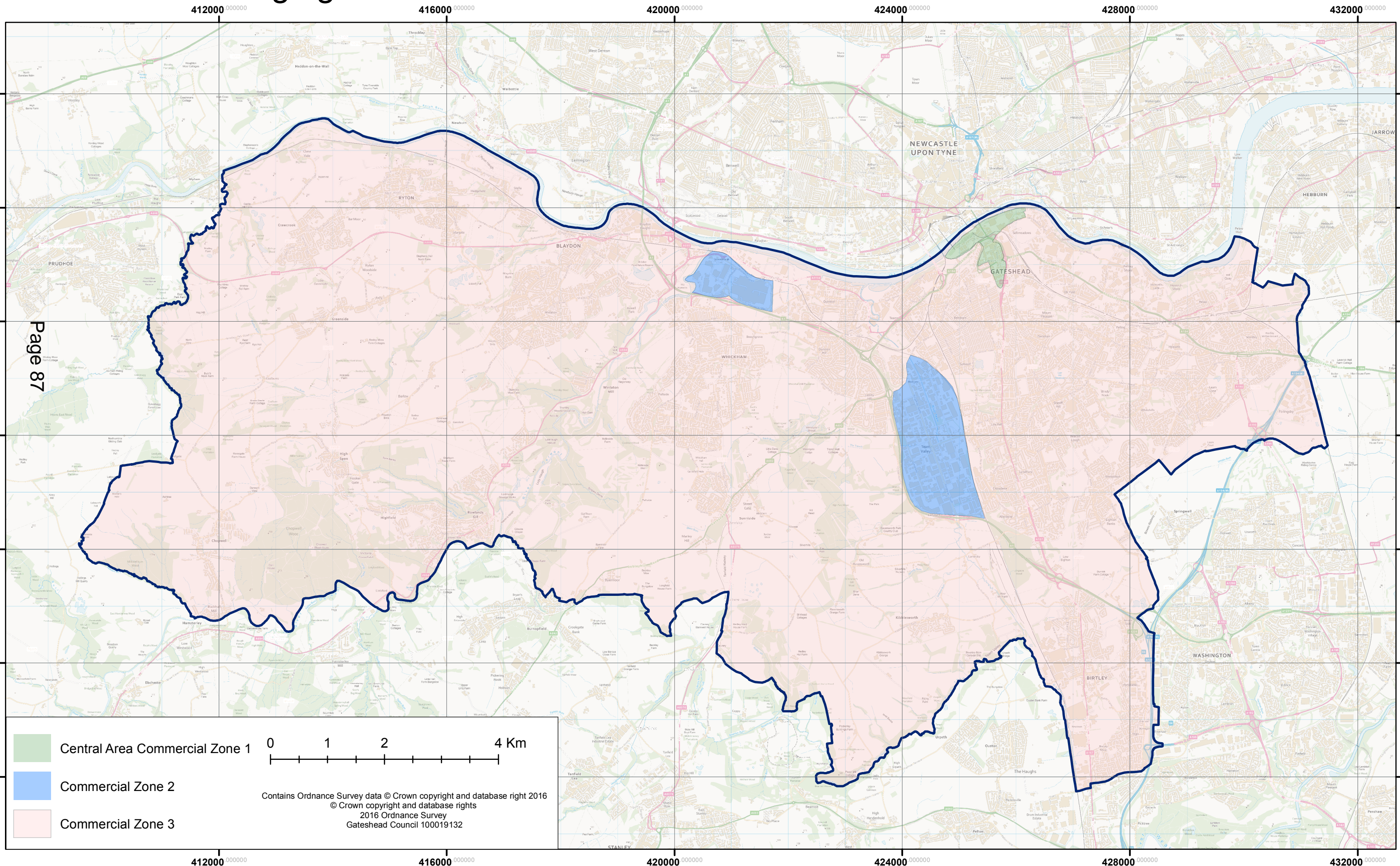
CIL Charging Zones

	Zone A
	Zone B
	Zone C

0 1 2 4 Km

Contains Ordnance Survey data © Crown copyright and database right 2016
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2016 Ordnance Survey
Gateshead Council 100019132

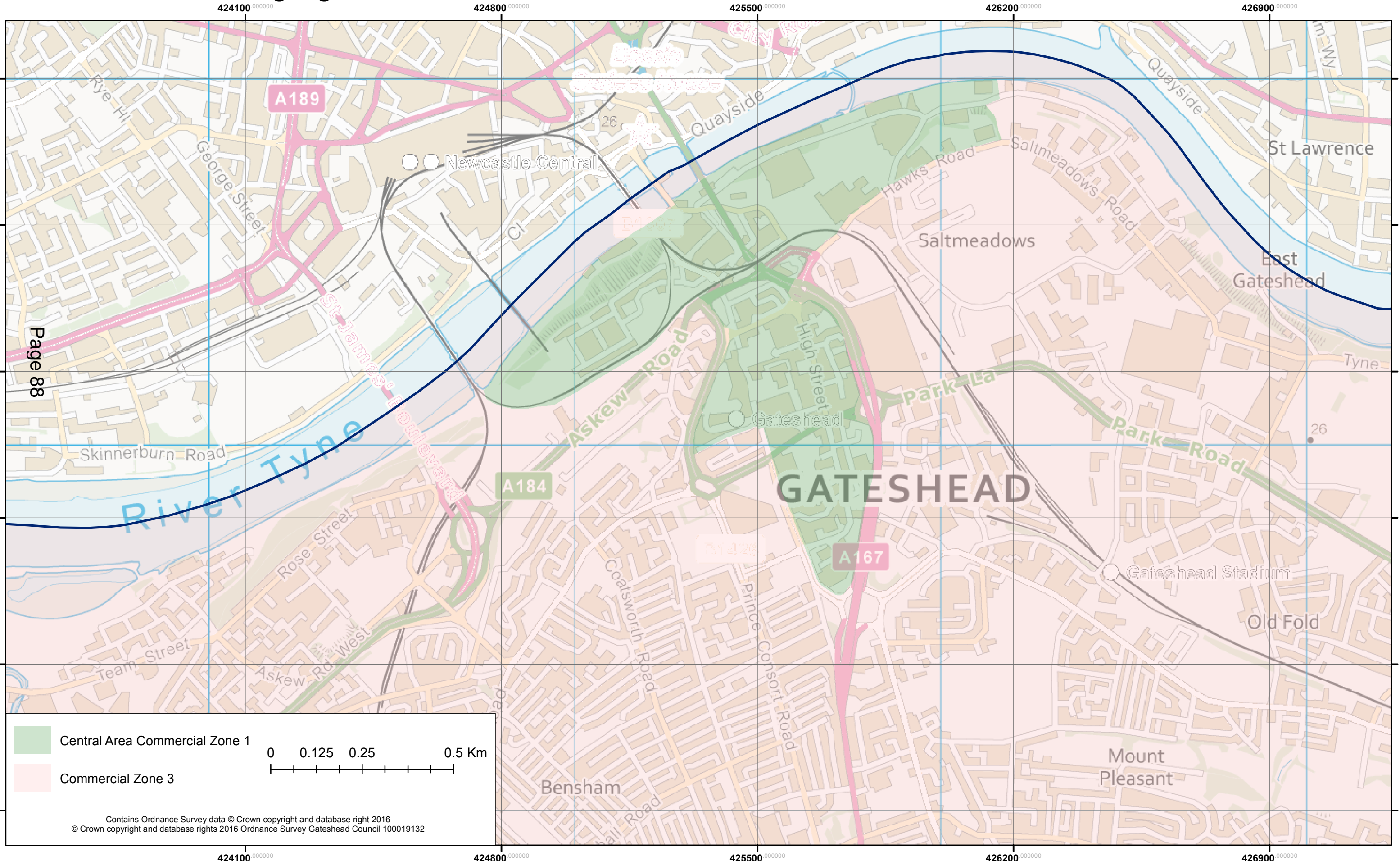
Gateshead Community Infrastructure Levy Charging Schedule Commercial Charging Zones



Gateshead Community Infrastructure Levy Charging Schedule Commercial Charging Zones Inset



November 2016



Gateshead Council

Gateshead CIL - Instalments Policy (November 2016)

(This policy takes effect on 01/01/2017)

Instalment policy

In accordance with Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended), Gateshead Council (the charging authority) will allow the payment of CIL by instalments as set out in the table below:

Chargeable Amount	Number of Instalments	Payment Due
Less than £10,000	0	Required in full within 60 days of the commencement date.
From £10,000 to £49,999	2	Two equal instalments 60 and 540 days after the commencement date.
£50,000 or more	3	Three instalments of 33%, 33% and 34% on 60, 540 and 720 days after the commencement date.

*

CIL Instalment Policy Guidance Notes

CIL becomes payable when development commences. The Regulations define this as “the earliest date on which any material operation begins to be carried out” and confirm that ‘material operation’ has the same meaning as in section 56(4) of the Town and Country Planning Act 1990 (time when development begun).

In some circumstances the Council will accept a land payment in satisfaction of the whole or part of CIL due. These will be negotiated on a case by case basis with the planning officer dealing with the case.

Where a planning application is subdivided into ‘phases’ for the purposes of the levy each phase will be treated as a separate chargeable development and therefore liable for payment in line with this instalment policy. The principle of phased delivery must be apparent from the planning permission. The Council will work positively with developers to allow such developments to be delivered in phases.

The CIL instalment policy will apply in the following circumstances:

1. Where the Council has received the CIL [Assumption of Liability form](#) prior to commencement of the development.
2. Where the Council has received a CIL [Commencement Notice](#) prior to commencement of the development

If either of the above requirements are not complied with, the total CIL will become payable in full on the intended commencement date.

Once the development has commenced the CIL payments must be made in accordance with this instalment policy. Where there is a breach in payments, the total CIL liability will become payable in full immediately.

Enforcement

If the correct payments are not received at the right time, the council has the power to issue a range of surcharges, stop notices and if necessary to recover funds through legal action. The enforcement tools available to the Council are set out in regulations 80-107 of the CIL Regulations 2010,(as amended) and can be viewed using the following link:

<http://planningguidance.planningportal.gov.uk/blog/guidance/community-infrastructure-levy/collecting-the-levy/>

Gateshead Regulation 123 - List of Recipient Infrastructure

November 2016

Regulation 123 provides for the Council to set out a list of those infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded through the Community Infrastructure Levy (CIL).

The purpose of the list is to differentiate between those types of infrastructure that the authority intends to fund through CIL and those areas where a planning obligation under S106 of the Town and Country Planning Act 1990 (as amended) or another source of funding may be pursued to deliver the relevant infrastructure item.

The list below sets out those infrastructure projects or types of infrastructure that Gateshead Council intend will be, or may be, wholly or partially funded by CIL. In accordance with Regulation 123, when the Gateshead CIL is operational, developer contributions to the projects listed will not be sought through planning obligations or S278 of Highways Act 1980.

DRAFT CIL INFRASTRUCTURE LIST <i>Plan Ref (CS and UC), IDP Ref (IDP)</i>	EXCLUSIONS <i>Plan Ref (CS and UC), IDP Ref (IDP)</i>
Transport	
Strategic transport infrastructure including transport corridor improvements (CS13(1)), cycle network improvements (CS13(1)) and key junction/road improvements (CS13(2))	Infrastructure needed to mitigate the impact of a specific development and to make it acceptable in planning terms
Removal of Gateshead Highway flyover and creation of tree lined boulevard from Durham Rd to Redheugh Bridge (Gateshead Boulevard) (CSSG1(v), IDP SG6/7)	
Durham Rd Bus Corridor Phases 4-6 (IDP T5)	
A694 corridor (CS13, GV1(2), IDP GA3.1, GA3.8-3.14)	
A695 Corridor (CS13, GV2 & GV6; IDP GA3.3, GA3.6, GA3.7, GA3.8 & GA3.20)	A695/Greenside Road Junction Improvement (CS GV2 (7ii), IDP GA3.2)
Angel Cycle Route (west) (UC6/GA5.7)	
New park and ride facilities at Eighton Lodge and Follingsby (CS13(1), IDP T7, T8)	Park and ride provision required for the Dunston Hill Neighbourhood Growth Area (CS GN1(1ii), IDP T9)
Heworth Roundabout Improvements (A184 / A185) (CS13, IDP T35)	Lamesley Roundabout Improvements (CS GV5 (1), IDP GA5.1)
A195 (New Rd) Bus Lane (IDP GA6.2)	
Schools	
Provision of new primary school places	
Additional primary school provision required under CS policies GN1, GV1-7 and IDP GA3.18/GA4.8/GA5.2	
Water, Flood and Green Infrastructure	
Strategic Green infrastructure (CS18)	Infrastructure needed to mitigate the impact of a specific development and to make it acceptable in planning terms, including site specific SuDS,
MetroGreen Strategic Flood Alleviation & Mitigation and Green Infrastructure (CS17, CS18 & AOC2;	

IDP G1 & W1) including strategic land drainage network, tidal flood defence along the River Tyne and strategic compensatory storage in the River Derwent	flood mitigation and green infrastructure.
--	--

Strategic Infrastructure- provides for infrastructure that can mitigate unacceptable impacts of development, or cumulative impact of a number of sites, and can refer to off-site provision serving a wider area.

The inclusion of a project or type of infrastructure in this list does not signify a commitment from the Council to fund (either in whole or in part) the listed project or type of infrastructure through CIL. Nor does the list identify priorities for spending within it, or any apportionment of the CIL funds across the authority.

Future updates of this list will take place on a periodic basis, and will be subject to appropriate local consultation, and will also have regard to:

- monitoring of the collection and spending of CIL funds
- updates to the Council's Infrastructure Delivery Plan
- changes to the CIL regulations



REPORT TO CABINET

8 November 2016

TITLE OF REPORT: Budget Consultation 2017-2020

REPORT OF: Mike Barker, Acting Chief Executive
Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. To seek Cabinet approval to consult on plans to reshape council services to meet the financial challenge over the next 3 years; and current draft budget proposals as part of the budget setting process for 2017-18.

Background

2. The Council has adopted a long term approach to its strategic and financial planning, using the policy directions from the Council Plan to inform and direct priorities, and the Medium Term Financial Strategy (MTFS) which was updated and agreed by Council in July 2016.
3. The MTFS estimates a funding gap of £92m by 2021/22 and specifically a £72m gap in the Council's finances over the next 3 years.
4. There are likely to be further implications arising from the Autumn Statement on 23 November 2016 and the local government finance settlement the Council receives in December 2016, which may require a further gap refresh early in 2017.
5. In order to bridge the current funding gap, the Council has agreed that it needs to focus on:
 - **Maximising growth** – both by creating conditions for economic growth and high value jobs, and generating income for the Council through more council tax, business rates, external funding and trading. This will then allow redirection of resource to support those most in need.
 - **Reducing costs** – both by managing demand in areas where there is significant cost pressure but also by increasing efficiency for example through technology.
 - **Increasing collective responsibility** – encouraging and supporting local people, partner organisations, businesses and local communities to play a more active role in achieving positive outcomes for Gateshead.
6. As part of the Council's strategic and financial approach Cabinet endorsed a coordinated and integrated programme of change on 9 February 2016. This programme identified four workstreams of People, Place, Trading and

Commercialisation and Ways of Working which looks at the review of functions and activities rather than current organisational service structures.

Proposal

7. The Council is targeting its efforts, with partners, to those in greatest need and in areas where greatest impact can be achieved. It is focusing on ways to promote early help and prevention, as well as investigating opportunities to increase trading and income generation. These areas are significant elements of the Change Programme.
8. Every aspect of council business has been looked at, being clear on what the Council is best placed to do; what can be done in a different way and what could be done by others.
9. The draft budget proposals contained within this report have been put forward for consultation on the basis that the Council needs to reduce its budget for 2017/18 by approximately £22m.
10. The Council welcomes views on these draft proposals. The public consultation will run from 8 November 2016 through to 6 January 2017. The main method for people to give their views will be via the consultation portal accessed via the Council's website. In addition, engagement with key stakeholder groups will also be undertaken. Promotion of the consultation will be via a mixture of social and conventional media initiatives.

Recommendations

11. It is recommended that Cabinet approves the consultation to inform the budget report which will be presented to Cabinet on 21 February 2017.

For the following reasons:

- (i) To continue the delivery of Vision 2030 and the Council Plan 2015-2020
- (ii) To meet the needs of residents, businesses and partners in a principled and planned way, within the context of the resources available.
- (iii) To manage its financial, property and human resources effectively in exceptionally challenging financial circumstances.
- (iv) To shape the future direction of the Council.

Policy Context

1. Full Council is responsible for approving a budget following recommendations from Cabinet, in line with the budget and policy framework outlined within Gateshead Council's constitution.
2. The Council Plan 2015 – 2020 was developed to respond to the significant challenges Gateshead is facing in continuing to meet the changing needs of local people and businesses in the current economic climate. The Council Plan will enable the Council, with partners, to be better placed to achieve positive outcomes for the people of Gateshead and deliver the ambition of Vision 2030.

Background

3. The Council has adopted a long term approach to its strategic and financial planning. The Medium Term Financial Strategy (MTFS), which was updated and agreed by Cabinet in July 2016, is based on a financial forecast over a rolling five-year timeframe from 2017/18 to 2021/22 which will help ensure resources are aligned to the outcomes in the Council Plan. The MTFS sets the financial context for the Council's resource allocation process and budget setting.
4. The MTFS estimates a funding gap of £92m by 2021/22 and specifically a £72m gap in the Council's finances over the next 3 years. However, there are potential unknowns that may arise from the Autumn Statement on 23 November 2016 and the local government finance settlement the Council receives in December 2016, which may require a further gap refresh early in 2017.
5. In order to manage effectively in financially challenging times, the Council has developed a rolling programme for budget planning, to give greater flexibility and resilience. A key element of this approach is to engage with and consult residents, businesses, partners and employees.

Consultation

6. Councillors have been consulted on the draft budget proposals through Corporate Resources Advisory Groups, portfolio meetings and briefing sessions. The trade unions have also been consulted on the report. Consultation will be ongoing until such time as when the Council's Budget is agreed in February 2017.

Alternative Options

7. The Council is statutorily required to agree a lawful budget each year. To not identify savings in order to bridge the funding gap would be to jeopardise this requirement and put the Council's financial sustainability at risk.
8. Other options to close the budget gap that will be considered alongside savings when the budget is set include increases in Council Tax, Business Rates income and the management of Council debt.

Implications of Recommended Option

9. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the draft proposals for consultation in the report have been prepared in the context of the financial position identified in the MTFS agreed by Council on 16 July 2016.
 - b) **Human Resources Implications** – There are now 2,100 fewer people working for the Council since 2010. Implications from the 2017/18 draft budget proposals are outlined in appendix 2.
 - c) **Property Implications** - The Council will continue to implement its Asset Management Strategy and seek to reduce the costs associated with buildings and property. Detail of the property implications of any proposal will be identified throughout appendix 5.
10. **Risk Management Implication** - The risk management implications of each draft proposal will be assessed as part of future reports.
11. **Equality and Diversity Implications** – During the period of consultation, draft equality impact assessments will be prepared to identify potential significant impact against the protected characteristics, as identified in the Equality Act 2010. This impact will be assessed to inform the Budget and Council Tax Level 2017/18 report that is prepared for Cabinet in February 2017.
12. **Crime and Disorder Implications** – The Council has a legal duty under Section 17 of the Crime and Disorder Act 1998 to carry out all its various functions with “due regard to the need to prevent crime and disorder in its area”. Individual proposals will be assessed as to their impact on crime and disorder and should any specific impact be identified these will be highlighted in the report to Cabinet in February 2017.
13. **Health Implications** – There are a number of draft proposals that could impact on the Council’s ability to improve the health and wellbeing of Gateshead’s residents. This impact will be assessed to inform the Budget and Council Tax Level 2017/18 report that is prepared for Cabinet in February 2017.
14. **Sustainability Implications** - The draft proposals put forward could impact on activities that support operational and financial sustainability. There is a need to balance short term budgetary requirements with the achievement of medium term financial sustainability.
15. **Human Rights Implications** – The implications of the Human Rights Act must be considered in any decision that involves a change of policy or function, or a service change that arises from the choices. These will be identified, where necessary, in the EIAs.

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

17. **Background Papers**

The documents that have been relied on in the preparation of the report include:

- Vision 2030
- Council Plan 2015 – 2020
- Medium Term Financial Strategy 2017/18 – 2021/22
- Workforce Strategy
- Gateshead Strategic Needs Assessment
- Corporate Asset Management Strategy & Plan 2015-20

Human Resources Implications

1. Many of the proposals put forward in this report will, if agreed, have an impact on the Council's workforce. The detailed information available as Appendix 5 includes estimates of the implications for employees over the year 2017/18. Where applicable these are expressed as FTEs (full-time equivalents). This means posts totalling this FTE figure would have to be deleted permanently from the Council's employee establishment in order to make the identified saving from staffing budgets. Current estimates total over 120 FTEs, however, it should be noted that there are some proposals where FTEs have not yet been identified due to the scale and complexity of the proposal.
2. In accordance with the statutory redundancy process as set out under section 188, Trade Union and Labour Relations (Consolidation) Act 1992, consultation must be undertaken with the appropriate trade union representatives of employees who may be affected by any of the proposals. As it is estimated that more than 100 employees may need to be made redundant, a statutory minimum consultation period of 45 days applies. However, the proposed timetable allows for a consultation period of 90 days on this occasion, to enable full and constructive consideration to be given to: how redundancies might be avoided; how the number of redundancies might be reduced; and mitigating the consequences of any redundancies.
3. Due to the scale of the funding gap it is intended that this consultation will be taken forward as follows:

On Friday 4 November 2016 formal consultation with employees and trade unions begins

On Tuesday 8 November 2016 employees in service areas that are likely to be affected by the proposals will receive letters informing them that their jobs may be 'at risk'
4. In order to minimise the number of compulsory redundancies, applications for voluntary redundancy will be considered in areas that are not at risk of redundancy. The Council continues to offer an enhanced Redundancy Payment Scheme available on application to employees at risk of redundancy, or whose post might provide an employment opportunity for an employee otherwise at risk themselves (i.e. a 'bumped redundancy') or an efficiency saving. Applications for voluntary redundancy in areas that are not at risk will need to be considered in an organisational context and in line with the Workforce Strategy. Applications for voluntary redundancy may not be supported where there is a need to retain specialist skills and experience.
5. In addition, employees will be encouraged to consider whether a reduction in hours might be appropriate for them, thereby enabling savings to be made from staffing budgets which are not dependent on redundancies.
6. While voluntary redundancy or reduced hours arrangements might not be available to all employees due to the particular needs of the service, managers will be asked to consider constructively such applications from employees.
7. Where compulsory redundancies are implemented, employees affected will be classed as redeployees and all reasonable efforts will be made to secure their

continued employment in the Council (either on a permanent or temporary basis). Given the anticipated scale of redundancies, redeployment opportunities may be significantly limited compared with previous years.

8. A range of support measures are also in place to offer employees at risk or on notice of redundancy guidance and advice on matters such as: where to seek external job opportunities; preparing job applications and for interviews; how to become self-employed or start a new business; where to access other support and how to manage finances.

Gateshead Council Budget Proposals 2017/2020

Introduction

Gateshead Council sets a budget each year and has to decide how to assign money to the wide range of vital services it provides to the people of Gateshead. Every year the budget setting process involves some hard decisions, trying to balance the needs, as well as the wants and aspirations, of the community.

The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review in 2010. In addition, service pressures and increasing demand for services, particularly from the most vulnerable, has meant that the Council has had to make significant budget savings in response to the Government's austerity measures. Like other Councils in the region, Gateshead Council has seen its funding disproportionately impacted and reduced by Government policy when compared with the national context.

Government legislation has, and will continue, to directly impact on local government. The welfare reform agenda is likely to continue to place additional demands on local authority services as well as significantly impacting on local authority finances with a further £12bn cuts to the welfare budget. The Care Act will also put additional strain on services and, while provision has been made to improve the integration of social care and health services through the Better Care Fund, it is unlikely that resources will be sufficient for the Council to cover additional burdens. Government policy in respect of the economy, schools and housing will also impact significantly on Council service provision and financial planning. In addition new reports from the National Audit Office highlight the impact of funding reductions on services for vulnerable children and their families.

It has been well documented that since 2010 Gateshead Council has:-

- received around £76 million less government grant
- reduced revenue budgets by £130 million
- reduced the workforce by 2,100 posts
- 200 fewer operational property assets

The Council faces a huge financial challenge in the years ahead and at the same time is working hard to protect the services that make the greatest difference to people's lives.

By the end of 2017/18 the Council's grant funding will have reduced by approximately 46% since 2010. This equates to over £380 per head reduction and over £800 per dwelling. Furthermore by 2020 the Council will no longer receive Revenue Support Grant with the move to a new funding system of 100% rates retention, the implication being that the Council will become less reliant on central sources of funding towards the end of the decade and more reliant on the income generated through business, resident and tourism spending.

The Council has repeatedly raised concerns to government about fairness in the distribution of funds and the growing concern and evidence of the negative impacts of the current economic climate on mental health and wellbeing, particularly in areas like Gateshead which has high levels of deprivation.

It is estimated that there will be a £92 million gap by 2021/22 and specifically a £72 million financial gap over the next 3 years

- 2017/2018 - £22 million

- 2018/2019 - £36 million
- 2019/2020 - £14 million

Like most Councils, social services for adults and children now account for over half of the revenue budget. These services will be expected to make significant contributions to savings targets at the same time as demand for these services is rising.

Whilst the Council remains committed to achieving the best possible outcomes for the people of Gateshead, providing the best quality and value for money and sustaining services for those most in need, these are difficult times and difficult decisions will have to be made. The levels of Council service provision will inevitably change and some services will no longer be available.

Our approach

The Council will target our resources to those most in need, to tackle inequality and support those most vulnerable. The Council will ensure that it maintains support to priority services - that is, those that are most needed, working with our partners to make best use of all assets and resources.

The Council has agreed that it will focus on:

- **Maximising growth** – both by creating conditions for economic growth and high value jobs, and generating income for the Council through more council tax, business rates, external funding and trading. This will then allow redirection of resource to support those most in need.
- **Reducing costs** – both by managing demand in areas where there is significant cost pressure but also by increasing efficiency for example through technology.
- **Increasing collective responsibility** – encouraging and supporting local people, partner organisations, businesses and local communities to play a more active role in achieve positive outcomes for Gateshead.

Practically this means taking a whole Council approach to reviewing what we do and how we work. The [Gateshead Strategic Needs Assessment](#) helps us to understand need and demand, [Vision 2030](#), [Council Plan](#), provides a framework of outcomes and policy directions and the [Medium Term Financial Strategy](#) provides best estimates and predictions.

Whilst it is difficult to predict the future with any certainty, our three year strategic and financial planning framework aims to establish the destination of the Council and services: - in other words, what the Council will look like and how the money will be effectively managed and spent.

Changing the way we work

With such a significant financial challenge it is inevitable that there will be fundamental change required and this will need to be delivered at significant speed. Balancing long term ambition and short term financial decisions to ensure a balanced budget year on year will test the whole of the organisation.

The Change Programme, agreed by Cabinet on 9 February 2016, identified four workstreams of People, Place, Trading and Commercialisation and Ways of Working which look at the review of functions and activities rather than the current organisational service structure.

It is vital that we take a whole Council approach with a joined up programme of change activity. An assessment of the Change Programme, as part of the strategic and financial planning process, has been undertaken to establish how we can continue to deliver the change needed at pace in the future. The aim is to ensure there are clearly understood lines of accountability and that capacity and effort are focussed on the right actions by the right people.

Detailed delivery plans will form the basis of the performance management framework to ensure any change or agreed proposal is effectively implemented.

The detail of the proposals relating to the Change Programme can be found at Appendix 4.

The Council's functions, future activity and draft proposals

The role and responsibilities of the Council and those of our partners are changing rapidly, as are the expectations of local citizens. We have some key duties which the Council will deliver over the next 3 years described in the following themes;

- Health and Social Care,
- Environment,
- Communities,
- Local Economy and Growth,
- Trading and Investment,
- Customer Services, Property and Technology
- Democratic Core.

The attached summaries bring together the possible destination for the relevant themes, some of the key areas of change being explored, and then specific options for councillors to consider over the next three years.

Figures have been included where possible and specifically in relation to closing the financial gap in 2017/2018. Where appropriate, overall budget figures have been included alongside individual proposals within this document. Where these figures are presented as net. the budget figures include both income and expenditure, and when described as gross they include only expenditure for comparison.

In accordance with our duties under the Equality Act, we will focus on the potential impact of the proposals on groups of people who share a protected characteristic – for example, people with a disability and proactively seek their views on proposals which might have a significant impact, direct or indirect, upon them. Where a potential adverse impact is identified we will endeavour to mitigate or avoid that impact wherever possible. **The Impact Assessments will be made available on the Council's website throughout the consultation period. To access the Impact Assessments for the proposals please see our website www.gateshead.gov.uk/budget.**

Implications of the draft proposals on employees

Many of the proposals put forward for consultation will, if agreed, have an impact on the Council's workforce. Where applicable these are expressed as FTEs (full-time equivalents). This means posts totalling this FTE figure would have to be deleted permanently from the Council's employee establishment in order to make the identified saving from staffing budgets.

However, it should be noted that there are some proposals where FTEs have not yet been identified due to the scale and complexity of the proposal. These figures will emerge as proposals are further analysed and are likely to be significant.

In accordance with the statutory redundancy process as set out under section 188, Trade Union and Labour Relations (Consolidation) Act 1992, consultation must be undertaken with the appropriate trade union representatives of employees who may be affected by any of the proposals. As it is estimated that more than 100 employees may need to be made redundant, a statutory minimum consultation period of 45 days applies. However, the proposed timetable allows for a consultation period of 90 days on this occasion, to enable full and constructive consideration to be given to: how redundancies might be avoided; how the number of redundancies might be reduced; and mitigating the consequences of any redundancies.

In order to minimise the number of compulsory redundancies, applications for voluntary redundancy will be considered in areas not at risk of redundancy. The Council continues to offer an enhanced Redundancy Payment Scheme available on application to employees at risk of redundancy, or whose post might provide an employment opportunity for an employee otherwise at risk themselves (i.e. a 'bumped redundancy') or an efficiency saving.

In addition, employees will be encouraged to consider whether a reduction in hours might be appropriate for them, thereby enabling savings to be made from staffing budgets which are not dependent on redundancies.

While voluntary redundancy or reduced hours arrangements might not be available to all employees due to the particular needs of the service, managers will be asked to consider constructively such applications from employees.

Where compulsory redundancies are implemented, employees affected will be placed on the redeployment register and all reasonable efforts will be made to secure their continued employment in the Council (either on a permanent or temporary basis).

A range of support measures are also in place to offer employees at risk or on notice of redundancy guidance and advice on matters such as: where to seek external job opportunities; preparing job applications and for interviews; how to become self-employed or start a new business; where to access other support and how to manage finances.

Consultation

Consultation enables us to better understand and consider the needs and expectations of all residents in Gateshead. Consultation will be undertaken in relation to all proposals and will involve identification and ongoing assessment as to the impact, if any, of each proposal to inform decision making.

Depending on the type of proposal under consideration consultation may involve some or all of the following stakeholders:-

- individual service users and their families,
- representative groups/community interest groups and other stakeholders
- Gateshead Council partners
- other statutory agencies
- third sector organisations

The nature of the consultation will be determined by, and proportionate to, the proposal under consideration and the form and scope may differ between proposals.

Consultation may take place face to face, at public meetings, or online as is appropriate to the type of proposal under consideration and the group(s) potentially affected.

The initial proposals presented in this document are in many cases capable of being increased or decreased and decisions on this will be informed by the results of the consultation and the overall requirement for savings that will be confirmed when the Council receives further funding information from government.

Many of the proposals included in this report, particularly in relation to Health and Social Care, formed part of last year's budget consultation exercise. Specific consultation exercises have also been undertaken throughout the year: e.g. the Library Review . For completeness all draft proposals have been included and previous or ongoing specific consultations have been highlighted where appropriate.

DIFFERENT FORMATS

If you require this information in a different format – large print, Braille, on audio/CD/MP3 please contact Jane Bench on telephone 0191 433 2058 or email BudgetConsultation@gateshead.co.uk

HEALTH AND SOCIAL CARE

Overall gross budget £180,620,000 - Net Budget £110,379,000
Potential proposals to close the gap for 2017/2018 amount to up to £11,425,000

The Council's Role

In Gateshead we want residents to live longer and have healthier lives by;

- reducing health inequalities
- focusing on prevention and reducing the need for high quality treatment and care
- enabling communities to improve their own health and wellbeing

The Health and Social Care Act 2012 extended the Council's role in protecting and improving health and providing public health services for Gateshead.

The Council has a role in supporting adults and their carers, keeping people healthy, safe, equal and feeling good about living in Gateshead, this includes our most vulnerable adults. We aim to meet the needs of our residents in the most efficient way and keep vulnerable people as independent as possible.

The Council has a role in supporting children and young people in Gateshead to be safe from neglect and harm, receive the best possible education, get the right support when they need it, achieve their full potential and be as independent as possible when they become adults, and support parents to create loving, stable and supporting families.

Possible Destination

Health and Social Care will be delivered in the following way:

- A strong Early Help offer that supports people in difficulty early and with pace reducing the likely need for costly packages of support
- Making every contact count
- It will be built around community universal services – including GP Practices and Schools
- It will build on strength based approaches – what people can do rather than can't, and be promoting of independence and empowerment
- It will focus on inequality and vulnerability. Targeting and prioritising services to greatest need
- It will see the delivery of quality integrated care and health packages based on need:
 - At home
 - In care/nursing
 - In hospital
- A service better able to cope with demand, but a likely smaller service delivering in a different way.

Key actions to get to the destination

- Developing a plan to redesign Care Wellbeing and Learning, with a view to start implementation by April 2017.
- Partnership approach with aligned priorities and a focus on prevention and early intervention and with the impact of reducing high cost care.

- Integration
 - Integrated commissioning unit between the Council and the Clinical Commissioning Group
 - Closer working with hospitals and GP Practices
 - Integrated commissioning structure to ensure more choice for customers and a thriving market that in turn improves the quality of provision.
 - Integrated Health and Social Care co-located teams that are coordinated around the needs of the customer
 - Quality assurance integration across Adults and Children’s would strip out duplication, provide more effective performance management and assurance for the Chief Executive, Director of Children’s Service and Director of Adult Social Services
- Assessment and care management (Adult Social Care) – resources realigned to focus on front door and enablement. Focus on maximising independence and wellbeing. Reducing demand and diverting/signposting those who don’t have an assessed need. Immediate response for customers with needs addressed at first point of contact
- Review of Adult Social Care provider services
- Streamlined in house provider service focussing on enablement.
- A strong independent sector providing various services. The aim would be to reduce costs. The customer will benefit by being supported to live independently in their own home, better quality of life, greater range of opportunities for service users and carers.
- More targeted activity – specifically focused on the needs that lead to high cost acute services (both in Children and Adult Services)
- A sustainable system focused on prevention and permanence
- Manage demand and reduced cost to the system – clear pathways and thresholds in Adults and Children’s services
- An increase in Learning and Schools traded income that eliminates the need for ‘Council support’ generated through reducing costs and increasing customer base
- To have a marketable, sustainable, competitive and quality Learning and Schools offer that is customer focused and continues to improve outcomes
- Achieving more together with communities and partners, in particular the Voluntary and Community Sector (VCS), through recognition of community assets and to support community development
- Development of empowered communities to take greater responsibility for themselves and their environment
- Better use of assets, community capacity and public sector resources
- More joined up working and collaborating with residents and communities to identify the best long-term solutions to problems
- Efficiency savings and reduced costs
- Health Improvement and reducing health inequalities

Budget proposals

Ref	Draft proposal	2017/18 £	FTEs
1	Delaying of management structure within Care, Wellbeing and Learning.	750,000	Up to 11.5
2	Recommission Independent Supported Living Schemes *	650,000	N/A
3	Recommission Learning Disability Care Packages *	1,725,000	N/A

4	Review of support for people to live independently*	550,000	
5	Recommission Day Services*	500,000	
6	Reduce Residential Care Admissions (Adults)*	1,350,000	N/A
7	Adult Social Care trading and income generation including fees and charges	1,000,000	
8	Supporting people/voluntary organisation savings	410,000	N/A
9	Review our approach to Adoption Services*	50,000	1
10	Children's Social Care – reduced demand through Early Help investment *	220,000	N/A
11	Early Help efficiencies *	432,000	N/A
12	Early Years Childcare Service – charge into Early Years block of Dedicated Schools Grant	363,000	N/A
13	Parent Partnership – fund from High Needs block of Dedicated Schools Grant	52,000	N/A
14	Reshape and revise our approach to Home to School Transport*	295,000	N/A
15	Review of Commissioning requirements for respite/family support with increased Direct Payments/Personal budgets where appropriate.	269,000	N/A
16	The Avenues Building Closure – Youth Services	11,000	N/A
17	Removal of vacant posts that are being held against children centre staffing establishments	22,000	1.2
18	Fully fund Educational Psychology from High Needs funding of the Dedicated Schools Grant and trading income	402,000	N/A
19	E-learning – fully trade or reduce	33,000	1
20	Governors Support – fully trade	24,000	N/A
21	School improvement service income and efficiencies *	150,000	N/A
22	Reducing elements of the Drug and Alcohol programme *	147,000	N/A
23	Reducing funding for the LiveWell Gateshead programme*	Up to 1,311,000	Up to 25.96
24	Reducing funding for NHS Health Checks*	30,000	N/A
25	Public Health team efficiencies*	94,000	4
26	Remodelling 0-5 (Early Years) and 5-19 Children's Public Health Services*	459,000	N/A
27	Reductions in Sexual Health funding	126,000	N/A

Year 2 and year 3 will see the following further work:-

- Extra Care Schemes re-provision
- Demand management – Adult and children's services
- Integration of health and social care
- Reduction in Provider Management costs
- Recommissioning of Enablement, Domiciliary Care and Independent Supported Living
- Recommissioning of directly provided Independent Supported Living
- Commissioning team efficiencies
- Further implementation of Achieving More Together with communities and the VCS

* These proposals formed part of last year's budget consultation exercise

For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

ENVIRONMENT

Overall Gross Budget £39,852,000 Net Budget £19,310,000
Potential proposals to close the gap for 2017/2018 amount to up to £830,000

The Council's role

The Council has a role to provide a variety of services that help keep the environment in which people live, work and spend their spare time, clean, safe and in an attractive condition.

There are a number of activities that we are required to provide by law, for example; highways maintenance, waste disposal, graffiti removal, pest control, management of our biodiversity and nature reserves, our historic buildings and conservation areas and our parks and open spaces and cemeteries and crematoria services.

The level at which we are now providing environment related services has changed, however we want to continue to achieve:

- reliable refuse and recycling services,
- communities with clean neighbourhoods
- accessible green spaces for people to enjoy which also helps manage climate change
- reliable winter maintenance services to protect residents and visitors
- safe traffic and pedestrian carriageways
- improved transport links across Gateshead
- a better quality environment

Possible Destination

The longer term vision for environmental services is detailed below;

Waste Collection

- Partnership South Tyneside and Sunderland
- Increased income – Green waste, trade waste

Grounds Maintenance

- Potential Partnership with other local authorities
- Achieving More Together - Invest to save proposal to step up enforcement and prosecution on short term
- No longer maintain bowling greens or football pitches or achieve full cost recovery
- Different models for some parks
- Some front line Highways relocated from Construction Services

Environment

- Increased enforcement to ensure that environmental standards are maintained by all members of the community in commercial and private premises and on the highway

- An ability to repair highways in a timely manner to reduce the need for more costly intervention and insurance claims.

There are a number of services that generate income that is used for environment services. The Council could continue to provide these services in the future.

The Council will also be delivering Housing Repairs and Maintenance through a new delivery model working with a commercial partner. This will help with the long term sustainability of the stock with a shift to more planned maintenance rather than responsive repairs. It will also involve the service working more closely with others and in a more commercial and efficient way. It should also be noted that this element of the service is linked to the future options for the Council housing stock in order for this to achieve sustainability and meet the needs of tenants in the future.

Further potential savings may be released if a successful refinancing of the South Tyne & Wear Waste Management Partnership takes place.

Key actions to get to the destination

- Map out activities that the Council has a duty to undertake, understand needs and agree service standards
- Engagement on decision on reduce/remove subsidy to sports clubs and bowling clubs for maintenance on a phased basis with support to help them become self-sustaining
- Extend Garden Waste scheme and increase charges to generate income
- Identify approach to parks to reduce costs and generate income with options including greater community involvement
- Develop greater individual and community responsibility for the environment and waste making use of the Behavioural Change Team as well as Achieving More Together
- Explore new delivery models such as shared services where this is feasible and appropriate
- Opportunities to generate additional traded income e.g Trade Waste, Funeral Director Service to be developed
- Mobilisation plan for the delivery of Housing Repairs and Maintenance from April 2017

Budget proposals

Ref	Draft proposal for consultation	2017/18 £	FTEs
28	Increase in bereavement fees and charges * - additional fees proposed in 2018/20	30,000	N/A
29	Trade waste income generation* additional income proposed in 2018/2020	30,000	N/A
30	Increase in fees and charges for Bowls and Football pitches* additional income in 2018/19	75,000	N/A
31	Garden Waste – increase in scheme fee*	168,000	N/A
32	Winter maintenance – stop 2 nd priority routes	52,000	N/A
33	Weed control reduction and then cease*	30,000	N/A
34	Streetlighting energy savings	71,000	N/A
35	Transport Strategy income generation	148,000	N/A
36	Transport Strategy restructure	146,000	5

37	Removal of roads surveys budget	20,000	N/A
38	Reduction in Commissioning and Business Development establishment - additional reduction in 2018/2020	25,000	1
39	Reduction in consultancy fees (South of Tyne Wear Waste Management Partnership)*	5,000	N/A
40	Reduction in Countryside Rangers and maintenance of Public Rights of Way – additional reduction in 2018/19	30,000	1

Year 2 and year 3 will see the following further work:-

- Increased bus lane and car parking charges
- Increased costs of residents, civic centre and other permits
- Trade waste business case
- Expanding the Bereavement Service offer
- Expanding our voids collection service arrangement with the Gateshead Housing Company
- Continue to drive out waste disposal cost
- Investment in technology reducing false claims, reducing invalid complaints and avoiding additional fuel and operating costs
- Review the method of management, quality and quantity of bowling greens and football pitches
- Review parks and consider a commercial offer for key strategic parks, access investment and funding
- Consider a new marketing offer for increasing garden waste subscriptions

* These proposals formed part of last year's budget consultation exercise

For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

LOCAL ECONOMY & GROWTH

Overall Gross Budget £12,068,000 Net Budget £3,096,000
Potential proposals to close the gap for 2017/2018 amount to up to £897,000

The Council's role

In Gateshead we want to foster a strong, sustainable and inclusive economy that provides equal opportunity for all residents to enjoy the best lives possible, now and in the future. The Council's goal is to improve the wellbeing and quality of life of local communities by establishing an environment in which businesses can thrive and create more and better jobs and by helping people access and progress in work. Growth in employment and incomes will help to tackle poverty and economic inequality in addition to boosting health and wellbeing.

Housing also plays a major role in the local economy, be that by attracting and retaining workers or through construction-related activity. There are also associations between the quality of housing, ill health, poverty and social mobility. These can have very significant economic impacts in the longer term by affecting the productivity of adults living in poorer housing, but also by the impact on the life chances of their children.

As well as helping maximise income generation to the Council, growth also therefore helps to reduce demand on the services we provide.

We currently promote growth by:-

- Working with a range of public, private and third-sector partners to influence policy, investment and service delivery decisions in Gateshead's favour
- Ensuring businesses, individually and collectively, have all they need to thrive in Gateshead and create good-quality, sustainable jobs
- Helping residents develop in-demand skills and overcome barriers to work to enable them to secure and progress in good employment
- Improving the financial capability of residents to help them maximise and protect their income, assets and savings
- Enabling the provision of sufficient market and affordable housing in order to retain existing residents and attract new people of working age to Gateshead
- Delivering the physical infrastructure necessary to support growth e.g. business space, transport, broadband, energy, green spaces
- Promoting Gateshead to investors, developers, businesses and potential residents

Possible Destination

Three year plan relating to economic and housing growth activity involves a reduction in the following areas in year 1

- Enterprise and Industry (33% reduction)
- Employment, Skills and Inclusion (50% reduction)
- Housing Growth (33% reduction)
- A reduction in management (66%) and technical support (66%) for these functions.

Capital Project delivery will continue to be supported by working with housing development industry to attract development to the area.

Our dedicated roles working on economic policy and partnership activity would cease.

The 3 year plan relating to development and public protection activity involves;

- Increased income
- Digital and IT improvements to promote channel shift and maximise efficient and home working
- Partnerships with other local authorities

Key actions to get to the destination

- Review economic and housing growth priorities, stopping or reducing activity in line with the available budget.
- The following actions have been identified to increase income from Business Rates and Council Tax subject to capacity to deliver:-
 - Explore the use of financial instruments and alternative investment models
 - Analysis of Economic Growth major projects and improved delivery confidence
 - Focus on Place Promotion and consider alternative relationship with investors
 - Enterprise Zone infrastructure investment plan
 - Programme and investment agreed for specialist and supported housing growth
 - Develop Housing Investment Plan
 - Investment Options for Gateshead Regeneration Partnership
 - Consultation for Making Space for Growing Places
 - Prepare Business Case for in-house housing development
 - Develop a five year business plan to achieve financial sustainability of Housing Revenue Account (HRA) by further reductions in cost to save and maintain minimum investment
 - Explore and develop options for sustainable housing stock including mitigation of Government policy and sale of high value stock and the stock options open to the Council
 - Develop Investment Strategy for core Council Housing Stock to retain good housing to meet the needs of the majority requiring social housing
 - Identify options to reduce housing stock that does not meet future needs
 - Consider future arrangements for Regeneration Partnership and Joint Venture arrangements/ consolidation
 - Implement new Housing Repairs and Maintenance contract and realise financial benefits
 - Develop and implement future Housing Asset Strategy

Budget proposals

Ref	Draft proposal for consultation	2017/18 £	FTEs
41	Reduce capacity in Economic and Housing Growth Service	700,000	13.5
42	Development and Public Protection redundancies/restructure (although separate Invest to Save proposal for additional resources)	109,000	3.5

	in the short term to enable change by modernising way of working)		
43	External funding for trading standards work	50,000	N/A
44	Increase in contribution of the HRA to offset costs of activities carried out within the service - further saving in 2018/2020	38,000	N/A
Year 2 and year 3 will see the following further work:- Restructure across Development, Transport and Public Protection Service.			

For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

COMMUNITIES

Overall Gross Budget £14,923,000- Net Budget £6,893,000
Potential proposals to close the gap for 2017/2018 amount to £1,557,000

The Council's role

The Council has a role in supporting local residents, community groups and the voluntary sector in accessing, designing and delivering council services. We want Gateshead to be a safe, fear-free and tolerant borough with accessible cultural and leisure facilities, activities and sports for all.

We currently do this by:

- building capacity within communities and facilitating volunteering opportunities to enable a network of council and community run facilities and services to ensure resilient communities.
- providing and promoting sport, cultural and creative events and opportunities to residents, students and visitors to Gateshead
- providing interventions to reduce health inequalities
- providing library and leisure facilities

Possible Destination

- Reduced service directly funded by Council
- Increased income

But this would be dependent on achieving significant income targets through:

- Leisure services
- Culture services

If income is not achieved the outcome will be reduced and ceased services which would include closure of buildings and services.

Reduced services, within statutory definition:

- Library services

Reduced funding and services to:

- Sage Gateshead
- Baltic Centre for Contemporary Art
- Tyne and Wear Archives and Museums
- Newcastle Gateshead Initiative

Alternative delivery models could also be considered

Three year plan involves reduced services directly funded by the Council and increased income;

- Consider different delivery models for the Gateshead International Stadium
- Integration of Leisure and Libraries
- Implement Library review

- Consider fee income generation strategy for Leisure - £2.8m by 2020 and self-financing
- Self-financing culture team
- Reduced contribution to culture partners

Key actions to get to the destination

- Determine the income generation strategy and delivery options for the future of Leisure
- Consider the options for the future development of Culture
- Income generation for Culture Services
- Develop “vision” and development plan for Gateshead International Stadium with partners
- Achieve financial sustainability through income generation of £2.8m by 2020 for Leisure Services.

Budget proposals

Ref	Draft proposal for consultation	2017/18 £	FTEs
45	Reductions in contribution to SageGateshead, BALTIC and Tyne and Wear Archives and Museums, Newcastle Gateshead Initiative* - possible further reductions in 2018/19	105,000	N/A
46	Implementation of library review - Consultation held July – October 2016*	450,000	16
47	Withdrawal of subsidy to leisure which could result in the closure of facilities if it is not possible to generate the required income - possible additional income 2018/2020*	702,000	N/A
48	Consider different delivery model for Gateshead International Stadium	300,000	N/A
Year 2 and year 3 will see the following further work:- Culture income generation - Culture Team will be more commercially focussed. With this in mind income targets will be set for 2018-2020			

* These proposals formed part of last year’s budget consultation exercise

For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

CUSTOMER SERVICES, PROPERTY AND TECHNOLOGY

Overall Gross Budget £121,300,000* Net Budget £6,599,000

Potential proposals to close the gap for 2017/2018 amount to up to £2,168,000

*The Gross budget includes £85.660m budget for payment of Housing Benefits

The Council's role

Included in this section are services provided directly to the residents and businesses of Gateshead providing services to its customers, collecting income due and supporting residents through a benefits service. There are also a number of activities which may not be recognised or seen by the public but are integral to the Council working efficiently and effectively. This includes ICT and property services.

Possible Destination

Customer Services and cashiers

The fundamental aim will be to reduce the demand for Customer Services by reducing the need for residents to contact the Council by provision of effective services that are well communicated.

There will be less reliance on dedicated customer service advisors for face to face contacts and telephony and more reliance on automated telephony and web development to allow customer self-service and online business transactions. Also a reduction in cash operations by moving customers to more efficient modes of payment e.g. direct debit, on line or telephony card payments. Working with customers to change contact type and also to improve service delivery and communications.

Agile working

Through the Agile Working work stream and the drive towards enabling a Smarter way of working the Council's workforce will increasingly be using technology to 'work smart' at the right place, right time, right method.

To the employee this may mean that 'work' will be thought of as less of a place but more of a thing to do to achieve an outcome. Colleagues will be 'at work' wherever that place best matches the needs of our customers and efficient, smarter ways of working.

We will increasingly be working across traditional organisational and geographical boundaries. A greater level of collaboration between 'virtual' teams will need to be supported by new technology. This will present challenges for the IT infrastructure, cyber security and associated systems and networks that must be met. There will be a need to explore different models of delivery including the sharing of services.

Investment in technology

A fundamental change in the way the organisation works will result in a requirement for significant targeted investment over the 3 years. Without this investment the Council will fail to achieve its ambitions. Effective project management will be essential to ensure that the investment delivers savings.

Asset Management

- Reduced operational portfolio.

- Increased sharing of property and land with partners to deliver services to communities.
- Realise increased income potential from property portfolio.
- Property Management via a mixed economy of in-house, external and partnership provision (e.g. Public Sector Partnership, Gateshead Regeneration Partnership).

Facilities Management

- Increase partnership working
- Increased income
- Explore alternative delivery models

Key actions to get to the destination

- Business Case to be developed on future trading of Facilities Management to generate income.
- Future delivery options in relation to trading and links to other traded services to be understood.
- Delivery of the Digital Gateshead Project
- Establishing multi-agency intelligence network (including open and shared data – involvement with North East Office of data analytics)
- Customer services and cashiers - more reliance on automated telephony, web development to allow customer self-service and online business transactions which is an integral part of channel shift within the digital programme. Also much reduced cash operations by moving customers to more efficient modes of payment e.g. direct debit, on line or telephony card payments.
- Revenues - increased automation of business processes including e- billing, merging of bills and benefits notices, increased direct debit payments, increased use of online forms promoting customer self-service. Objective of maximising revenue collection. Possible shared services.
- Benefits and Assessments - increased customer self-service and process automation promoting self-service with on line forms. Also greater emphasis on trading activities and income generation e.g. deputyships. Possible shared services.
- Payroll/ HR support – IT implementation will bring increased manager and employee self-service. Also greater emphasis on trading of support services including to other local authorities.
- Exchequer - further Agresso development and increased investment in digital solutions as well as greater use of purchase cards to reduce invoice processing requirements. Also greater emphasis on trading activities.
- Review of strategic and operational property management arrangements

Budget proposals

Ref		2017/18 £	FTEs
49	Draft proposal for consultation		
	Reduction in Facilities Management establishment level with further reductions in year 2	50,000	1
50	Cleaning of buildings – various options at different savings levels.	up to 200,000	up to 10
51	ICT contract savings, review of licences and agreements across service, and consolidation of systems software	313,000	N/A

52	Reviews, post deletions from self-service channel shift, and traded income with additional savings in year 2 and 3	440,000	14
53	Council Tax – removal of 1 month exemption/business rates avoidance	868,000	N/A
54	Discretionary rate relief policy	Up to 150,000	N/A
55	Property Services income generation with additional income of £36,000 for years 2 and 3	147,000	N/A

Year 2 and year 3 will see the following further work:-

- Development of the trading model to improve performance of the Supporting Independence Service
- Digital – Agile working benefit realisation
- Establishment of a Local Authority Investment Partnership – Public Sector Plc to increase revenue and capital through property rationalisation
- ICT service restructure
- Improvement to financial performance of Building Cleaning contracts
- Further saving from management structure in Facilities Management

* These proposals formed part of last year's budget consultation exercise

For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

TRADING AND INVESTMENT

Overall Gross Budget £0m Net Budget £-2.620m

Potential proposals to close the gap for 2017/2018 amount to up to £1,133,000

The Council's role

The Council has agreed that it will focus on maximising growth, which will then allow redirection of resource to support Council priority services. As part of this strategy the Council is looking, where appropriate, to generate income through trading services and maximising investments.

Possible Destination

- Council trading will be underpinned by robust business plans, will be supported by adequate resource and sector specific marketing and sales expertise, such that delivery models are sustainable, adaptable and have the capacity for growth. Further economies of scale will be realised through interdependencies between activities.
- The effectiveness and extent of all traded undertakings will be continuously monitored by robust, fit for purpose financial and performance management systems to optimise return on investment. A corporate product/service development strategy will be essential to sustaining trading activity levels and as the basis for future market development and investment proposals.
- There may well be fewer areas of significant trading activity but these will be more successful in terms of return.
- All areas of Council activity will be more commercially aware.
- The Council will review its investment strategy. The current financial investment strategy is based upon a low risk, low yield, high liquidity model. Robust medium term financial planning and balance sheet analysis will provide a greater more informed knowledge of the Council's monetary liquidity requirements which will enable extension of the term and yield of investments without significant additional risk exposure and this may open up other areas of investment to the Council.
- The investment strategy would also be balanced between short, medium and long term investments maximising external or partner funding and exploiting the prevailing low interest rates.
- The Council's working balances and reserves are likely to be heavily impacted over the next 3 years and this will affect investment decisions. Significant investments such as the Airport and Energy will be maintained or expanded
- A major risk to the Council is that the budget will become more and more dependent over time on traded income. Delivery of the budget will be impacted by commercial risk and this will need to be assessed and covered.

Key actions to get to the destination

- Develop Income Generation strategy and review investment strategy
- Develop commercially-focused culture, trading friendly environment and customer focus
- Consider different delivery models for Trading and Commercialisation
- Explore Trading and Commercialisation opportunities for development
- Develop a Commercialisation / trading pricing framework

- Develop commercial skills in the workforce
- Review financial reporting and charging arrangements for traded services
- Review appetite for market expansion
- Current trading activity will continue but be subject to review to ensure clarity of objectives and optimum approach

Budget proposals

Ref	Draft proposal for consultation	2017/18 £	FTEs
56	Repairs and Maintenance Contract with a further contribution 2018/2020	300,000	N/A
57	Increased income from trading activity including Energy Services, Housebuilding, Funeral Services, Property investments, sponsorship and schools catering.	833,000	N/A
Year 2 and year 3 will see the following further work:-			
<ul style="list-style-type: none"> • Improving the financial performance of School Catering through increased meal update and expansion of customer base. • Review of services provided to schools • Further developments in traded services. 			

For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

DEMOCRATIC CORE

Overall Gross Budget £14,827,000 Net Budget £7,469,000
Potential proposals to close the gap for 2017/2018 amount to up to £705,000

The Council's role

There are also a number of activities which may not be recognised or seen by the public but are integral to the Council working efficiently and effectively. These include enabling democratic leadership and setting the strategic direction for Gateshead and providing guidance and advice in core areas.

We currently do this by:

- running elections and arranging meetings of the Council, its committees, its Cabinet executive and a scrutiny function
- providing a comprehensive financial service including Treasury Management, Insurance and Internal Audit
- providing a comprehensive legal service
- providing a range of support services including Human Resources, health and safety, occupational health, workforce development, procurement, property and finance services
- enabling the public to influence local services and issues
- agreeing a budget and policies to support the Council's decision making process
- setting long term plans for the borough, both now and in the future, including engaging with residents and managing the way our services perform.

Possible Destination

- A workforce that can support delivery of the sustained transformation necessary to achieve the services our residents want and need – services that are more efficient, fit for purpose, flexible and customer focused – ultimately a workforce that can deliver the Council Plan and Vision 2030.
- A responsive and flexible legal service, able to meet peaks and troughs in demand; a reduced level of core service, more strategically applied; potential alternative delivery model(s) being explored, including internal trading and shared services.
- A responsive and flexible HR and Workforce Development service, able to meet peaks and troughs in demand; a reduced level of core service, more strategically applied; potential alternative delivery model(s) being explored, including shared services and expansion of the Public Service Academy.
- A single, flexible Finance Service that can meet fluctuations in demand, protect the interests of the council and inform strategic decision making, with a core provision built upon business partnering
- A commissioning function that ensures that there is a strategic approach to the way in which the Council commissions for outcomes and to ensure that an appropriate amount of rigor is applied to commissioning for service delivery and that it is undertaken in a joined up and effective way.
 - A procurement function that has the capability, responsiveness and flexibility to meet the needs of the Council and other clients.

- A mixed economy of service delivery will be maintained with opportunities for further collaboration explored with a view to maximise the use of shared services.
- A smaller Chief Executive Office with a clear distinction between:-
 - the work to support governance and assurance e.g. performance management, strategic planning and policy and
 - support services to the rest of the council e.g. development and delivery of the website and new media communications, research and analysis and engagement of employees

Key actions to get to the destination

- Support Services – review of alternative delivery models
- Implementation of Workforce Plan – focusing on skills and behaviours; performance and change; wellbeing and engagement; pay reward and recognition; recruitment and retention
- Performance Management – managers understanding the importance of performance management and having the tools to minimise underperformance
- Potential savings arising from changes to terms and conditions
- Development of Business Partner model in Human Resources
- Development of the Council’s commissioning approach as part of the future operating model and explore opportunities to further collaborate in terms of commissioning and procurement.
- Review the Gateshead Strategic Partnership and other partnership boards
- Actions relating to improved Performance Management, Culture and Behaviour and Communications and Engagement
- Implementation of Digital Change Project
- Further development of insourcing of the insurance function

Budget proposals

Ref	Draft proposal for consultation	2017/18 £	FTEs
58	Review of establishment across Democratic Services, Legal Services & Litigation, HR and Workforce Development, Corporate Commissioning and Procurement*	293,000	8.34
59	Reduction in supplies and services in Human Resource Services	16,000	N/A
60	Service-wide review of establishment across activity areas of policy, planning and communications with additional reductions 2018/2020*	100,000	2
61	Corporate Finance Service Review	141,000	2.5
62	Insourcing of Insurance claim handling	100,000	N/A
63	Reduce the risk of financial fraud through proactive anti-fraud detection and prevention	55,000	N/A
Year 2 and 3 will see the following further work:- Review of Council News and increase in digital information* 2018/2020			

* These proposals formed part of last year’s budget consultation exercise
For more information on the above proposals please see Appendix 5

To access the Equality Impact Assessments for these proposals please see our website www.gateshead.gov.uk/budget.

Change Programme Phase 2 – Acceleration and Delivery

Background

1. Cabinet agreed to establish the Change Programme on 9th February 2016, its purpose being to help ensure the Council continues to operate on a sustainable basis up to 2021 and beyond, securing for residents the range of services they need, despite significant reductions in government funding. Given the unprecedented scale and pace of change required, it was agreed a fully co-ordinated programme was needed to give the Council the best opportunity to review fundamentally all its functions and activities, and deliver sustainable services. Quarterly updates have subsequently been provided to Cabinet at its meetings on 19 April, 12 July and 11 October 2016.
2. At the commencement of the budget planning process for 2017/18 – 2019/20, it was acknowledged that the plans to deliver the outcomes sought from the Programme should be developed alongside the emerging budget proposals, thereby ensuring a consistent and cohesive strategic planning process where the medium to long term plans for each Council function (i.e. “What will it look like in 2020?”) can properly inform how we tackle the immediate financial imperative of agreeing a balanced budget.
3. In addition, since February activity across the Programme has also helped identify a number of new or strengthened ways of working necessary to operate as a sustainable council in the future: e.g. an enhanced approach to partnership working; a strengthened commissioning framework incorporating improved use of data; greater customer focus; full exploitation of opportunities presented by advancements in technology; and a stronger performance management framework to better inform continual improvement in the delivery of our services.
4. It is therefore timely to review the resourcing and prioritisation of activity within the Change Programme as the majority of projects progress from the scoping and planning phase into the delivery phase. In particular, consideration has been given to ensuring the management of the resources identified to support the Programme is consistent with clearer accountability of both Workstream and Project Leads for delivery and performance.
5. The current staffing resources allocated specifically to the Change Programme were devised in consultation with Workstream Leads at the start of the programme earlier this year. This was intended to ensure there was appropriate support in the areas requested but also to create economies of scale where necessary (e.g. where one person was required to work across a variety of smaller projects). In practice, these resources have been deployed exclusively on particular Workstreams or Projects, rather than across a mix of activities.

Proposal

6. In light of this, and given the need to accelerate delivery, it is proposed the resources to support change within each Workstream (inc. line management responsibility for all personnel) should be the responsibility of each Workstream Lead: i.e. to 'embed' the resources with the relevant Workstreams, rather than have a 'centralised' resource. This includes the programme managers plus any other short term 'expert' resource. However, the programme managers will also have a reporting line into the Change Programme Lead: this will ensure day to day duties and requirements are determined by the Workstream Leads, but that there is also a cohesive and complementary programme secured through clear delivery plans and understanding of interdependencies between projects.
7. The personnel will be based within the relevant services as determined by the Workstream Leads, but encouraged to work in an agile way to ensure they are visible and integrated into daily business of all the services affected. They will also meet on a regular basis to share ideas and ensure there is no duplication of effort across the programme. The Change Programme Lead will continue to report to the Chief Executive and support them in ensuring effective performance and accountability across the programme, and the continual development of the programme as projects progress through the delivery phase and into 'business as usual'.

Budget

8. The Change Programme is currently funded through use of Strategic Change Reserve. £2.5m reserve was earmarked for this purpose in 2015/16. It is proposed that the following approach is used to take forward future use of Change Programme resources:
 - The budget is notionally allocated to each workstream and mapped against current commitments (resources currently applied to corporate/cross-Council change coming within the Ways of Working workstream). The Strategic Director accountable for each workstream becomes the responsible budget holder and completes a full review of requirements for the current year;
 - The budget holders are then accountable to the Change Programme Board for the effective monitoring and use of the resources: this should ensure they are being deployed where necessary and on demonstrable change related activity, rather than replacing business as usual resource; otherwise, the budget holder will have flexibility to utilise funds up to the agreed budget;
 - The remaining funds up to the £2.5m will be placed in a contingency that will be administered by the Chief Executive as overall Programme Lead;
 - Agreed budgets within each Strategic Director's relevant Group will then be established and funded from reserves;
 - The intention is to gain Cabinet and Council agreement within the 3rd Qtr revenue monitoring report, allowing these to be created within the financial system to ease monitoring and accountability; and
 - A review of workstream requirements over the next year will clarify any potential impacts on setting the base budget for 2017/18. These can then be agreed within the Indicative Base Budget 2017 report.

Performance Management

9. In parallel and consistent with these changes to budgeting, a performance management framework for the Programme has been developed. This is intended to be used for multiple audiences so that there is transparency of progress and understanding of where resources might need to be adjusted to address underperformance, slippage etc. This approach can be used at whole programme level as well as at a more detailed level and so will be helpful in setting clear performance objectives for Workstream and Project Leads and anyone else involved. The performance framework will also help ensure that appropriate updates can be fed into relevant Cabinet portfolio meetings, as well as with the Leader and Deputy Leader on a regular basis.
10. For the purposes of the performance framework, change projects will be categorised as 'major', 'service development', or 'enabling'; this is to ensure we focus attention (e.g. proportionate governance arrangements) and resources on the former where cross-council (and possibly beyond) input is required to drive forward the degree of change necessary. Development and scrutiny of the timescales for each project will also be enhanced - highlighting the time-limited nature of the programme, the need to deliver it 'at pace', and avoiding drift.

Engagement of external support

11. Protocols for the engagement of consultant support, ensuring clarity of purpose and cost, expected duration of need, and accountability for delivery of outputs/outcomes will be drawn up by the Change Programme Board.

Engagement and communication

12. As the programme has developed so has the recognition that we need to improve levels of engagement: with councillors, employees and trade unions, and with partners and stakeholders. We will continue to use the existing mechanisms such as seminars and Advisory Groups etc., but there will be a clear programme of communication and engagement which seeks to maximise the opportunity for people to engage and to create greater transparency about how things are evolving. This communication programme will recognise the different stakeholder interests involved in different activities and fit with other ongoing initiatives, As part of this we intend to put in place some principles to guide how we work and demonstrate our commitment to engagement and to treating all employees with integrity, honesty and respect, as well as ensuring involvement in the Change Programme is fully utilised for the purpose of employee learning and development (including talent management). These principles are currently being drafted and will be shared with members and the trade unions before the end of November.

Impact

13. As the Change Programme becomes more embedded as a critical part of the delivery of the Council Plan, so does the need to understand and address any potential impact from Change projects. It is not intended to undertake a separate process, but as projects develop they will be expected to apply the same tests as we apply during the budget process to determine the potential effect on equality issues, community cohesion etc.

**DETAILED BUDGET PROPOSALS
2017/2018**

BUDGET PLANNING 2017/18 – 2019/20

HEALTH AND SOCIAL CARE

Overall Gross Budget £180.620m Net Budget £110.379m

In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to up to £11,425,000

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
1	Delaying of Management Structure within Care, Wellbeing and Learning	To seek to reduce overall management costs by 11% through layering and streamlining of management structures Contact:- Sheila Lock, Interim Strategic Director Care, Wellbeing and Learning ext 2700	6,548,000	6,548,000	750,000	Review of current management arrangements – structure and function to remove duplication and overlap. It will lead to a leaner management arrangement, allowing customers more efficient access to services.	Up to 11.5FTEs
2	Recommission Independent Supported Living Schemes	Development of a clear Commission Framework for the provision of Independent Supported Living for people with learning Disabilities, Physical Disabilities and Mental Health needs. The new framework will have a clear structure with fair pricing for care. Independent Supported Living Schemes would be reviewed. This could lead to, i) alternative care packages for disabled people, ii) improved value for money from current and new providers, iii) re-assessment of need and reductions in care packages. Contact:- Steph Downey, Service Director Adult Social Care and Independent Living ext 3919	5,932,000	4,640,000	650,000	We will need to; i) carry out re-assessments of individuals, ii) engage current and new providers in market development, iii) re-commission and re-procure services, iv) negotiate prices, v) enter into new contracts, vi) manage the transition to new providers or new care plans with existing providers. A consistent approach to the quality and standards if support arranged. This will result in a new outcomes based specification whereby we can measure individual goals and progress. This proposal formed part of last year's budget consultation exercise.	N/A
3	Recommissioning Learning Disability Care Packages	Development of a clear Commissioning Framework for the provision of Residential and Nursing Care and Domiciliary Care for people with Learning Disabilities, Physical Disabilities and Mental health needs. The new framework will have a clear structure with fair pricing for care. We commission care packages for around 600 customers with learning disabilities from the independent sector. Our aim is to re-commission these care packages to enhance independence, choice and control for customers, improve value for money, and develop a more diverse and responsive market. Contact:- Steph Downey, Service Director Adult Social Care and Independent Living ext 3919	17,164,000	11,405,000	1,725,000	We will need to; i) carry out re-assessments of individuals, ii) engage current and new providers in market development, iii) re-commission and re-procure services, iv) negotiate prices, v) enter into new contracts, vi) manage the transition to new providers or new care plans with existing providers. A consistent approach to the quality and standards if support arranged. This will result in a new outcomes based specification whereby we can measure individual goals and progress. This proposal formed part of last year's budget consultation exercise.	N/A

4	Review of support for people to live independently	<p>There is currently a review of intermediate care services across Gateshead. Further work with the Clinical Commissioning Group and other health partners is required to be clear about the future direction of intermediate care in Gateshead</p> <p>We aim to rehabilitate older people especially those leaving hospital, in Promoting Independence Centres (PICS). Through a six week programme of rehabilitation we help people recover so that they are able to live independently. The current provision enables service users to be assessed in an out of hospital environment.</p> <p>Contact:- Steph Downey, Service Director Adult Social Care and Independent Living ext 3919</p>	1,808,000	1,476,000	550,000	<p>The risk is that there is insufficient funding to support the current capacity in PICs thereby leading us to re-examine the viability of the PICs leading to a potential further reduction in the number of PICs. If services are withdrawn it could result in extended hospital stays or a potential increase in residential care admissions.</p> <p>This proposal formed part of last year's budget consultation exercise.</p>	Implications TBC
5	Recommission Day Services	<p>The Council directly provides day services for disabled people from five centres Marquisway, Blaydon, Wrekenton, Winlaton and Pheonix (within Gateshead Leisure Centre).</p> <p>There are 275 clients who access the centres and we are assuming that around 139 of these have complex care needs.</p> <p>This proposal looks to a joint review with the CCG to obtain a comprehensive understanding of service user's needs, current provision, unit costs and outcomes. This would then determine service gaps and investment requirements for both the Council and the CCG within a potential formal pooled budget framework.</p> <p>Contact:- Steph Downey, Service Director Adult Social Care and Independent Living ext 3919</p>	2,399,000	2,026,000	500,000	<p>All service users will be subject to a review or reassessment to determine those who would require access to some form of building based day service in order to avoid becoming socially isolated, enable community participation and maintain their independence if the community bases were to close. There may be service users who do not continue to meet the criteria for day care or their needs may be met from the use of more universal services. The impact upon family carers of these decisions will be taken into account during the assessment process.</p> <p>Reviews are ongoing and the outcome of this will inform the strategic offer across the Council, for example this could lead to different delivery models and asset use.</p> <p>Alongside the 275 day care reviews, the Council should further extend its review to "out of borough" placements, and also work to develop the PA register, in order to support people who would prefer to take a Direct Payment and employ a PA to deliver their support.</p> <p>This proposal formed part of last year's budget consultation exercise.</p>	Implications TBC
6	Reduction in Residential Care admissions - Adult Services	<p>Residential and nursing homes provide day to day support for people who cannot continue to live in their own homes. This proposal is to continue to reduce the number of Residential Care Admissions. This will be achieved through consideration of more community based services, enablement and early intervention to avoid preventable admissions. As a result customers remain in their own homes receiving care for longer periods. Where possible families and carers would be encouraged to meet customers' needs.</p> <p>Contact:- Steph Downey, Service Director Adult Social Care and Independent Living ext 3919</p>	25,767,000	12,688,000	1,350,000	<p>On assessment social care staff will, as far as it is safe to do so, use more cost effective alternatives to residential care, to delay admission until end of life or palliative care in many cases, and to keep people at home for longer. A panel process has also been introduced.</p> <p>There will be no impact on those service users currently in residential care. This option reflects the continuation of a 2 year business case for this area.</p> <p>This proposal formed part of last year's budget consultation exercise.</p>	N/A

7	Adult Social Care trading and income generation including fees and charges	<p>This proposal would include removing all subsidies for Care Call, the implementation of the charging policy proposals (currently subject to consultation) and increase trading of provider services. Furthermore the council would look to review the pricing structure for care call to ensure full cost recovery and enable service users to have a choice of service level.</p> <p>There are currently a number of council tenants who are in receipt of a fully subsidised care call service.</p> <p>Contact:- Steph Downey, Service Director Adult Social Care and Independent Living ext 3919</p>	16,017,000	12,542,000	1,000,000	<p>The Care Call service would be provided as a traded model with a more commercial focus.</p> <p>All provider services will be fully costed and charged with no prevailing subsidies. Where services are provided via adult social care and the service user has had a financial assessment they will only pay more where they are assessed to do so.</p>	N/A
8	Supporting people/voluntary organisation savings	<p>This proposal will review all Voluntary and Community Service contract to enable a shift towards the council's approach towards early help model across all ages.</p> <p>Savings will be as a result of removing duplication of services and contracts across the whole life course.</p> <p>During the first year of this three year budget proposal, importance will be given to the Council's strategic shift towards increasing early help, reducing care support packages across all ages.</p> <p>Contact:- Elizabeth Saunders, Interim Service Director Health & Social Care Commissioning and Quality Assurance ext 2353</p>	4,615,000	4,453,000	410,000	<p>The implementation of this proposal would achieve the following:_</p> <ul style="list-style-type: none"> • Reduce duplication • Reduce the number of hand offs by practitioners for customers • Ensure seamless pathways for customers • Person centred planning • Individual needs are met through effective commission • Adults – less reliance on institutional/traditional care • Children and Young people – shorter time spent in the care system with a range of options to support a move towards independence and improved outcomes • Individuals at the heart of the system • To deliver the right care at the right time in the right place, learning from integration of commissioning and integration of the delivery of care across our area. 	N/A
9	Review our approach to Adoption Services	<p>The Council currently operates its own Adoption. An alternative model has been considered and we have expressed an interest in a regional adoption approach with other local authorities.</p> <p>Contact:- Elaine Devaney, Service Director Social Work – Children and Families ext 2704</p>	1,291,000	1,210,000	50,000	<p>The development of a regional adoption agency would enable the Council to make efficiencies through consolidation of processes. This approach would increase the pool of adopters for children in Gateshead, resulting in more choice and better matching. Timescales for adoption would reduce and matches can progress more quickly. This proposal formed part of last year's budget consultation exercise</p>	1 FTE
10 & 11	Children's Social Care – reduced demand model through Early Help investment Early Help efficiencies	<p>The aim of the new early help, model is to bring together many strands of work to create a vision for the future where families are resilient and supported within their local community with reduced need for specialist intervention by developing, flexible evidence based early interventions which are delivered in a timely way.</p> <p>To reduce demand, we will have:</p>	42,827,000	29,555,000	220,000 & 432,000	<p>The aim would be to have fewer children and young people looked after, on Child Protection Plans and Child in Need cases. The focus of the new model would be to ensure that we improve the life chances and outcomes of children and adults in Gateshead</p> <p>Agencies will be working collaboratively in a co-</p>	N/A

		<ul style="list-style-type: none"> • A co-ordinated and strong leadership: clear policy and strategy direction. • An enabling role which will allow us to change the nature of our relationship with service users and partners to build capacity and assets supporting individuals, families and communities to develop their own solutions and have choice and control over their lives. • A robust commissioning model that ensures all areas implement the Council's commissioning framework approach to assess, plan, do review and that we actively seek to develop and test different approaches to service delivery. This will include managing and shaping the market, regulation and quality assurance. • A performance and improvement framework that consolidates performance management reporting into a single and consistent format, which allows the basis of continuous challenge and improvement. A pro-active Early Help and Intervention Strategy which is modelled on getting things right first time, reducing and managing demand and preventing escalation to more specialist and statutory services. • A redefined role with schools as well as considering different options around locality working using schools as the community hub. • Stronger links, greater alignment and a cohesive approach with adult services to address unmet needs in the adult population that lead to increased risks to children, particularly where the level of these risks does not require a statutory social care intervention and there is a gap in service provision. • An improved, all age Early Help Strategy underpinned by the Council Plan and Vision 2030 <p>Contact:- Elaine Devaney, Service Director Social Work – Children and Families ext 2704, Val Hall, Service Director Children and Families Support ext 2782, Alice Wiseman, Director of Public Health ext 2777</p>				<p>ordinated way</p> <p>The new model will play a variety of roles in partnership, sometimes leading, often enabling, but playing our role in partnership with individuals, families, communities and organisations to improve outcomes.</p> <p>This proposal formed part of last year's budget consultation exercise</p>	
12	Early Years Childcare Service – charge into Early Years block of Dedicated Schools Grant (DSG)	<p>The Early Years National Funding Formula consultation (August 2016) should mean that Gateshead would receive an increase in its allocation and that authorities would be able to hold back 5% of funding for administration costs of the grant.</p> <p>This proposal would transfer the funding for the administration team from the Council General Funding to Early Years Block of the Dedicated Schools Grant (DSG)</p> <p>Contact:- Val Hall, Service Director Children and Families Support ext 2782</p>	5,148,000	363,000	363,000	<p>This option is dependent upon the National Funding Formula being implemented. The proposal would ensure the Early Years Childcare service is able to continue to manage and support the childcare market.</p> <p>There would be no change to the customer.</p>	N/A

13	Parent Partnership – fund from High Needs Block of DSG	<p>Under the provisions of the Children and Families Act 2014, local authorities have to provide information, advice and support to parents/carers and children and young people with special education needs and disabilities. It is also necessary to provide a Mediation Services. In Gateshead, these services have been commissioned to independent providers and are currently funded from the local authority budget.</p> <p>Contact:- Val Hall, Service Director Children and Families Support ext 2782</p>	52,000	52,000	52,000	<p>Funding for this commissioned service would be via Dedicated Schools Grant.</p> <p>There would be no change to the service.</p>	N/A
14	Reshape and revise our approach to Home to School Transport	<p>As part of budget consultation in 2013, there was support to introduce charging for home to college transport for post 16 learners. Since then we have also looked further at how we can change the way in which we support children with additional needs to attend school or college, as well as aiming to promote greater independence for these young people.</p> <p>This proposal would see us reshaping and revising our approach to Home to School transport based on:</p> <ul style="list-style-type: none"> • Implementing an enhanced independent travel training programme • Introduce a contribution charge for Post 16 transport • The transport policy to be in line with required statutory duty • A greater focus on the roll out of personal transport budgets which are cost effective alternatives to taxi based transport <p>Contact:- Val Hall, Service Director Children and Families Support ext 2782</p>	1,592,000	1,450,000	295,000	<p>A new commission and procurement approach will continue, which will focus on schools as providers; single school contracts where this was not possible, a focus on independent travel, the roll out of personal budgets and strengthening the post 16 SEND education offer.</p> <p>This proposal formed part of last year's budget consultation exercise.</p>	N/A
15	Development of Direct Payments approach to respite/family support requirements	<p>Review the commissioning arrangements around support for children with disabilities & families, with the offer of direct payments or personal budgets where appropriate.</p> <p>Contact:- Val Hall, Service Director Children and Families Support ext 2782</p>	1,899,000	1,427,000	269,000	<p>Some families already receive a direct payment so this proposal is an expansion of the existing service to the remaining families. This is an increase in personalisation and fulfils our legal obligation to increase this and direct payments.</p>	N/A
16	The Avenues Building Closure – Youth Services	<p>Service delivery from within this building ended in March 2016, with the building declared surplus to Cabinet in July 2016.</p> <p>A small budget was used to keep the building secure, clean, warm and operational when it was in use.</p> <p>Contact:- Val Hall, Service Director Children and Families Support ext 2782</p>	11,000	11,000	11,000	<p>Minor repairs and maintenance have been carried out to make the building ready for asset transfer or sale.</p>	N/A

17	Removal of vacant posts that are being held against children centre staffing establishments	Removal of vacant posts Contact:- Val Hall, Service Director Children and Families Support ext 2782	803,000	681,000	22,000	This proposal has no implications for customers.	1.2 FTEs
18	Fully fund Educational Psychology from High Needs block of DSG and trading income	Educational Psychology is historically funded from Council core general funding as part of the 'other education' responsibilities that aren't funded by the Education Services Grant (ESG). Those non-statutory services they provide are also funded through buyback from schools. Educational Psychology has a primary role in the assessment and diagnosis of special educational needs and disabilities (SEND), and the authority funds numerous other SEN support services from the High Needs block (HNB) of the Dedicated Schools Grant (DSG). The HNB allocation to the authority is to provide resources to meet the needs of young people with SEND up to the age of 25. Contact:- Steve Horne, Service Director Learning and Schools ext 8604	683,000	402,000	402,000	Due to the pressure upon core council general funding, and the importance of the Educational Psychology service in meeting the needs of young people with SEND, it is proposed to fund the service from within the HNB under the 'SEN support services' budget. The reform of High Needs Block funding has been delayed until at least 2018/19, with the impact of the reforms upon funding for Gateshead not yet known.	N/A
19	E-learning service to schools – fully trade or reduce	This area of activity has reduced over the last 5 years in line with reductions in direct grants from central government, with funding only now received as a result of direct trading with schools. The proposal is to structure the service going forward based on need on a full trading income basis. Contact:- Steve Horne, Service Director Learning and Schools ext 8604	164,000	33,000	33,000	This will have limited impact on schools.	1 FTE
20	Governors Support – fully trade	This option is to fully trade the service of Governors Support. There is currently a small statutory duty of the local authority in recruitment of governors, but it is possible that this responsibility will be removed with the new White paper. The charges could be increased to reflect this change of duty which will possibly sit with schools. Contact:- Steve Horne, Service Director Learning and Schools ext 8604	224,000	24,000	24,000	Implementation would include working more efficiently and increasing charges and trading.	N/A
21	School improvement service income and efficiencies	Although there is very likely to be a reduction in statutory responsibilities of Local Authorities in regard to school improvement, schools still play a central part in the Council achieving its aims and outcomes. The School Improvement team provide a key bridge between schools and the LA and are a highly regarded universal service that can demonstrate a significant impact on outcomes for children and young people. In the development of an Early Help model, the School Improvement team would be central in ensuring that support is given at the earliest opportunity in order to avoid more costly and often less successful interventions later.	1,432,000	704,000	150,000	The service will need to adapt to the changing Government Policy and new ways of working within Care, Wellbeing and Learning. However, implementation of the proposal, will not, in itself, change how the team works. This proposal formed part of last year's budget consultation exercise	N/A

		<p>This option would see a reduction but the LA would retain a strong School Improvement team that would be a key element within the Care Wellbeing and Learning restructure.</p> <p>Contact:- Steve Horne, Service Director Learning and Schools ext 8604</p>					
22	Reducing elements of the Drug and Alcohol programme	<p>This is a planned budget reduction for the core drug and alcohol treatment service which was built into the contract when it was commissioned in 2014. The service has been working to manage a smaller budget without a significant impact on service users and the offer available.</p> <p>Contact:- Alice Wiseman, Director of Public Health ext 2777</p>	3,934,000	3,934,000	147,000	<p>The core programme will be maintained. Customers will receive an evidence based service which is now running from premises in central Gateshead.</p> <p>This proposal formed part of last year's budget consultation exercise.</p>	N/A
23	Reducing funding for the LiveWell Gateshead programme	<p>OPTION 1 The Gateshead Live Well programme delivers 1:1, group and family support through Lifestyle Coaches and communities are supported through the Capacity Building Team. This option would entail withdrawal of Lifestyle Support and intervention services and the Capacity Building Team, with no funding for alternative provision. Saving of £1,311,000</p> <p>OPTION 2 An alternative to the current model of delivery would be developed through building capacity across the VCS and communities and the current Live Well model would cease. This would be supported through delivery of Making Every Contact Count (MECC) across health, social care and third sector agencies. Saving of £811,000</p> <p>OPTION 3 Remodelling of the Live Well service delivery model, this is a continuation of work that has already begun through delivery of 2016/17 savings. Saving of £264,000</p> <p>Contact:- Alice Wiseman, Director of Public Health ext 2777</p>	1,311,000	1,311,000	up to 1,311,000	<p>In OPTION 1 no service would remain. The Live Well service would be decommissioned. This would have a major impact on lifestyle intervention and community support and may contribute to increasing inequality and poor health outcomes, as no alternative would be commissioned.</p> <p>In OPTION 2 an alternative model would include:</p> <ul style="list-style-type: none"> • Increased role of Community and Voluntary Sector – building capacity (MECC) and resources into VCS, health and social care and communities themselves to improve lifestyle behaviour choices and self-support in accordance with the Achieving More Together approach. • Potential for future joint commissioning with CCG – focus on social prescribing • Exploration of future delivery and investment models (i.e. social investment) • Exploration of a place based approach with Big Lottery Fund and other external sources of funding <p>In OPTION 3 the existing remodelled service would remain. Over subsequent years a transition programme, could be planned.</p> <p>The two services commissioned to deliver the Live Well Gateshead model are primarily affected by this proposal. Specifically this includes the one to one support offer delivered through the wellness service, which employs 20.96 FTE's (16.8 FTE's which are currently occupied, 4.16 FTE's are vacant posts at this time) and the capacity building service which employees 5 FTEs.</p>	Up to 25.96 FTEs

						Due to the integration of the delivery of Live Well Gateshead within the Neighbourhood Management Team, the service has signalled that a review is necessary. This could affect a further 7.79 FTE's. This proposal formed part of last year's budget consultation exercise.	
24	Reducing funding for NHS Health Checks	Reduction in funding for NHS Health Checks, which is a national programme and a mandatory public health function for Local Authorities. This option is to change the way we contract with GPs and others that provide health checks. In future, rather than the LA contracting for some of the support elements (such as software and consumables), these costs will be met directly by Practices, and providers will be paid a single amount for each check provided. The price paid will be designed to cover all the costs incurred by providers, but will be set at a level that delivers a saving of £30,000 assuming current levels of activity. Contact:- Alice Wiseman, Director of Public Health ext 2777	388,000	388,000	30,000	Specific consultation with providers will be required to sign up to the new contract model. This proposal formed part of last year's budget consultation exercise	N/A
25 Page 135	Public Health team efficiencies	The Public Health team function will be reviewed. In particular the aims are to: <ul style="list-style-type: none"> • Ensure sufficient specialist public health capacity and capability • Facilitate a system wide approach to improving the public's health ensuring the Council is able to discharge its statutory duty • Establish a robust offer to the system and in particular ensuring provision for the statutory core offer of public health advice to NHS commissioning. Specifically this includes: <ul style="list-style-type: none"> - Surveillance and assessment of population health - Robust critique and understanding of the evidence base and how that translates / applies to practice - Policy strategy development with a focus on health needs at a population level (e.g. alcohol, obesity, tobacco and emotional health and well-being) - Collaborative / partnership working for health • Integrate commissioning arrangements whilst ensuring robust Governance (in line with Director of Public Health statutory duties) Contact:- Alice Wiseman, Director of Public Health ext 2777	819,000	819,000	94,000	Public Health team will have to prioritise work based on the high impact public health issues. Public Health advice will be offered to core partners and it may be necessary to agree work plans and priorities. This proposal formed part of last year's budget consultation exercise	4 FTEs

26	Remodelling 0-5 (Early Years) and 5-19 Children's Public Health Services	<p>Remodelling of service delivery for 0-19 public health services.</p> <p>The option proposes to reduce funding for the 0-19 public health healthy child programme comprising of School Nursing, Health Visiting and Family Nurse Partnership. This option puts forward a 9.6% reduction across 2017/18 service provision.</p> <p>The health and wellbeing of children and young people in Gateshead is generally worse than the England average. The level of child poverty is worse than the England average with 21.3% of children aged under 16 years living in poverty.</p> <p>There were 380 children in care at August 2016 which equates to a higher rate than the England average.</p> <p>The importance of giving every child the best start in life and reducing health inequalities for children and young people has been highlighted as a national priority, and was the focus of last year's DPH annual report. The Plan for Children, Young People and Families in Gateshead outlines the vision that 'all children and young people are empowered and supported to develop to their full potential and have the skills and opportunities to play an active part in society.' The best start in life is supported by The Council Plan, The Health and Wellbeing Strategy and the Gateshead Prevention and Early Intervention Strategy.</p> <p>The council currently must provide a universal health visitor review function (0-5) and elements of school nursing provision (5-19) as prescribed in specific regulations 2013 and 2015. The Healthy child programme currently encompasses the statutory elements from the regulations for the combined 0-19 provision that must be included in any of our current services provision.</p> <p>The 0-5 element of service provision is key in terms of delivery of the Healthy Child Programme and both the universal and targeted provision currently have mandated elements (statutory obligations) that the council is obliged to ensure are provided. Public Health England is currently reviewing the delivery of the mandated elements for 0-5 which will inform if the regulations cease to be mandatory in the future or continue on a different scale. The outcome of the review is expected in Autumn 2016. This will inform our future service development.</p> <p>Contact:- Alice Wiseman, Director of Public Health ext 2777</p>	4,778,000	4,763,000	459,000	<p>The Healthy Child Programme is the universal clinical and public health programme for children and families from pregnancy to 19 years. It offers a programme of screening tests, immunisations, developmental reviews, information and guidance. Due to its universal reach the HCP aims to identify families who need additional support or are at risk of poor health outcomes. The HCP is currently delivered by Health Visitors, Family Nurse Partnership and School Nurses.</p> <p>In commissioning an Integrated 0-19 Public Health service we are seeking to develop:</p> <ul style="list-style-type: none"> • Integrated public health nursing services as part of a coherent prevention and early help programme for children and young people (0-19 years) and their families • Effective partnerships with health, education, social care and voluntary and community sector partners in order to support wider improvements in the health and wellbeing of the 0-19 population • Co-ordinated approaches to the prevention, early help and treatment of young people's risky behaviours (including offending, smoking, unprotected sex, drugs and alcohol), so that behaviours are not treated in isolation • High quality, accessible prevention and early help services which enable children, young people and their families to access help and support as early as possible, to improve their health and wellbeing. <p>Health Visitors/The Family Nurse Partnership play a vital role in child protection and any changes to levels of service need to be considered alongside proposals for reducing safeguarding, social care and early years support.</p> <p>There may be an impact upon health and wellbeing of children and young people and early identification regarding safeguarding, and impacting upon the 'best start in life' for Children and Young People.</p> <p>The key aspects of service delivery are to improve the health and wellbeing of children and reduce inequalities in outcomes as part of an integrated multi-agency approach to supporting and empowering children and families. Also not safeguarding of the most vulnerable children- as noted above.</p>	N/A
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27	Reductions in Sexual Health funding	<p>Realising savings from the successful tender process for the sexual health service in April 2015. The contract has two elements: a tariff-based element for genito-urinary medicine (GUM) services, and a block payment for all activity related to contraception and certain other sexual health services. This saving relates to the block element a saving of £28,000</p> <p>Reduction in sexual health GUM tariff spend £17,000</p> <p>Reduction in sexual health GUM tariff spend, by realising savings from the successful tender process bid for the tender of the sexual health service in April 2015. £81,000</p> <p>Contact:- Alice Wiseman, Director of Public Health ext 2777</p>	2,097,000	2,097,000	126,000	This proposal formed part of last year's budget consultation exercise	N/A
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Year 2 and year 3 will see the following further work:-

- Extra Care Schemes reprovision
- Demand management – Adult and children's services
- Integration of health and social care
- Reduction in Provider Management costs
- Recommissioning of Enablement, Domiciliary Care and Independent Supported Living
- Recommissioning of directly provided Independent Supported Living
- Commissioning team efficiencies
- Further implementation of Achieving More Together with communities and the VCS

ENVIRONMENT

Overall Gross Budget £39,852,000 Net Budget £19,310,000

In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to up to £830,000

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
28	Increase in bereavement fees and charges (cemeteries and crematoria)	This proposal includes tradeable services where expansion and increased charging for those services is applicable e.g. bereavement services. Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402	920,000	-999,000	30,000	Above inflation increases for bereavement services may place an additional financial burden on residents. This may result in residents exploring equivalent services outside of the borough.	N/A
29	Trade waste income generation	The Council is looking at some of the ways that we can change, to make sure that even with reduced resources we can still provide the best outcomes for Gateshead. This includes exploring the opportunities for the council to increase its trading activities, to achieve generate more income which can be used to help fund other council services Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402	56,000	-498,000	30,000	This proposal includes tradeable services where expansion and increased charging for those services is applicable e.g. trade waste There is a risk of loss of custom to competitors and alternative service providers. This savings proposal is based over two years to allow for the development of new markets, increase of business turnover and new tradeable services	N/A
30	Increase in fees and charges for Bowls and Football Pitches	In 2013 the Council consulted with bowls and playing pitch (football and cricket) users on service charges and received 44 responses. Respondents provided information on use of facilities, ideas to help run and maintain facilities and proposals to increase fees and charges. Charges are made by seasonal permits. This proposal would increase fees and charges with the aim that the service becomes more self-funding. Over the next two years the Council will offer and support a transfer of assets to self –management. In addition, consolidation and closure of sites and facilities will be explored. Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402	371,000	261,000	75,000	Year one would mean customers having to pay more in order to use the service. Although this makes the service self-funding it could potentially result in a lot of service users being unable to afford or prepared to pay to continue. There are, however, a range of potential options for the clubs that could feasibly result in no impact at all; for example, the transfer of assets to club management and potential for proactive work by the club in volunteering, increasing membership and donations, could result in continue provision of service at no extra charge. This proposal formed part of last year's budget consultation exercise	N/A
31	Garden Waste – increase in scheme fee	This option would significantly increase the charges made for the Garden Waste collection service for which a charge was first levied in April 2015 and a minor increase in charge was introduced in April 2016. Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402	835,000	135,000	168,000	Increasing charges for garden waste. Residents would see; <ul style="list-style-type: none"> A yearly increase in the charge for 30,000 households currently subscribed to the garden waste collection service over a period of 3 years. This proposal formed part of last year's budget consultation exercise.	N/A

32	Reduce Winter maintenance	<p>The Council has a statutory obligation to clear snow and ice from its road network and the cessation of the service would be unlawful.</p> <p>Reduce the provision of winter maintenance services</p> <p>Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402</p>	372,000	341,000	52,000	<p>There would be a reduction in the number of 2nd priority roads gritted (main estate roads and bus routes that link with major roads). This will potentially disadvantage residents and visitors using those routes and would have a major impact on road users in the borough during periods of snow and ice.</p> <p>Major 1st priority routes (main A roads) will be treated but there will be less gritting of 2nd priority feeder roads.</p> <p>The current budget is based on a mild winter and has been overspent during recent severe winters.</p> <p>The restructuring and reduction of the winter maintenance route could achieve savings.</p>	N/A
33	Weed control reduction and then cease	<p>Weeds in the borough are currently treated twice or sometimes three times per year. This option would reduce herbicide application to just once per year in 2017 followed by cessation of the service completely from 2017/18.</p> <p>Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402</p>	60,000	60,000	30,000	<p>This proposal would affect all parts of the borough and the appearance of the borough would undoubtedly deteriorate.</p>	N/A
Page 139	Streetlighting energy savings	<p>Based on assumptions of savings that can be made from the ongoing lantern renewal programme</p> <p>Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402</p>	958,000	958,000	71,000	<p>There would be no change in service. Street lights would be lit for the same durations at the same levels as at present.</p>	N/A
35	Transport Strategy income generation	<p>Increased income through</p> <ul style="list-style-type: none"> • Car parking – car park permit charges, issue of resident permits and business permit to allow street parking at specified locations, on street charges, off street charges • Civil Parking Enforcement – continued enforcement • Events –charge or the provision of advice and car park closures to facilitate events • Bus Lane Enforcement <p>Contact:- Anneliese Hutchinson, Service Director Development, Transport and Public Protection ext 3881</p>	829,000	-961,000	148,000	<p>Increase in car parking and permit changes would need to be the subject to separate consultation.</p>	N/A
36	Transport Strategy Service restructure	<p>The Service has a key role to play in improving road safety, minimising the incidence of road traffic accidents on roads, maximising economic growth and protecting health and wellbeing.</p> <p>This proposal would restructure of the team to retain capacity, reflecting changes in budget provision and changing priorities.</p> <p>Contact:- Anneliese Hutchinson, Service Director Development, Transport and Public Protection ext 3881</p>	5,594,000	2,090,000	146,000	<p>A service review would be undertaken to redesign the service over 2 years to enable the Council to meet the duties and responsibilities with more limited staff and financial resource.</p>	5 FTEs

37	Removal of Road Survey Budget	Survey work would be undertaken within remaining budgets Contact:- Anneliese Hutchinson, Service Director Development, Transport and Public Protection ext 3881	485,000	81,000	20,000	Survey work would be undertaken within remaining budgets.	N/A
38	Reduction in Commissioning and Business Development Service establishment	Reduced level of support would be provided for Group Management Team and the wider Communities and Environment group of services Contact:- Anthony Alder, Service Director Commissioning and Business Support ext 3880	571,000	550,000	25,000	This will have minimal impact.	1 FTE
39	Reduction in consultancy fees (South of Tyne and Wear Waste Management Partnership)	The South of Tyne and Wear Waste Management Partnership, made up of Gateshead, South Tyneside and Sunderland councils, is working together to reduce the amount of waste sent to landfill sites every year and dramatically increase recycling. This proposal is based on a reduction in the South Tyne and Wear Waste Management Partnership budget for external support. Contact:- Anthony Alder, Service Director Commissioning and Business Support ext 3880	40,000	40,000	5,000	This proposal would need to be agreed by the South of Tyne and Wear Waste Management Partnership.	N/A
40	Reduction in Countryside Rangers and maintenance of Public Rights of Way	This option would reduce from two to one Countryside Ranger post. Contact:- Colin Huntington, Service Director Waste Services, Grounds Maintenance and Fleet Management ext 7402	248,000	157,000	30,000	There would be less presence, inspection and support for countryside sites, with reduced conservation management and general maintenance and a reduction in volunteer tasking support. Further savings in year 2 would reduce contractor costs for the maintenance of public rights of way (PRoW) and seek to find alternative uses of existing facilities to achieve additional income	1 FTE

Year 2 and year 3 will see the following further work:-

- Increased bus lane and car parking charges
- Increased costs of residents, civic centre and other permits
- Trade waste business case
- Expanding the Bereavement Service offer
- Expanding our voids collection service arrangement with the Gateshead Housing Company link to the future construction service delivery models
- Continue to drive out waste disposal cost by using behaviour change team to increase paper and co-mingled waste collection as the cheaper sustainable option
- Investment in technology (360 fleet cameras) reducing false claims, reducing invalid complaints and avoiding additional fuel and operating costs
- Review the method of management, quality and quantity of bowling greens and football pitches
- Review parks and consider a commercial offer for key strategic parks, access investment and funding
- Consider a new marketing offer for increasing garden waste subscriptions

LOCAL ECONOMY & GROWTH

Overall Gross Budget £12,068,000 Net Budget £3,096,000

In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to up to £897,000

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
41	Reduce capacity in Economic and Housing Growth Service	<p>In April 2015, Cabinet approved a revised structure for the Economic & Housing Growth Service. The revised structure was implemented to ensure the Council could effectively drive and influence growth in a climate of reduced resources.</p> <p>The change produced a saving of £1m, which was 40% of the budget at that time. This was achieved through a number of approaches:</p> <ul style="list-style-type: none"> • A reduction in capacity, particularly at management level • Widening responsibilities and spans of control for the managers left • Capitalising posts where possible • Commercialising business, recruitment and employment support services i.e. moving to a self-sufficiency model where income from commercial contracts cross-subsidise universal support - if there is insufficient income, the services stop. <p>In line with the changing role of the Council, mainline funding is now largely directed towards strategic and enabling functions that enable us to exercise our community leadership role – strategic planning, collaborating with and influencing external organisations and partners (public, private and third sector) and undertaking the development and commissioning of programmes, projects and services to deliver the outcomes we need funded from a range of sources, including external funding.</p> <p>This activity makes a significant contribution to the financial sustainability of the Council through the generation or safeguarding of income and by the reduction of demand that arises when people move into work or better paid work.</p> <p>The functions are also critical in maintaining our reputation and influence with external stakeholders e.g. Government Departments and arms-length agencies, North East Combined Authority, North East Local Enterprise Partnership, Universities and Colleges, local businesses, training providers, investors and developers.</p> <p>The savings option constitutes 50% of the current budget. In order to deliver this there will need to be a reduction of</p>	3,965,000	1,375,000	700,000	<p>The savings options would entail the deletion of 13.5 mainline funded posts from the following areas:</p> <ul style="list-style-type: none"> • Service Management • Enterprise and Industry • Employment, Skills and Inclusion • Housing Growth • Technical Support • Economic Policy and Partnership • Specialist Project Support <p>The remaining mainline-funded team would comprise 12 FTE posts across this broad and complex agenda.</p> <p>The saving will have a major impact on what we can accomplish in pursuit of our objective of a Prosperous Gateshead and all the intended beneficiaries of this: businesses, investors, young people, job seekers, the unemployed and economically inactive, home owners and renters. Targets for homes, jobs, employment, household income, poverty reduction for example will need to be reviewed and revised.</p> <p>We will need to withdraw or reduce our support and input into partnership activity with a range of public, private and third sector organisations.</p> <p>The ability to run commercial contracts may be undermined, putting at risk universal business and employment support service that rely on cross-subsidy from commercial contracts.</p> <p>There are a number of specialist posts that provide expert economic advice to internal and external audiences to ensure policies, decisions and influence are based on sound evidence and analysis. The loss of such expertise will compromise the quality of advice given and work performed.</p>	13.5 FTEs

		mainline-funded employees by 13.5 FTEs. To maintain activity in each of the three policy areas of Enterprise and Industry, Employment, Skills & Inclusion and Housing Growth it will be necessary to make savings in each. Contact:- Andrew Marshall, Service Director Economic and Housing Growth ext 3422					
42	Development and Public Protection redundancies/restructure	This proposal would restructure of the team to retain capacity in the correct places Contact:- Anneliese Hutchinson, Service Director Development, Transport and Public Protection ext 3881	4,860,000	2,475,000	109,000	A service review would look to redesign the service over 2 years to enable the Council to provide a good service and make efficiencies, thereby operating with a smaller team.	3.5 FTEs
43	External funding for trading standards work	Funding from Citizen Advice Bureau (CAB) to cover one Trading Standards post Contact:- Anneliese Hutchinson, Service Director Development, Transport and Public Protection ext 3881	N/A	N/A	50,000	Funding has been obtained to fund a relationship manager for the next 3 years. This will be in the form of a secondment from the Trading Standards team to CAB	N/A
44	Increase in contribution of the Housing Revenue Account (HRA) to offset costs of activities carried out within the service	Increase in contribution from the HRA. Contact:- Peter Udall, Service Director Council Housing, Design and Technical ext 2901	3,014,000	-231,000	38,000	This will offset council costs associated with the activities carried out by the Service Director and Development Manager. In addition, propose to redirect resources within team currently funded through the HRA to general support services.	N/A

Year 2 and year 3 will see the following further work:-
Restructure across Development, Transport and Public Protection Service.

COMMUNITIES

(Overall Gross Budget £14,923,000 Net Budget £6,893,000)

In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to £1,557,000

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
45	Reductions in contribution to Sage Gateshead, BALTIC and Tyne and Wear Archives and Museums, NGI	<p>The Council has commissioned cultural organisations Sage Gateshead, Baltic Centre for Contemporary Art and Tyne and Wear Arts and Museums (TWAM) to ensure the Council delivers its cultural strategy, Creative Gateshead.</p> <p>Review the commissions to Sage Gateshead, Baltic Centre for Contemporary Art and TWAM.</p> <p>Contact:- Lindsay Murray, Service Director Culture, Communities, Leisure and Volunteering ext 2794</p>	1,002,000	1,002,000	105,000	<p>These organisations have had their grant reduced for the last 10 years by the Council. The proposal is likely to have an impact on the sustainability of these organisations and could affect their ability to attract external funding.</p> <p>This proposal formed part of last year's budget consultation exercise</p>	N/A
46	Implementation of library review	<p>Implement the Library Review. This could include library closures and will reduce the library network from 17 in 2010 and from 11 currently.</p> <ul style="list-style-type: none"> • Reduction in the number of library buildings – potentially with reduced opening hours • Increased volunteer libraries – but reduced capacity to support their development • Reduced digital services in libraries • Reduced outreach activity • Reduced capacity to develop partner involvement in libraries • Library service offer reduced to a minimum <p>The Library Review is the subject of a specific report to Cabinet on 8 November 2016.</p>	3,178,000	2,985,000	450,000	<p>Potential closure of libraries reducing the Council network. Library customers would need to travel further to use a library, which some may not be able to do. Reduced access to books computers, information and events for all ages. Reduced literacy levels if local schools cannot use libraries and children do not read in their free time.</p> <p>A library has a role as a community hub and reduces social isolation for older people. Opportunity to deliver more outreach work and disposal of buildings.</p> <p>The review has considered the use of other community buildings for service delivery for either as a venue for outreach activities e.g. reader group or rhymetime or as a location for reduced book collection.</p> <p>The reduction in the Council network has previously been mitigated by the establishment of volunteer operated libraries. The establishment of new volunteer managed libraries may be possible to allow the provision of a local service. The financial viability of new and existing volunteer libraries will become increasingly difficult with the reduction of Council funding.</p> <p>A 12 week public consultation period has been conducted between July – October 2016 to establish the impact changes to the current library network</p>	16 FTEs

		Contact:- Lindsay Murray, Service Director Culture, Communities, Leisure and Volunteering ext 2794				would have and how likely users are to use alternative provision. A minority, 38%, would access alternative provision. A risk of failure to meet statutory duty to provide a comprehensive and efficient library service.	
47	Withdrawal of subsidy to leisure which could result in the closure of facilities if it is not possible to generate the required income	<p>On 19 April 2016, Cabinet agreed a new vision for the leisure service: “A sport and leisure service which is sustainable and customer focused to ensure healthy, active Gateshead communities and delivers the Council’s priorities of Live Well Gateshead and Live Love Gateshead. A service which integrates and connects to broader services and cultural offer so that residents can participate in a range of services for their wellbeing and leisure. A service which is driven by business and financial objectives, as well as customer satisfaction, retention and growth and maximises the use of its assets – buildings, employees, ICT and partners - to serve Gateshead residents and beyond. A service which in the period of the Council Plan (2020) is no longer directly subsidised by Gateshead Council, and is returning income to the Council to invest in Gateshead priorities”.</p> <p>To support the vision Cabinet also agreed that the Council subsidy for the service will be withdrawn by 2020. Based on current costs, this means the service has to generate an additional £2.8m by this date.</p> <p>To achieve this reduction, the service is required to reduce the budget by £702,000 for the 3 financial years 2017/18 to 2019/20.</p> <p>Contact:- Lindsay Murray, ~Service Director Culture, Communities, Leisure and Volunteering ext 2794</p>	8,139,000	1,982,000	702,000	<p>It is anticipated that the service to customers will improve. The programme of activity will be demand led and focus on the health and fitness needs of customers. Staff will have customer service training and be more responsive to the needs customers. The additional intelligence about customer use from the improved access system and improved relationship with customers will allow the service to be more responsive in the market. An improved website will ensure a more efficient digital relationship with customers from membership sign up to booking of activities or space.</p> <p>The service has developed a business plan for each facility with a clear income target to ensure the additional income is achieved.</p> <p>The Leisure Review was the subject of separate reports to Cabinet in December 2015 and April 2016. This review is currently being implemented.</p> <p>However if the Council is not on target to deliver the additional income, savings and transformation then a different management arrangement will be put in place by 1 April 2018.</p> <p>This proposal formed part of last year’s budget consultation exercise. A specific consultation plan is being implemented including regular meetings with employees.</p>	N/A Income target
48	Consider different delivery model for Gateshead International Stadium	<p>Working with partners and stakeholders to develop a vision for the future management and operation of the Stadium as an international and regional asset.</p> <p>Contact:- Lindsay Murray, Service Director Culture, Communities, Leisure and Volunteering ext 2794</p>	1,363,000	594,000	300,000	Develop a vision with partners and identify the potential to share management and share delivery.	N/A

Year 2 and year 3 will see the following further work:-
 Culture income generation - Culture Team will be more commercially focussed. With this in mind income targets will be set for 2018-2020

CUSTOMER SERVICES, PROPERTY AND TECHNOLOGY

Overall Gross Budget £121,300,000 Net Budget £6,599,000*The Gross budget includes £85.660m budget for payment of Housing Benefits
In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to up to £2,168,000

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
49	Reduction in Facilities Management	This proposal is a reduction in the establishment at a service manager level. Contact:- Dale Robson, Service Director Facilities Management ext 5510	5,480,000	1,775,000	50,000	Internal management structure of the service would be reviewed to make the best use of skills and capacity within the service.	1 FTE
50	Cleaning of buildings	Building cleaning has already been significantly reduced throughout all council buildings. Further proposals are: Option 1: To reduce cleaning to once a week with toilets cleaned daily (£200,000) Option 2: To reduce cleaning to once a week, with a light touch (communal areas and toilets cleaned and bins emptied) on 3 days and only toilets cleaned on the remaining day (£90,000) Option 3: To reduce cleaning to 2 days per week with a light touch on 2 days and the cleaning of toilets only on the remaining day (£50,000) Contact:- Dale Robson, Service Director Facilities Management ext 5510	816,000	816,000	Up to 200,000	Currently toilets and communal areas are cleaned daily. With offices currently cleaned 3 days per week with a light touch on the other 2 days. This proposal would reduce further the cleaning of buildings. This proposal formed part of last year's budget consultation exercise.	Up to 10 FTEs Option 1 – up to 10 FTEs Option 2: up to 4.5 FTEs Option 3: up to 2.5 FTEs
51	Savings within ICT service	ICT contract savings, review of licences and agreements across service, and consolidation of systems software Contact:- Roy Sheehan, Service Director ICT Services ext 3789	N/A	N/A	313,000	Efficiency savings through reviews of contracts.	N/A
52	Savings within Customer and Financial Services	This proposal includes a range of efficiencies, reviews, and traded income Contact:- John Jopling, Service Director Customer and Financial Services ext 3530	8,851,000	3,290,000	440,000	Organisational review which may potentially impact on service performance. This may be mitigated by investment in ICT and implementation of the Digital Strategy.	14 FTEs
53	Council Tax and Business Rate collection	Removal of 1 month exemption for empty domestic dwellings resulting in increased income. Further work to counter avoidance of business rate thereby increasing business rates income. Contact:- John Jopling, Service Director Customer and Financial Services ext 3530	N/A	N/A	868,000	The Council expects to increase income to the collection fund in respect of council tax and business rate growth.	N/A
54	Discretionary rate relief policy	Removal of the award of Discretionary Rate Relief to all eligible organisations Contact:- John Jopling, Service Director Customer and Financial Services ext 3530	N/A	N/A	Up to 150,000	Revised Discretionary Rate Relief scheme would be effective from April 2017 following consultation. This proposal is the subject of a separate report to Cabinet 8/11/16 to recommend consultation on a proposed new Discretionary Rate Relief Policy.	NA

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55	Property Services income generation	Increase in property income Contact:- Martin Harrison, Service Director Legal, Democratic and Property Services ext 2101	5,583,895	959,196	147,000	Efficient management of property portfolio including monitoring of rental income, timely rent reviews, lease renewals and letting of void properties.	N/A
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Year 2 and year 3 will see the following further work:-

- Development of the trading model to improve performance of the Supporting Independence Service
- Digital – Agile working benefit realisation
- Establishment of a Local Authority Investment Partnership – Public Sector Plc through increase of revenue and capital through property rationalisation
- ICT service restructure
- Improvement to financial performance of Building Cleaning contracts
- Further saving from management structure in Facilities Management

TRADING AND INVESTMENT

Overall Gross Budget £0m Net Budget £-2.620m

In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to up to £1,133,000

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
56	Repairs and Maintenance Contract Corporate contribution	Contribution to costs from Repairs and Maintenance contract Contact:- Victoria Beattie, Service Director Construction Services ext 7311	N/A	N/A	300,000	Represents an additional net contribution to the Council as a result of transferring the delivery of the R&M Contract to Construction Services. This will be across a number of council services by way of increased income targets. The specific detail is being worked through.	N/A
57	Increased trading	Increased income from trading activity including Energy Services, Housebuilding, Funeral Services, Property investments, sponsorship and schools catering. Contact:- Darren Collins, Strategic Director, Corporate Resources ext 3580	N/A	N/A	833,000	Traded income.	N/A

Year 2 and year 3 will see the following further work:-

- Improving the financial performance of School Catering through increased meal update and expansion of customer base.
- Review of services provided to schools
- Further developments in traded services.

DEMOCRATIC CORE

**Overall Gross Budget £11.479m Net Budget £5.603m
In this theme, at this stage, potential proposals to close the gap for 2017/2018 amount to up to £705,000**

Ref	Draft proposal	Description and background	Gross budget	Net budget	Proposal Amount £	How we will deliver this year in 2017/2018 and what will it mean for residents / users?	Workforce Implication
58	Review of establishment across Democratic Services, Legal Services & Litigation, HR and Workforce Development, Corporate Commissioning and Procurement	<p>Reductions in the service establishment have been achieved following team reviews and activities have been realigned to meet current and anticipated demand. Impact of the reductions will be managed internally through prioritisation of workload where required.</p> <p>Contact:- Martin Harrison Service Director Legal, Democratic and Property Services ext 2101 , Deborah Hill, Service Director Human Resources and Litigation ext 2110, Andrea Tickner, Service Director Corporate Commissioning and Procurement ext 5995</p>	7,862,133	3,379,747	293,000	<p>A review of service areas will be undertaken to align service delivery with current and anticipated demand.</p> <p>The group will continue to look to maximise income, reduce costs and align resources to demand to increase savings in the group and where possible bring forward potential savings.</p>	8.34FTEs
59	Reduction in supplies and services within Human Resources Service	<p>Reductions will be across non-staffing budgets for supplies and services across a number of teams within this service.</p> <p>Contact:- Deborah Hill, Service Director Human Resources and Litigation ext 2110</p>	503,000	503,000	16,000	There will be no impact.	N/A
60	Service-wide review of establishment across activity areas of policy, planning, performance and communications	<p>A review of service areas will be undertaken to align service delivery with current and anticipated demand. Savings will be made over the next 2 years.</p> <p>Contact:- Marisa Jobling, Service Director Policy, Performance and Communications ext 2099</p>	2,014,000	1,777,000	100,000	<p>Reductions in the service establishment have been achieved following team review and activities have been realigned to meet current and anticipated demand. Impact of the reductions will be managed internally through prioritisation of workload where required.</p> <p>This proposal formed part of last year's budget consultation exercise.</p>	2 FTEs
61	Corporate Finance Service review	<p>This proposal would reduce the establishment in Corporate Finance Service through efficiencies and demand management.</p> <p>Contact:- Keith Purvis, Deputy Strategic Director Corporate Resources ext 3630</p>	3,576,000	1,059,000	141,000	<p>Estimates are based on efficiencies in workload demand management.</p> <p>As Council Services change and reduce there may be scope to reduce staffing further in future years.</p>	2.5 FTEs
62	Insourcing of Insurance claim handling	<p>Insourcing of insurance claims handling and consolidation of insurance contracts.</p> <p>Contact:- Keith Purvis, Deputy Strategic Director Corporate Finance ext 3630</p>	N/A	N/A	100,000	Efficiency saving with no impact on residents.	N/A

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63	Reduce the risk of financial fraud through proactive anti-fraud detection and prevention	This is to proactively reduce the scope for financial fraud including council tax discounts and exemptions, council tax benefits and NNDR relief. Contact:- Keith Purvis, Deputy Strategic Director Corporate Resources ext 3630	N/A	N/A	55,000	Invest to save approach.	N/A
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Year 2 and 3 will see the following further work:-

- Review of Council News and increase in digital information
- Service wide review of policy, planning, performance and communications
- Corporate Services and Governance service wide reviews to be undertaken to align services with demand
- Corporate Resources service wide reviews to be undertaken to align services with demand

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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:
 - Reporting and Acting on Child Abuse and Neglect – HM Government – appendix 1

Background

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

Proposal

3. To endorse the responses set out in appendices 1 and 2.

Recommendation

4. It is recommended that Cabinet endorses the consultation responses set out in appendices 1 and 2.

For the following reason:

To enable the Council to contribute responses to the consultations.

CONTACT: Kevin Ingledew extension: 2142

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HM Government Consultation: Reporting and Acting on Child Abuse and Neglect.

Purpose of the Report

1. The purpose of this report is to inform Cabinet of the HM Government Consultation document, Reporting and Acting on Child Abuse and Neglect .

Policy Context

2. The Government Consultation outlines options for reform of the child protection system in England, specifically in relation to reporting and acting on child abuse and neglect. This includes consideration of the introduction of **mandatory reporting** of child abuse and neglect or an alternative **duty to act** which focuses on taking appropriate action in relation to child abuse and neglect. This consultation also seeks views on whether the scope of these possible changes should extend to vulnerable adults.

Background

3. The launch date of the consultation was 21 July 2016. Responses are required by 13 October 2016. The consultation seeks views about whether it is necessary to introduce one of two possible new legal requirements focused on reporting and acting on child abuse and neglect in addition to the Government's programme of whole system reforms.
4. The consultation covers all forms of suspected and known child abuse and neglect. The geographical scope of the consultation is England only. This consultation is particularly interested to hear from children and young people; social care, education, criminal justice, and healthcare practitioners; the police; and from victims and survivors of child abuse.
5. There is currently no general legal requirement on those working with children to report either known or suspected child abuse or neglect. Statutory guidance, however, is very clear that those who work with children and families should report to the local authority children's social care immediately if they think a child may have been or is likely to be abused or neglected.
6. While statutory guidance does not impose an absolute legal requirement to comply, it does require practitioners and organisations to take it into account and, if they depart from it, to have clear reasons for doing so.
7. The following new statutory measures could be considered by the government:
A mandatory reporting duty, which would require certain practitioners or organisations to *report* child abuse or neglect if they knew or had reasonable cause to suspect it was taking place; or a duty to act, which would require certain practitioners or organisations to *take appropriate action* (which could include reporting) in relation to child abuse or neglect if they knew or had reasonable cause to suspect it was taking place.

Consultation

8. In order to express the views of all agencies who work with children in Gateshead, the Local Safeguarding Children Board has held a multi-agency meeting to include those from partner agencies such as police and health agencies. Their combined responses were submitted by the closing date of 13 October 2016. Additionally, each organisation that makes up the LSCB agreed to submit an agency response. The Council's response is submitted.
9. The Cabinet Members for Children and Young People have been consulted.

Implications of the recommended option

10. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms there are no direct financial implications arising from this report.
 - b) **Human Resources Implications** – There are no direct financial implications arising from this report.
 - c) **Property Implications** - There are no direct property implications arising from this report.
10. **Risk Management Implication** - The needs of vulnerable children in Gateshead will continue to be addressed under current legislation and council arrangements.
 11. **Equality and Diversity Implications** – None.
 12. **Crime and Disorder Implications** – None.
 13. **Health Implications** – None.
 14. **Sustainability Implications** – None.
 15. **Human Rights Implications** - None.
 16. **Area and Ward Implications** - None.

Background Information

17. The consultation document and the corresponding consultation questions are attached to this report.

Part E: Consultation questions

Please read the accompanying consultation document before you answer the following questions.
The current child protection system

1. To what extent do you agree or disagree with the following statements about the current child protection system?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't Know
Child protection training for practitioners should be improved so that they are better qualified and able to provide the right help at the right time to keep children safe.		x				
More needs to be done within the child protection system to encourage new and innovative systems to better protect children.		x				
Organisations with child protection responsibilities need to work better together.		x				
Practitioners and organisations with child protection responsibilities sometimes recklessly fail to take proper action (including reporting) to stop or prevent child abuse and neglect.				x		
Child abuse and neglect is generally under-reported by practitioners involved in children's lives.				x		

Other measures that could be introduced

It is important to consider fully the consultation materials before answering the questions in this section. In order to inform your answers to these questions, you will need to balance evidence of potential positive impacts of mandatory reporting or a duty to act against possible risks and issues that may be associated with their introduction.

The introduction of a mandatory reporting duty

The following questions seek your views on of the possible introduction of a mandatory reporting duty.

2. To what extent do you agree or disagree with the following statements?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't Know
Mandatory reporting will generate more reports of suspected and known cases of child abuse and neglect.	x					
Increased reporting may divert attention from the most serious child abuse and neglect cases.	x					
Increased reporting could mean that abuse and neglect would be captured at an early point in a child's life.			x			
Mandatory reporting could have an adverse impact on the child protection system (e.g. impacting recruitment and retention of staff, creating a culture of reporting rather than acting, negatively impact the serious case review process).	x					
Mandatory reporting could dissuade victims from disclosing incidents of abuse and reduce 'safe spaces' for children.	x					
Mandatory reporting could lead to greater prevention and awareness of abuse and neglect.			x			
The introduction of a mandatory reporting duty would not in itself mean that appropriate action would be taken to protect children.		x				
A mandatory reporting duty would ensure that those best placed to make judgements about whether abuse or neglect is happening – i.e. social workers – do so.				x		

3. To what extent do you agree that the introduction of a mandatory reporting duty would directly improve outcomes for children?	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't Know
				x		

4. Please outline any risks or benefits regarding the introduction of a mandatory reporting duty that haven't been articulated in the consultation.
Professionals may feel they have to report any small concerns with the result that the system would overload. Professionals working in areas where recruitment is already difficult (teaching and social work) may choose to leave the profession as the proposals may exert undue pressure.

The introduction of a duty to act

The following questions seek your views on the possible introduction of a duty to act.

5. To what extent do you agree or disagree with the following statements?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't Know
A duty to act could strengthen accountability on individuals and organisations in protecting children from abuse and neglect.				x		
A duty to act could have an adverse impact on the child protection system (e.g. impacting recruitment and retention of staff, and negatively impacting on the serious case review process).	x					
A duty to act on child abuse and neglect would be more likely to lead to better outcomes for children than a duty focused solely on the reporting of child abuse and neglect.			x			
A duty to act allows professionals discretion to decide what action should be taken to best protect children in each case.			x			
The focus of sanctions for the duty to act on deliberate or reckless failures would ensure that those responsible for the				x		

very worst failures in care would be held accountable.						
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6.	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Don't Know
To what extent do you agree that the introduction of a duty to act would directly improve outcomes for children.				x		

7. Please outline any risks or benefits regarding the introduction of a duty to act that haven't been articulated in the consultation.
All services that work with children already have a statutory duty to safeguard children. The proposed duty to act needs to be more thoroughly thought through and the implications explained before some of the questions in this consultation can be answered meaningfully. Additionally, Children's Safeguarding Services have been through a continual series of changes in recent years. There needs to be a period of consolidation before any further changes are introduced.

8. Having considered the issues outlined in the consultation and your answers above, which of the following would be most preferable? Please choose one option only.

	Please Tick
Allowing the package of reform measures focused on improving how the whole system responds to child abuse and neglect to be implemented before considering the introduction of additional statutory measures.	x
The introduction of a mandatory reporting duty focused on increasing the reporting of child abuse and neglect.	
The introduction of a duty to act; focused on taking appropriate action in relation to child abuse and neglect, with sanctions for deliberate and reckless failures.	

Scope, accountability and sanctions

This section is optional and relates only to the possible introduction of a mandatory reporting duty or a duty to act.

9. If a new statutory measure is introduced, do you agree with the following elements of the proposed scope?

	Please Tick
Apply to all forms of child abuse and neglect (including online abuse and grooming).	x
Apply to both suspected and known child abuse and neglect.	x
Apply to abuse or neglect encountered during the course of a practitioner's day-to-day role only.	x
Apply to abuse or neglect within the home and within organisations or institutions, e.g. boarding schools.	x
Apply to present day abuse and neglect only (i.e. it would not apply retrospectively).	x
Apply to children under 18 only.	x
Be triggered if a practitioner had "reasonable cause to suspect" a child was being abused or neglected, or was likely to be abused or neglected.	x

10. If there are aspects of the proposed scope that you disagree with, or you would like to provide further information to support your answer to question 9, please do so here:

It is difficult to disagree to any of the above questions if a new statutory measure is introduced. One cannot rule out some forms of child abuse or suspected child abuse. There is statutory guidance currently in place that covers duty to safeguard children, which covers all of the areas in question 9.

11. If you believe new statutory measures should extend to adults, please provide further information, taking into account the existing wilful neglect offence.

It is not thought that the new statutory measures should apply to children.

12. Should the proposed activities outlined in paragraphs 65–68 of the consultation and table 1 be included if a new statutory measure were to be introduced?

Yes

13. Please provide your views, noting if any activities listed should be removed, and if there any other activities that should be included.

Boarding Schools
 Sports and Leisure Activities; Football Clubs, Brownies, Scouts etc
 Faith Schools
 Faith Settings; Churches, Mosques, Synagogues
 Independent Care Organisations – such as those who offer carers in the homes of families.
 Charities offering counselling, therapy, care or family support, for example, Barnados or NSPCC.

14. If a new statutory measure is introduced, where do you think accountability should rest (see paragraphs 69–70 of the consultation)?

	Please Tick
At an individual level.	
At an organisational level.	x
At both an individual level and an organisational level.	

15. If a new statutory measure is introduced, what do you think the type of sanction should be if it is breached (see paragraphs 71–74 of the consultation)?

	Please Tick
Existing practitioner and organisation specific sanctions only.	x
Existing practitioner and organisation specific sanctions plus additional sanctions involving the Disclosure and Barring Service (available only at an individual level).	
Existing practitioner and organisation specific sanctions plus criminal sanctions.	

16. Please provide further information about the reasons for your answers to the above questions on scope, accountability and sanctions, if you would like to do so.

The DBS is an existing sanction if a person has been implicit in the abuse of a child.

Additional information

17. Please detail any additional information that you feel should be taken into account in this consultation. This could include, but is not limited to:

- the operational impact of introducing a new statutory measure including on small
- businesses such as nurseries or children's homes;
- how the new duty should interact with the existing FGM mandatory reporting model; and
- any additional research/evidence not referred to in the consultation document.
- the operational impact of extending either of the statutory measures to vulnerable adults

If introduced, the new statutory measures should apply to all practitioners working with children and families in both the private, public and third sector. It should include organisations such as boarding schools, independent and faith schools, faith settings and charitable groups, both on a local level and the national children's charities who offer support to children and families.

Businesses offering support to children and families should not be exempt as the same rules would need to apply to the public, private and third sector.

The new duties should equally apply to sports organisations and organisations providing recreational activities for children such as scout groups.

Improving the use of Planning Conditions - DCLG

Policy Context

1. The policy context includes implications for City of Gateshead and Sustainable Gateshead (Vision 2030). National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (NPPG).

Background

2. The Department of Communities and Local Government (DCLG) has produced a public Consultation Paper on Planning Conditions comprising of six questions outlining changes the Government proposes to make to the planning system including:-

Section 1: Proposals to prohibit pre-commencement conditions from being imposed without the prior written agreement of the applicant

3. This section of the consultation paper proposes changes to the process for imposing pre-commencement conditions on planning permissions. The Government intends to legislate to prohibit pre-commencement conditions from being imposed unless the applicant has first agreed them.
4. If the applicant does not agree, the Local Planning Authority would retain the right to refuse the planning application if it considers that the pre-commencement condition is necessary to make the development acceptable.
5. The consultation paper requests comments on the proposed process and seeks opinion on whether “a default period, after which an applicant’s agreement would be deemed to be given” would be necessary, and if so, how long that period should be.

Section 2: Proposals for the wider application of primary legislation to prohibit specific types of condition

6. The Neighbourhood Planning Bill is draft primary legislation which proposes to prohibit the imposition of pre-commencement conditions in the absence of the applicant’s written agreement. It would allow “the Secretary of State to prohibit certain conditions in defined circumstances”.
7. There are six tests that conditions should meet in order to be acceptable. These are set out in National Planning Practice Guidance (NPPG), which also provides examples of conditions that are considered to be unacceptable.
8. The consultation paper seeks opinion on whether the ‘unacceptable’ conditions identified in the NPPG should be prohibited through legislation. Additionally, the paper invites suggestions of any other conditions which would fail the six tests and should also be prohibited in legislation.

Consultation

9. The Cabinet Members for Economy, Housing and Environment & Transport together with the Chair and Vice Chair of Planning and Development Committee have been consulted..

Alternative Options

10. Not to respond to the consultation.

Implications of Recommended Option

11. **Resources:**

- a) **Financial Implications** – None
- b) **Human Resources Implications** – None
- c) **Property Implications** - Potential for the Council as applicant being consulted on pre-commencement conditions.

12. **Risk Management Implication** - None

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

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

15. **Health Implications** - None

16. **Sustainability Implications** – None

17. **Human Rights Implications** - None

18. **Area and Ward Implications** - None specific

19. **Background Information**

CLG Consultation Paper on Improving the Use of Planning Conditions.

A copy of the consultation paper can be accessed via this link:-

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551121/Improving_the_use_of_planning_conditions_-_consultation.pdf

The consultation deadline for responses is noon on 2 November 2016, Therefore, the consultation response has been submitted but was submitted subject to cabinet approval.

List conditions that should not be used

Table 1: Summary of the current list of planning conditions that should not be used (as per planning practice guidance)

	Conditions	NPPF test this condition would fail
1	Conditions which unreasonably impact on the deliverability of a development – e.g. disproportionate financial burden	<ul style="list-style-type: none"> ▪ Test of reasonableness
2	Conditions which reserve outline application details	<ul style="list-style-type: none"> ▪ Test of reasonableness ▪ Test of relevance to the development to be permitted
3	Conditions which require the development to be carried out in its entirety	<ul style="list-style-type: none"> ▪ Test of necessity ▪ Test of enforcement
4	Conditions which duplicate a requirement for compliance with other regulatory requirements – e.g. Building Regulations	<ul style="list-style-type: none"> ▪ Test of necessity ▪ Test of relevance to planning
5	Conditions requiring land to be given up	<ul style="list-style-type: none"> ▪ Test of reasonableness ▪ Test of enforcement
6	Positively worded conditions requiring payment of money or other consideration	<ul style="list-style-type: none"> ▪ Test of necessity ▪ Test of reasonableness

Response of Gateshead Council to the Public Consultation “Improving the Use of Planning Conditions”

Section 1: Proposals to prohibit pre-commencement conditions from being imposed without the prior written agreement of the applicant

Question 1 – Do you have any comments about the proposed process for prohibiting pre-commencement conditions from being imposed where the local authority do not have the written agreement of the applicant?

The Council has concerns regarding the practicalities of seeking written agreement of applicants in advance of making a determination. This is particularly concerning in the event that where applications are considered by the Planning and Development Committee and additional pre commencement conditions are required to be imposed by the Committee at the meeting itself.

In this situation, it is considered that the only options for the Local Planning Authority (LPA) would be to recommend that the application is granted subject to applicant agreement to pre-commencement conditions, to refuse due to the lack of applicant agreement, or to return the application for further consideration by the Committee once a full list of applicant agreed conditions that are recommended. There is potential for all of the above options to cause further delay to the applicant seeking planning permission and thus stalling the issue of the permission which may defeat the purpose of government’s proposed change.

Additionally, it is considered that there is potential for the proposal to result in more refusals of planning permission. Whilst Part 1, Section 7(6) of The Neighbourhood Planning Bill allows for the Secretary of State to prescribe circumstances where the applicant’s agreement to pre-commencement conditions would not be required, these remain undefined. Therefore, in the absence of this definition, the proposals in this public consultation are currently understood to relate to all pre-commencement conditions.

On this basis, it is considered that, particularly on small scale schemes, there is potential for developer misunderstanding of the necessity of pre-commencement conditions. Withholding agreement to standard and commonly imposed pre-commencement conditions (eg. relating to contaminated land) is likely to occur, which could result in more refusals of planning permission and more delays in terms of resubmission of scheme being considered or appeals processes. It is considered that both of these are likely to take a longer time than determinations of applications to discharge necessary pre-commencement conditions.

In any event, Section 73 applications and or Section 78 appeals are two mechanisms already in place for applicants to contest conditions imposed and apply to vary them. These instances are currently minimised by discussions with applicants prior to determination of the original application. Therefore, it is

considered that the proposed requirement to gain applicant agreement would be a third, and potentially most time consuming, way for applicants to question pre-commencement conditions.

Further to the above, it is considered that another reason that the proposed requirement would be unnecessary is that local planning authorities are already required by national policy and guidance to only impose conditions that are 'necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects' (National Planning Practice Framework paragraph 206).

Therefore, it is considered that the proposed process would be unnecessary, impractical and very likely to be more onerous on both the applicant and the local planning authority, particularly as the existing processes to address conditions are not proposed to be removed.

If DCLG decide to proceed with the proposed process, it is suggested that the circumstances prescribed by the Secretary of State where the applicant's agreement to pre-commencement conditions would not be required should be the same as those identified in Schedule 6 of The Town and Country Planning (Development Management Procedure) (England) Order 2015.

Question 2 – Do you think it would be necessary to set out a default period, after which an applicant's agreement would be deemed to be given? If so, what do you think the default period should be?

It is considered that a default period would be necessary and that 7 days from the date agreement is requested would be an appropriate timescale.

Section 2: Proposals for the wider application of primary legislation to prohibit specific types of condition.

Question 3 – Do you consider that any of the conditions referred to in Table 1 [Annex 2] should be expressly prohibited in legislation? Please specify which type of conditions you are referring to and give reasons for your views.

Local planning authorities are already required by national policy and guidance to only impose conditions that are 'necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects'. It is considered that prohibition in primary legislation would reinforce this requirement for officers.

Question 4 – Are there other types of conditions, beyond those listed in Table 1 [Appendix 2], that should be prohibited? Please provide reasons for your views.

No further types of conditions are suggested by the Council to be prohibited.

Question 5 –

(i) Do you have any views about the impact of our proposed changes on people with protected characteristics as defined in section 149 of the Equalities Act 2010?

(ii) What evidence do you have on this matter?

(iii) If any such impact is negative, is there anything that could be done to mitigate it?

No.

Question 6 –

(i) Do you have any views about the impact of our proposed changes on businesses or local planning authorities?

(ii) What evidence do you have on this matter?

(iii) If any such impact is negative, is there anything that could be done to mitigate it?

- (i) The Council considers that there would be potential for an impact on the timescales/deadlines during the application determination process, due to the time needed to gain confirmation from an applicant as to whether they agree with the conditions or not. This could have a subsequent impact on officer caseloads and the ability of the LPA to meet determination timescales, which could increase the potential for Planning Inspectorate intervention. This in turn could have an impact on the capacity of the Planning Inspectorate.

Additionally, in the event that an application is refused based on the lack of agreement from the applicant, there would be a right of appeal and officers would need to dedicate time to work on such appeals. These do not incur a fee and could have a further impact on the ability to meet determination timescales on other applications.

Finally, as it is considered likely that there would be an increase in the number of applications that are refused there is also potential for an impact on relationships between applicants and the local planning authority.

- (ii) As evidence, the exemptions list of Schedule 6 of The Town and Country Planning (Development Management Procedure) (England) Order 2015 has resulted in applicants not being able to implement schemes prematurely and unsafely (as the exempt conditions cannot be deemed to be discharged in the absence of formal approval of the local planning authority).
- (iii) If the proposal to prohibit from being imposed without the written agreement of the applicant was to go ahead, it is considered that a default period after which an applicant's agreement would be deemed to be given would be necessary and that 7 days would be an appropriate timescale.

Additionally, it is suggested that the circumstances prescribed by the Secretary of State where the applicant's agreement to pre-commencement conditions would not be required should be the same as those identified in Schedule 6 of The Town and Country Planning (Development Management Procedure) (England) Order 2015.

TITLE OF REPORT: Review of Council's Discretionary Rate Relief Policy

REPORT OF: Darren Collins, Strategic Director Corporate Resources

Purpose of the Report

1. The purpose of the report is to consider a proposal to review and consult upon the Council's Discretionary Rate Relief policy.

Background

2. Local Councils are able to award discretionary rate relief under the provisions of the Local Government Finance Act 1988 (S.47) as amended and the Localism Act 2011 (S.69)
3. The current Discretionary Rate Relief policy was last reviewed in 1998 and is focused on the trading activities of organisations with licensed bars and membership. A copy of the policy and summary of awards is attached at Appendix 2.
4. The Council is able to award rate relief to business ratepayers providing they meet certain criteria. The two main categories of criteria are:
 - i. Mandatory Rate Relief – which awards 80% rate relief where organisations are registered charities
 - ii. Discretionary Rate Relief – allows the Council to award up to 100% (20% where a registered charity is receiving 80%)
5. Discretionary Rate Relief is intended for institutions / organisations which are not established for profit and whose main objects are charitable, philanthropic, concerned with education, social welfare, literature or fine arts.
6. Funding arrangements for business rates changed in April 2013, with local authorities retaining 50% of business rates. Under existing Government proposals it is expected that by the year 2020 local authorities will retain 100% of all rate income.
7. Following the funding changes introduced in 2013 the cost of financing rate relief now falls to each local council. The cost of discretionary rate relief for 2016/17 is estimated to be £150,000.
8. Legislative changes announced in the Chancellor's budget in March 2016 will remove some ratepayers from discretionary rate relief as 'small business rate relief' is extended to cover 100% of rate charges on properties with a rateable value of up

to £12,000 with tapered relief between £12,000 and £16,000 rateable value (subject to certain conditions).

Proposal

9. It is proposed to undertake a consultation exercise with stakeholders and the community on a rate relief policy that is fit for purpose and able to support those organisations whose objectives align with the Council's Vision 2030.
10. A number of factors are to be considered during the consultation to ensure that relief is provided to the most appropriate organisations. These include:
 - i. Introducing a financial assessment which would look to not award relief to organisations that are financially able to pay their rate liability.
 - ii. Only allow relief to organisations whose members / customers are in the main residents of the borough of Gateshead.
 - iii. A review of the support provided to Aided Schools.
 - iv. Consider how and whether to support:
 - a. Sport & Social Clubs.
 - b. The emerging culture of 'community interest companies' and 'social enterprise organisations'.
 - c. Organisations which have a rate liability as a result of an asset transfer.
 - v. Overall affordability and impact.

Recommendations

11. Cabinet is recommended to:
 - i. Agree to the proposal to consult and seek views on the most appropriate ways to provide discretionary rate relief.
 - ii. Note that a further report will be presented to Cabinet on the outcomes of the consultation process.

For the following reasons:

To ensure the optimum use of the Council resources.

CONTACT: Graeme Moffitt extension: 4700

Policy Context

1. The proposal in this report is to assist in the delivery of the Council Plan and Vision 2030 whilst also providing value for money in supporting organisations.

Background

2. A business rates update was presented to Corporate Resources Advisory Group on 18 July 2016. This update featured the current position with regard to discretionary rate relief.
3. The statutory framework for discretionary rate relief policies is provided under the provisions of the Local Government Finance Act 1988 (S.47) as amended and the Localism Act 2011 (S.69). Any policy agreed by the Council must be in the interests of the council tax payers of the borough.
4. A copy of the current policy and summary of awards is attached at Appendix 2.
5. The Council is able to award rate relief to business ratepayers providing they are satisfied that the institutions / organisations are not established for profit and whose main objects are charitable, philanthropic, concerned with education, social welfare, literature or fine arts.
6. Following the changes to the funding arrangements for business rates in 2013 discretionary rate relief is now funded fully by local authorities. Currently local authorities retain 50% of rate income but under existing central government proposals will from 2020 retain 100% of income
7. The cost of rate relief in 2015/16 was £146k and is expected to be £150k in the current year.
8. A revaluation of all business premises has been undertaken by the Valuation Office Agency and the new draft valuation list was published at the end of September. The impact of the revaluation is currently being assessed. A revised 'small business rate relief' (SBRR) scheme was announced in the Chancellor's budget in March 2016. The revised scheme is intended to extend the SBRR scheme and allow 100% relief on premises with a rateable value below £12,000 and taper relief on values between £12,000 and £16,000 rateable value.
9. This proposed change will, in certain cases remove the need to allow discretionary rate relief for specific organisations. Analysis of the impact of these changes is underway using the draft valuation list data.
10. Government has encouraged local authorities to provide rate relief to child care providers by using their local discount powers. In Gateshead we have over 30 children's nurseries registered for business rates, some of which are registered charities and receive 80% rate relief, some may also qualify for small business rates relief.
11. An increasing number of Community Interest Groups and Social Enterprises are emerging and the Council currently doesn't provide either a local discount or relief for these activities.

12. The Council has the authority to grant rate relief in respect of part occupied premises. This requires the Valuation Officer to certify the value of the portion of the premises which are not occupied. It is proposed to include this in any new policy and for this to be administered under delegated powers of Strategic Director Corporate Resources. .
13. The Council are also able to provide relief in the form of 'hardship' relief. Remitting rates on the grounds of hardship the council must be satisfied that the ratepayer would sustain hardship, if the authority did not do so, **and** it is reasonable for the authority to do so, given that the funding of this relief comes from the council tax payers of the Borough.

Consultation

14. The Leader and Deputy Leader have been consulted on this report. The proposed consultation exercise will seek the views of council tax payers and business rate payers on alternative options for awarding Discretionary Rate Relief

Alternative Options

15. A potential alternative would be for the Council to determine that it will not provide any discretionary rate relief.

Implications of Recommended Options

16. Resources

- a) **Financial Implications** - Cost of the current discretionary rate relief scheme in current year estimated to be £150,000.
- b) **Human Resource Implications** - There are no human resource implications
- c) **Property Implications** - There are no property implications

17. **Risk Management Implications** – a review of the discretionary rate relief policy must ensure stability for future financing.
18. **Equality and Diversity Implications** – A revised equalities impact assessment will be required for a revised policy.
19. **Crime and Disorder Implications** – There are no implications
20. **Sustainability Implications** – There are no implications
20. **Human Rights Implications** – There are no implications
21. **Area and Ward Implications** – A revised policy may affect organisations located across the borough.

APPENDIX 2

DISCRETIONARY RATE RELIEF EFFECTIVE 1st APRIL 1998:

AMOUNT OF RELIEF

QUALIFYING CRITERIA

Up to 100%	Where no licensed bar exists and the organisation is dependent on voluntary contributions only, OR if there are exceptional circumstances.
80%	Where no bar exists and the organisation is dependent on subscription income at a level to attract a wide range of members and voluntary contributions only.
60%	Where a licensed bar exists, BUT where members allow schools or other bodies the use of their facilities either free or at a substantially reduced charge.
40%	Where a licensed bar exists and where members allow schools or other bodies the use of their facilities either free or at substantially reduced charge, BUT where the majority of income is derived from social activities rather than sporting activities.
20%	Aided schools – this gives the schools 100% relief.
20%	Where a licensed bar exists and where members allow schools or other bodies the use of their facilities with little or no reduction in charges.
10%	Where a licensed bar exists and where little or no other use of facilities are granted to schools or other bodies.
5%	Where annual membership fees are set at a relatively high level and viewed as being a more exclusive type of organisation, e.g. Golf Clubs.

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TITLE OF REPORT: Framework for the support of people with a learning disability and/or autistic spectrum condition at home and in the community

REPORT OF: Sheila Lock, Interim Strategic Director, Care Wellbeing and Learning

Purpose of the Report

1. The report asks Cabinet members to approve a plan to introduce a Framework for the provision of support at home and in the community for people with a learning disability and/or autism from 1 April 2017.

Background

2. The Care Act places new requirements on care and support functions to promote wellbeing, identify services which support early intervention to prevent, reduce or delay the need for care and support.
3. In line with current financial constraints and budget proposals the introduction of a Framework will enable the Council to redesign and reinvest funding through a procurement process to achieve best value and reduce further demand for costly services.
4. As an integrated commissioning unit we are introducing new approaches to market shaping based on improving quality and reducing costs.
5. The provider market for support to people with a learning disability and autism has been static for a number of years. The majority of the services currently commissioned are not actively supporting people to achieve better outcomes.
6. At present there is no unified fee structure and contract terms and conditions vary. The cumulative spend on these services is currently £11.5 million.
7. The aim of the Framework will be to have a consolidated cost model and contract across all provision. It is also anticipated that the framework will attract new providers to the market and improve quality through an outcome focussed specification.
8. The scope of the Framework will include all current provision of Independent Supported Living schemes (ISLs), floating support services and children's short break provision.
9. It is an aspiration to support in-house providers to receive the same level of briefing, training and support, in relation to how to tender to be part of the Framework, appreciating the fact that using the commissioning approach taken (Dynamic

Purchasing System) new providers can be added at any point, subject to meeting specified criteria.

10. The specification has been co-produced with people who use services, health partners, key stakeholders, providers, the voluntary sector and Gateshead Council's Learning Disability Partnership Board. The 2016/17 budget includes savings of £1.325m from the recommissioning of learning disability care packages and recommissioning of independent support living schemes of which £0.333m is mitigated in year from use of reserves. There is a further saving of £2.375m proposed for 2017/18.

Proposal

11. To introduce a Framework with a start date of 1 April 2017; a tender exercise will begin in December 2016 with a closing date in mid January 2017
12. To work to an outcome focussed specification which supports a progressive model of support.
13. That all current provision will transfer on to the Framework as well as any new business.
14. An all age approach is adopted by including the Children's Short Break Service.
15. That providers will be able to join the Framework throughout the duration of the contract subject to meeting specified criteria.

Recommendations

16. It is recommended that Cabinet approves the approach being taken to implement a Framework by 1 April 2017.

For the following reasons:

- (i) To consolidate current costs and contracts for learning disability services and contribute to the delivery of the proposed savings.
- (ii) To support a move to a progressive model of support which has a focus on achieving positive outcomes for individuals.
- (iii) To attract new providers to the market in Gateshead.

CONTACT: Elizabeth Saunders

extension: 2353

Policy Context

1. The Care Act (2014) part 1 focuses on Adult Social Care reform. Section 2(1) places a duty on the local authorities to provide a range of services that reduce needs for support for people with care needs and their informal carers, and contribute towards preventing or delaying the development of such needs.
2. The Care Act gives councils new obligations to shape the local care market to promote quality and choice.
3. The Government and leading organisations across Health and Social care are committed to transforming care for people with learning disabilities and/or autism who have a mental illness or whose behaviour challenges services. – Building the right support (Oct 2015).
4. The introduction of this Framework supports the policy direction of the Council Plan 2015-2020 in targeting our effort, with partners, to those in greatest need and in areas where greatest impact can be achieved.
5. The regional transformation programme strategy for people with learning disabilities and/or autism sets out the following:
 - Choice and control will be at the heart of ALL service planning and provision.
 - People will be identified and supported very early to improve their quality of life and outcomes.
 - Care and support services will always be well coordinated, planned jointly and appropriately resourced.
 - People will be supported to avoid crisis and if were to occur, crisis situations will be well managed.
 - People will be helped to stay out of trouble and receive appropriate support if they do enter the Criminal Justice System.
 - There will be a highly skilled, confident and value driven workforce who support people with learning disabilities.
 - People will always receive high quality, evidence based care in the most appropriate setting

Background

6. In 2015/16 Gateshead Council directly supported 108 service users in ISL accommodation and carers with a learning disability at a total cost of £6.320m which does not include in-house ISL services.
7. Within specialist home care 94 people are supported by 12 providers at a cost of £1.540m.
8. At present there is no structured approach to fee setting or a standard contract; this has resulted in varying costs and terms and conditions across the board.
9. The 2016/17 budget includes savings of £1.325m from the recommissioning of learning disability care packages and recommissioning of independent support living

schemes of which £0.333m is mitigated in year from use of reserves. There is a further saving of £2.375m proposed for 2017/18. The saving is in part being delivered through review of support to individuals but the implementation of the Framework will assist in the delivery of the overall proposed savings.

Consultation

10. We have carried out regional research with procurement and held commissioning forums.
11. We have engaged with providers to understand the current market and identify where improvements can be made to reflect current legislation and the Transforming Care agenda.
12. Consultation has been taken with the Learning Disability Partnership Board; further consultation with service users and families is planned.
13. The Cabinet Members for Adult Social Care have been consulted.
14. We have considered a film made by the Involvement Now Team (a self-advocacy group for people with a learning disability), which was commissioned by Public Health to inform the JSNA. This film has been presented at the Health & Wellbeing Board and the Learning Disability Partnership Board; views from the latter have been considered in the development of the specification.

Alternative Options

15. The alternative is to remain as we are now; this is unrealistic if we are to work in line with current policy direction and financial arrangements.

Implications of Recommended Option

16. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the implementation of the Framework will be an enabler for the delivery of the proposed budget savings from the recommissioning of learning disability care packages and recommissioning of independent support living schemes
 - b) **Human Resources Implications** – For externally provided schemes the TUPE consultation is the responsibility of the outgoing and incoming employer. For Council employees, any TUPE implications will be dealt with as appropriate through liaison with those employees and their trade union representatives.
 - c) **Property Implications** - There are no property implications for the Council.
17. **Risk Management Implication** - The successful implementation of the Framework will help reduce pressure for more specialist support and interventions within both health and social care.

18. **Equality and Diversity Implications** – The Framework will support parity of esteem on addressing the needs of those with protected characteristics and those living in areas of social deprivation.
19. **Crime and Disorder Implications** – No impact
20. **Health Implications** – Through the specification the Framework will support accessibility to health services and appropriate care and treatment.
21. **Sustainability Implications** - The Framework will support provider sustainability, through improved costing and business models; this has a direct benefit of maintaining a stable market, with the opportunity to introduce new providers to Gateshead.
22. **Human Rights Implications** - There are no human rights implications arising out of the report.
23. **Area and Ward Implications** – There are services present in all wards across Gateshead. It is hopeful that current providers are successful which will minimise any upset to existing support.
24. **Background Information**

The following background papers were used in preparing this report:

- Building the Right Support (October 2015)
- Transforming Care for People with Learning Disabilities – Next Steps (2015)
- Think Autism Fulfilling and Rewarding Lives, the strategy for adults with autism in England: an update (2014)
- The Care Act (2014)
- The Adult Social Care Outcomes Framework
- Mental Capacity Act (2005)
- The Children Act (1989)
- Vision 2030
- Public Services (Social Value) Act (2012)

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TITLE OF REPORT: Nomination of Local Authority School Governors

REPORT OF: Sheila Lock, Interim Strategic Director Care, Wellbeing and Learning

Purpose of the Report

1. Cabinet is asked to nominate Local Authority Governors to schools where vacancies have arisen, in accordance with The School Governance (Constitution) (England) Regulations.

Background

2. Schools - The School Governance (Constitution) (England) Regulations require all governing bodies to adopt a model for their size and membership. The regulations prescribe which categories of governor must be represented and what the level of representation is for each. The Local Authority's nomination is subject to the approval of the governing body. If approved, the nominee is appointed by the governing body.

Proposal

3. It is proposed that Cabinet approves the nominations to schools as shown in appendix 1.

Recommendations

4. It is recommended that Cabinet:
 - (i) approves the nominations of Local Authority Governors as set out in appendix 1;
 - (ii) notes the terms of office, as determined by the Instrument of Government is for a period of four years.

For the following reason:

To ensure the School Governing Bodies have full membership.

CONTACT: Debbie Allan/Leone Buchanan

extension: 8626/8534

1. **Policy Context**

Schools

In accordance with The School Governance (Constitution) (England) Regulations, local authorities can nominate any eligible person as a Local Authority governor. Statutory guidance encourages local authorities to appoint high calibre governors with skills appropriate to the school's governance needs, who will uphold the school's ethos, and to nominate candidates irrespective of political affiliation or preferences. A person is disqualified as a Local Authority governor if they are eligible to be a Staff governor at the same school.

Consultation

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

Alternative Options

3. The alternative option would be to make no nomination/appointment to the vacancies, leaving governing bodies under strength and less likely to demonstrate the correct configuration.

Implications of Recommended Option

4. **Resources:**

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

b) **Human Resources Implications** - None

c) **Property Implications** - None

5. **Risk Management Implication** - None

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

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

8. **Health Implications** - None

9. **Sustainability Implications** - None

10. **Human Rights Implications** - None

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

12. **Background Information**

The School Governance (Constitution) (England) Regulations.

13. Local Authority Governor Nominations / Academy and PRU Member Appointments / Reappointments

Schools

In accordance with the School Governance (Constitution) (England) Regulations 2012, the following Local Authority governors are nominated for a period of four years (as stipulated in the individual Instrument of Government) with effect from the date stated below:

School	Nomination	Date from
Brighton Avenue Primary	Cllr Mrs E McMaster	13 December 2016
Clover Hill Primary	Cllr Mrs M Ord	15 December 2016
St Anne's R C Primary	Cllr J McElroy	06 October 2016

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TITLE OF REPORT: North East JEREMIE 2 Fund

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

Purpose of the Report

1. The purpose of the report is to inform Cabinet and provide detail retrospectively on the exercise of urgent delegated executive powers to approve the participation of Gateshead Council ("the Council") in a Special Purpose Vehicle (SPV), which will be a company limited by guarantee, alongside other NECA constituent authorities in order to enable the creation of the North East JEREMIE 2 Fund.

Background

2. In April 2016 the North East Combined Authority (NECA) Leadership Board considered a report and agreed next steps towards the implementation of a North East Investment Fund (referred to as the JEREMIE 2 Investment Fund).
3. Officers from NECA and the North East Local Enterprise Partnership (NELEP) have been working with the Business Innovation and Skills Department (BIS), the Department for Communities and Local Government (DCLG), European Investment Bank (EIB) and HM Treasury officials to develop the most appropriate way of implementing the fund.
4. The North East Combined Authority Leadership Board met on 20 September 2016 and endorsed the creation of a Special Purpose Vehicle (SPV) as the implementing body to deliver the fund and receive and utilise the ERDF funding. Subsequently the North East local authorities took a decision to become the members of the SPV to enable the proposals to be implemented.

Proposal

5. The overall position of the seven authorities needed to be determined by written procedure of DCLG's ESIF (European Structural Investment Funds) Committee and as a result there was insufficient time to seek approval from Cabinet.
6. In order for this matter to be taken forward it was necessary to exercise delegated executive powers to ensure that the Council's participation in the scheme is guaranteed.

Recommendations

7. It is recommended that Cabinet:
 - (i) Notes the content of the report.

- (ii) Endorses the decision taken by the Acting Chief Executive following consultation with the Strategic Directors, Corporate Resources and Communities & Environment to ensure that the Council's participation in the scheme is guaranteed.

CONTACT: Joanne Proud Ext 2813

Policy Context

1. This proposal is consistent with the aspirations set out within the Gateshead Strategic Partnership's Sustainable Community Strategy, Vision 2030 and supports the Sustainable Gateshead outcome of working towards a sound economic future.
2. The proposal contributes towards the vision of Prosperous Gateshead – a thriving economy for all and the outcome of more and better paid jobs and more people in work and more investment.
3. The proposal also supports increasing the number and quality of private sector jobs in the economy which is a key proposition in our European Strategy and Strategic Economic Plan. These are reflected in the strategic priorities for investing in growing our businesses and key to this is ensuring North East businesses have the access to finance to support growth and expansion plans.

Background

4. The proposed North East JEREMIE 2 Fund will provide a successor to the JEREMIE 1 fund, which currently provides access to finance (equity and mezzanine loans funds) to Small and Medium Sized Businesses in the North East. The JEREMIE 1 scheme is due to end in December 2016. Other regional JEREMIE funds are being consolidated into the Northern Powerhouse Investment Fund (NPIF), with the British Business Bank acting as the Implementing Body, which will be operated from Sheffield. The North East Combined Authority (NECA) Leadership Board opted not to join NPIF, preferring to create a successor fund based in the North East, utilising existing expertise and infrastructure and which would enable greater local decision making. In 2015 Government approval, in principle, was provided to establish a North East fund operated by an Implementing Body located in the North East.
5. European Commission guidance has indicated that an entity to be entrusted as the Implementing Body should satisfy a number of 'public control' tests (*Directive 2014/24/EU*). DCLG had earlier concluded that North East Finance (NEF), the delivery body for the current (JEREMIE 1) programme could not be the Implementing Body for JEREMIE 2 as it is not directly or 'substantially' under public sector control.
6. The investment phase of the JEREMIE 2 fund is intended to start early in the new year, providing access to an additional £120m of finance for business over the next five years until 2022/2023, with a further period of up to five years of portfolio activity (business support and repayment of the investment funds). The objective of the fund is to provide access to finance for businesses, to support business growth.
7. The new SPV (which will satisfy the European Commission's public control test for an Implementing Body for the Fund) will oversee the activities of the North East JEREMIE 2 Fund which is proposed to make £120m of investments, which will be financed by an ERDF grant of £58.5m and legacy funds of £1.5m from previous loan schemes matched by £60m of loans from the European Investment Bank (EIB), who also provided the loan finance for the current JEREMIE 1 fund. The

SPV would be the ultimate recipient of the ERDF grant, which would be passported from NECA and the borrower for the purposes of the EIB loan. The costs of the scheme over the next ten years are estimated to be up to £25m and are to be fully funded by legacy funds generated from previous loan schemes.

8. The SPV will be established as a company limited by guarantee and constituent local authorities of the NECA will be the members of the SPV. They, in effect, will be the owners of the company and will retain strategic decision making over the SPV through their reserved powers as members of the SPV. The SPV in turn will oversee the activities of individual fund managers (to be procured by the SPV) who operate specific funds and provide the access to finance to businesses with the operational funding decisions being taken by the SPV and their contracted fund managers.
9. The SPV will adopt the articles of association and will enter into a Members' Agreement with the Authority. This will set out how the SPV will function and will detail:
 - Voting rights;
 - Ability to direct the Board of Directors;
 - Reservation of matters for the Members;
 - Nomination of Directors (by the Leadership Board); and
 - Adopting a scheme of delegation for the SPV.
10. The SPV will have a board of directors and subject to no conflicts of interest being present, it is proposed that this is made up of a Chief Executive and Finance Officer, a member, a representative of the Leadership Board, together with some additional specialist non-executive directors. The Directors, who will require experience in relevant fields to undertake these roles, are to be appointed by the Leadership Board (on behalf of the constituent authorities). Further details of the governance structure are contained in the Leadership Board report at appendix 1.

Finance and Other Resources

11. Over the life of the JEREMIE 2 Programme, it is envisaged that £120m will be provided as Financial Instrument support to businesses in the first five years. The cost of the fund managers over a longer 10 to 12 year period, will also provide important support and guidance to businesses and work with businesses to secure the return of the funding, is estimated to cost up to £20m, with a provision for the cost of operating the SPV over the 10 to 12 year period of up to £5m, an average of £0.5m a year.

The envisaged costs and funding for this is summarised below.

Estimated Costs and Funding

	ERDF Grant	EIB Loan	Legacy Funds	Total
	£m	£m	£m	£m
Financial Instruments to Businesses (Loans/equity)	58.5	60.0	1.5	120.0
Fund Manager Costs over 10 years			20.0	20.0
IB / SPV costs over 10 years			5.0	5.0
Total	58.5	60.0	26.5	145.0

12. The estimated costs of the scheme have been based on the costs of JEREMIE 1 with some savings that have been identified in the operation of JEREMIE 2. The estimated costs have been scrutinised by the funders and approved in principle, with final approval being given when the ERDF grant and EIB Loan facility are agreed. The costs and performance of the Fund will be heavily scrutinised by the funders over the period, who have observers on the SPV Advisory Board; receive quarterly reports; and carry out audits on the fund over its life. The current JEREMIE 1 scheme has been subject to over 20 Audits so far, with positive outcomes.
13. The business model assumes that the payback from businesses over the 10 year period will recover the full cost of the Fund of £145m. The first receipts must be used to repay the EIB loan facility, with further payments creating a legacy fund in the SPV to fund future rounds of financial support to business. The EIB are making a purely commercial loan with repayment at their risk, with this decision being based upon their assessment of the track record of previous loan schemes and their confidence in the robust and experienced fund management arrangements that they require to be established. No guarantee for the loan facility will be given by the owners of the SPV and there is therefore no loan liability for the local councils.
14. Two legacy funds are being used, which requires the approval of Government Departments. Single programme Legacy Funds, with at least £6m and up to £8m expected to be available, where approval has been sought from the IDAB committee (responsible to DCLG and BEIS). The balance of the £26.5m will be funded from ERDF legacy funds from previous loan schemes, which has been conditionally approved by DCLG.
15. An application for ERDF funding of £58.5m has been submitted by NECA on behalf of the NELEP. The application is being considered by written procedure of the ESIF committee. The ESIF Committee will give advice to DCLG about the strategic use of regional funds. The final decision and application approval rests with the Managing Authority (DCLG).
16. The arrangements described above comply with the advice and guidance being received from DCLG. Equally important is that the arrangements are also EIB compliant, as they are the match funder, providing the loan at their risk. Once approved, ERDF funding will be awarded to the SPV, being drawn down over the life of the programme. ERDF match funding of £60m is to be achieved through a loan from the European Investment Bank direct to the SPV. Advice received and previous experience in JEREMIE 1 Funds nationally, is that no indemnity or guarantee is required from the EIB. Risks associated with ERDF clawback will be managed within the SPV and its contractual arrangements with fund managers, so there is not expected to be a clawback risk for the local authority owners of the SPV.
17. The liability of the Authority will be limited to their £1 membership guarantee of the SPV. The borrowing limits will not be affected and the involvement in the company should appear as a narrative note in their annual accounts.
18. The performance of the JEREMIE 1 fund is positive and it is on track to repay its EIB loan soon and to generate legacy funds broadly in line with projections. The main financial risk of the estimated £145m investment payback not being received in full is that it will reduce the level of legacy funds available to be used to fund future access to finance schemes in future periods.

19. Given the potential of volume of jobs to be created and protected and the impact on the growth in the region's economy, the scheme is considered to represent very good value for money.

Legal

20. The creation of the SPV will comply with EU Procurement legislation and EU Commission Guidance.
21. The Authority has the necessary legal powers to participate in the SPV for the purposes set out in this report under Section 1 of the Localism Act 2011 (the general power of competence) and given that the extent of the proposed borrowing by the SPV is in accordance with the Authority's own borrowing powers under Part 1 of the Local Government Act 2003.
22. The Fund Managers will be appointed by the SPV in accordance with an EU compliant procurement process. Those bidders providing the most economically advantageous tender will be appointed.
23. In relation to State aid, the JEREMIE 2 programme will be structured so that it can operate in accordance with the risk finance provisions of the General Block Exemption Regulation (GBER 651/2014), and so individual investment proposals will not need to be notified to the European Commission. The JEREMIE 2 structure will be established to operate in accordance with Article 21 of GBER. In addition, where appropriate, investment will also be provided by the SPV on a no aid basis or de minimis.

Executive Decision

24. The Council's decision to participate needed to be confirmed after the NECA Board meeting on 20 September 2016 (which met and confirmed NECA participation in the programme) but before a meeting of the DCLG European Structural Investment Funds on 7 October 2016. There was no Cabinet meeting during that period requiring the use of urgent powers to safeguard the Council's interests.

Consultation

25. The proposals for the extension of Financial Instruments are the result of an independent assessment report, development of the Strategic Economic Plan and the ESIF Strategy, all of which included wide consultation and engagement processes.
26. Ongoing consultation is being undertaken with the NECA Leadership Board and Interim Chief Finance Officer for the NECA. The Cabinet Members for Economy have been consulted.

Alternative Options

27. Initially 3 options were considered for the SPV. They included:
 - (i) NECA acting as the sole member of the SPV. NECA is currently unable to act as the sole owner of an SPV if it is to borrow, as NECA does not currently have borrowing powers for economic development activity (it can

only borrow for Transport schemes). Consequently, being the owner of an SPV which then sought to borrow could be deemed to be overreaching the vires of NECA;

- (ii) A constituent authority acting as sole member of the SPV. Legal advice was sought and whilst this is possible, the jurisdictional issues are considered too great for one constituent authority to proceed on its own; and
- (iii) The constituent authorities of NECA acting as members of the SPV, which, after careful consideration, is the recommended option.

Implications of Recommended Options

28. Resources

- a) **Financial Implications** – The financial implications relating to this matter are set out above.
- b) **Human Resources Implications** – There are no implications arising from this report.
- c) **Property Implications** - There are no implications arising from this report.

29. **Risk Management Implications** – The risks in relation to this matter are set out above. Any risks identified regarding the Special Purpose Vehicle will be monitored and reported accordingly.

30. **Equality and Diversity Implications** – There are no specific equalities and diversity implications arising from this report.

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

32. **Health Implications** - There are no health implications arising from this report.

33. **Sustainability Implications** – There are no environmental and sustainability implications directly arising from this report.

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

35. **Area and Ward Implications** – The proposal covers all areas and wards.

Background Information -

North East Combined Authority Leadership Board 20 September 2016
Agenda Pack, Item 9 North East JEREMIE 2 Fund

http://www.northeastca.gov.uk/sites/default/files/minutes_document/Leadership%20Board%2020%20September%202016%2C%20Agenda%20Pack.pdf

North East Combined Authority Leadership Board 20 September 2016, 4th
Supplemental Agenda Pack, Item 9 North East JEREMIE 2 Fund

http://www.northeastca.gov.uk/sites/default/files/minutes_document/Leadership%20Board%2020%20September%202016%2C%204th%20Supplemental%20Agenda%20Pack.pdf

TITLE OF REPORT: Library Service Review – Public consultation findings

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

Purpose of the Report

1. The purpose of this report is to inform Cabinet of the outcome of the consultation with residents and other stakeholders regarding the Library Service Review and to seek approval to commence a 90 day employee consultation period regarding the options presented to the public for consultation. .

Background – Library Service Review

2. Cabinet agreed a further strategic review of the library service in order to ensure that the library service is fit for the future. The purpose of the library service review is to ensure a sustainable and focussed service that will continue to respond to changing public demands and is informed by strategic needs in communities.
3. Public libraries remain a statutory service required by the 1964 Public Libraries and Museums Act. This legislation requires a comprehensive and efficient service to meet the needs of the local population. The requirements are broad and do not specify how the service should be delivered.
4. The statutory duty to provide a library service has not been diluted, but there has been recognition as part of judicial reviews that the level of service previously provided by Councils can be reduced as result of severe budgetary pressures. The key challenge is to ensure that service reductions are reasonable and do not disproportionately impact on a specific group of residents, especially those protected by equalities legislation.
5. DCMS has been advised of the review of the library service and the options that have been presented to the public for consultation.

Library service vision

6. In February 2015 Cabinet agreed the a strategic vision for the library service:

A network of Community and Council run libraries where residents can read, learn and innovate, investing in digital infrastructure, focusing on children and young people, improving well-being and supporting residents into employment

Four key objectives were also agreed by Cabinet, in line with the Council plan. These remain relevant and the focus of library service activities.

- ***Children’s and young people’s education and personal development***
Delivered through the provision of a range of inspiring reader development promotions that encourage the love of reading in children of all ages and engagement initiatives to allow children and young people to be fully involved with the future development of the service.
- ***Digital inclusion, adult education, skills and employability***
Delivered through a programme of lifelong learning events and activities and support for job seekers, through the provision of a supported public Internet service. The service will also offer a wide range of digital learning opportunities and access to cutting edge new technologies. The service will also, through a programme of creative digital technology events, link local people with local digital industries.
- ***Health and wellbeing***
Delivered through supporting targeted health improvement programmes, library specific health initiatives, such as Books on Prescription, and through the well-being benefit of the service in general.
- ***Community capacity building and inclusion***
Delivered through a range of services and activities that ensure local residents have access to services and support to address inequalities and prevent isolation. The library service will actively work to build capacity in communities; develop volunteers and develop strong communities.

Library service - Current access and structure

7. Libraries in Gateshead are currently very accessible. Analysis shows that 79% of residents in Gateshead live within one mile of a static library and 99.7% within two miles. When the provision provided by the volunteer managed libraries is included, 92% of the population live within one mile of a static library. This service is supplemented by Mobile Library, which visits a range of locations in the borough that are not close to a static library.
8. The current library service in Gateshead is:
 - a. **Gateshead Central Library**
 - b. **Area Libraries:** Blaydon, Birtley, Leam Lane and Wickham
 - c. **Local Libraries** – Chopwell, Crawcrook, Felling, Pelaw, Rowlands Gill, Wrekenton
 - d. **Readers at Home Service** – a borough wide service commissioned through RVS for Gateshead residents unable to access a local library.
 - e. **Mobile library** – provides basic access to the service in parts of the borough not close to a local library.
 - f. **Online services** – a range of online services including the lending of e-books.
9. The service is enhanced through the provision of volunteer managed libraries – Dunston, Low Fell, Ryton, Sunderland Road and Winlaton. There is also a community book collection at Lobley Hill.

Proposed options for change

10. Cabinet received a report on 12th July 2016 and established the Options to be considered by the review. The full options are listed in Appendix 1. The five options propose a Council statutory network varying between six and eight libraries and may result in the

following service reductions.

- **Whickham** – cease or become volunteer operated - Options 2, 3 and 4
- **Crawcrook** – cease or become volunteer operated – Options 1, 3 and 4
- **Pelaw** – cease or become volunteer operated – Options 1, 3 and 4
- **Felling** – cease or become volunteer operated – Option 1, 2 and 4
- **Rowlands Gill** – cease or become volunteer operated - Option 1, 2 and 3
- **Mobile Library** – discontinue operation or seek external funding - Option 1, 2 and 3

11. In addition to the four options identified by the Council for consultation, respondents were asked to identify potential alternative approaches, Option 5.

Library service performance and need

12. Libraries remain highly valued across Gateshead and have a high level of business compared to of library services in the region. Gateshead issues approximately 62% more books per resident than Newcastle. In Gateshead there are nearly 40,000 active library users. The use of public libraries is however falling locally, regionally and nationally.

13. Data on service performance, cost and social need was provided as part of the consultation. This data is provided in Appendices 2 and 3.

Consultation methodology

14. The public consultation ran from 26 July to 8 October 2016. A service review questionnaire was available in all libraries and a range of other community locations. The questionnaire was also available online. There were supporting face to face sessions to assist any resident wishing to respond to the consultation. Additionally there were focus groups held in libraries that were potentially 'at risk'.

15. In addition to consultation undertaken with residents, partners, including schools and existing volunteer operated libraries, councillors, employees and Trade Unions were consulted.

16. The focus of the consultation was to test the impact of the proposals, especially with local residents. The consultation also sought to test the viability of alternative service provision.

Petitions and other correspondence

17. The consultation process triggered the creation and submission of a number of petitions. These were; Keep Crawcrook Library (613 signatures online and 194 paper signatures), Save Whickham Library (450 signatures online, plus 510 signatures on a paper petition), Save Rowlands Gill library (68 signatures), Save Felling Library (252 signatures, plus 51 signatures from children at Falla Park School) and Save Pelaw Library (621 signatures). There was also an online petition against the establishment of new volunteer libraries, this received 83 signatures.

18. The total number of residents signing different petitions was 2842

19. A small number of letters were received from individual library users. Letters and individual submissions, from 163 children were also received in support of their local library.

Consultation – summary response and findings

20. There was a very strong public response to the consultation across the borough, but in particular from residents who use a library that was identified as ‘at risk’. In total there were 2558 responses to the online and paper questionnaire and a total of 42 residents attended focus groups. Appendix 4 details the number of responses for all libraries.

21. The outcome the consultation is detailed in Appendix 4. This appendix includes details of the number of responses from each library, the likelihood of respondents using an alternative library, views on the establishment of volunteer libraries and the demographic breakdown of respondents.

22. The level of support for each option presented below in Table 1:

Table 1 – Level of support for Options	% of respondents stating they either “strongly agreed” or “tended to agree” with this Option
Option 1 – Network of 7 Council libraries – retaining Whickham	32.6%
Option 2 – Network of 8 Council libraries – retaining Crawcrook and Pelaw.	28.7%
Option 3 – Network of 8 Council libraries – retaining Felling and Rowlands Gill	19.8%
Option 4 – Network of 6 Council libraries – Mobile Library retained	18.9%

23. Analysis of alternative approaches is also provided in Appendix 4. The most frequent suggestion from members of the public as an alternative approach was the reduction in opening hours to help prevent the loss of local provision.

Impact on residents

24. Many respondents have written eloquently and powerfully on the impact the potential loss of their local library would have. Appendix 5 provides a very small sample of statements for each of the ‘at risk’ libraries.

25. Library users were asked the question “What would the effect of closure of your local library be on you or your family?” Some respondents identified multiple impacts, some a single impact. Detailed analysis of all this extensive qualitative data shows a number of key emerging themes. The percentages given below show the frequency a specific ‘impact’ was mentioned.

- Sadness and distress at the loss of an important community facility 58%
- Loss of valued activities, for example rhymetimes, readers groups and local history groups 45%
- The challenge / difficulty travelling to an alternative library 43%
- The impact on children's education and reading for pleasure 22%
- Increased social isolation for more elderly residents 21%
- Loss of health and well-being benefits of reading 16%
- Challenges for job seekers 4%

26. Overall residents have expressed the community value of a local library. The benefits that customers gain from a local library are diverse, but the contribution to people's well-being and community cohesion has been emphasised. The majority of respondents, 61.6%, have said they are fairly or very unlikely to use an alternative library.

27. The focus groups held in each of the 'at risk' libraries reinforced the findings from the questionnaire. Appendix 6 provides example transcribed statements from each of the focus groups. The focus groups conveyed the community benefit of a local library and often expressed the view that the library was the only Council service left in a community.

Consultation response from schools and volunteer operated libraries

28. All schools in close proximity to a library 'at risk' were contacted for their views. Views were sought on the impact of the loss of a local library, the likelihood of using an alternative library and their interest in future out reach services.

29. Nine schools responded to the school specific consultation. Respondents expressed the value to local children of being able to use the library independently or with school. Schools have stated that they would not be able to access an alternative library, but showed interest in potential future outreach services to schools. Appendix 7 provides detail of this consultation.

30. One written response was received from a volunteer managed library. This response expressed the value of receiving professional support from the service and the need for this in the future. It also confirmed that that medium or longer term financial sustainability of volunteer operated libraries remains uncertain.

Consultation response from employees

31. Employees were consulted using a simple online questionnaire. Questions were posed on the potential alternative or additional efficiencies not presented in the options, the potential impact of the review on service customer and communities, and their views on the impact of the review on employees. Appendix 8 details this consultation.

32. Thirty five employees responded out of a workforce of ninety, representing a 39% response rate. Employees expressed consistent views regarding the impact of service reductions on residents. These reflected the views from library customers themselves.

33. Employees most frequently suggested achieving service budget reductions through opening hour reductions. Employees also mentioned the need to consider service changes at Gateshead Central Library, for example changes to the Sound Gallery, also taking a more commercial approach and charging more for events and activities.

Mitigation assessment and equalities issues

34. The library service consultation has focussed on gathering a detailed understanding of impact, but also an assessment of the potential effectiveness of mitigation. Analysis of the data in Appendix 4 shows that only a minority of customers, 38.4% overall are likely to use an alternative library. The exception to this is respondents at Felling Library where 60% stated that they were likely to use an alternative library.
35. Considering all protected groups identified by equalities legislation 'age' is the group that it is most relevant to consider in more detail. The consultation received a high percentage of returns from respondents over the age of 65. Analysis also in Appendix 4 shows that there is not a significant difference between respondents under 65 and those over 65 in respect of their likelihood to use an alternative library.

Appendix 4 also contains an analysis of the level of interest in alternative library services as mitigation. Across all respondents the most popular alternative service was libraries e-book service, with 35% of respondents expressing an interest in this service. Analysis in appendix 4 shows variation between 'at risk' libraries, with Mobile Library respondents expressing the highest level of interest in the Readers at Home service, 22.7%.

Recommendations

36. Cabinet is requested to:

- (i) Note the findings of the library service consultation
- (ii) Approve the options described in Appendix 1 as the basis for employee consultation. A further report will be presented to Cabinet on 23 February 2016, following the Council's formal consultation on its budget, for a decision on implementation.
- (iii) Approve continued work between services within the Council (Adult Social Care, Health and Children's Services) and other partner organisations and endorse the acceleration of work to consider opportunities to enhance and integrate the libraries offer as part of the early help model.

For the following reason:

To ensure that the Council provides a Library Service which meets its statutory duties and which is sustainable into the future.

Policy Context

1. The Library Service supports a range of priorities within the Council Plan and Vision 2030. These priorities include community engagement, digital inclusion, skills development and health improvement.

Background

2. Cabinet received a report on 18 March 2014 regarding the Library Service Review. This established key principles for the review in 2015-16. These principles are still relevant and have guided the approach for the current review as follows:
 - To adopt a commissioning approach for the library service. This will ensure that the service is designed to respond to Council priorities, whilst still meeting statutory requirements.
 - It is proposed that the review evaluates options for different service delivery models. These delivery models will include the use of new technology and alternative ways of procuring the service.
 - The review will consider value for money and effectiveness of the library network. This will include an assessment of the need for the mobile library.
 - The review will consider to what extent changes in technology, for example, the development of e-books, are part of a remodelled service.
3. The review will need to consider redefining the statutory service in Gateshead. Geographic access to the service will remain a key principle to be considered as will the service's potential to meet and respond to specific community needs which may arise from the review and changes to other Council services in communities
4. The review will look at options for library buildings, including any opportunities for co-location with other council services and the potential to declare buildings surplus to requirements. The review will also assess the need for capital investment in library buildings, especially those of strategic importance to the service.

Consultation

5. Consultation was undertaken between 26 July and 8 October 2016. Consultation was undertaken with residents, partners, councillors, employees and Trade Unions.
6. 2558 consultation questionnaires were completed. The focus of the consultation was to assess the impact of potential changes to the library service network and the viability of residents using an alternative library. Detailed consultation findings are presented in Appendix 2.

Overall consultees identified what the potential impact in communities might be from the proposals; how these might be mitigated and suggestions for alternative approaches.

7. All Cabinet members have been consulted regarding the proposals.

8. Consultation has taken place with all ward Councillors in advance of the start of the public consultation. Additionally all ward Councillors have been consulted during the period 5th October – 28th October. These consultations have allowed Councillors to receive feedback on preliminary consultation findings. Appendix 9 summarises issues raised by Councillors in these consultations.
9. The Trade Unions have been consulted on the options presented in this report. Appendix 10 provides a response from the Trade Union.

What was consulted on - Specific Library Proposals 2017/18

10. Budget reductions for 2016-18 approved by Council and Cabinet are £700,000. In order to achieve these savings four options have been identified that would be the basis of a three month consultation process:

Option 1 - A Council and Community network

The proposal for consultation is:

Council network

- Central Library
- Area libraries – Whickham, Blaydon, Birtley, Leam Lane
- Neighbourhood libraries – Chopwell and Wrekenton
- Outreach, children's service and the Readers at Home service
- Digital services – library resources delivered online.

Community network

- Volunteer operated libraries
- Community book collections

Option 2 - A Council and Community network

The proposal for consultation is:

Council network

- Central Library
- Area libraries – Blaydon, Birtley, Leam Lane
- Neighbourhood libraries – Pelaw, Crawcrook, Chopwell and Wrekenton
- Outreach, children's service and the Readers at Home service
- Digital services – library resources delivered online.

Community network

- Volunteer operated libraries
- Community book collections

Option 3 - A Council and Community network

The proposal for consultation is:

Council network

- Central Library
- Area libraries – Blaydon, Birtley, Leam Lane
- Neighbourhood libraries – Felling, Rowlands Gill, Chopwell and Wrekenton

- Outreach, children's service and the Readers at Home service
- Digital services – library resources delivered online.

Community network

- Volunteer operated libraries
- Community book collections

Option 4 - A Council and Community network

The proposal for consultation is:

Council network

- Central Library
- Area libraries – Blaydon, Birtley, Leam Lane
- Neighbourhood libraries – Chopwell and Wrekenton
- Mobile Library
- Outreach, children's service and the Readers at Home service
- Digital services – library resources delivered online.

Community network

- Volunteer operated libraries
- Community book collections

Option 5 – An alternative approach

The public consultation process allows for the identification of an option not specified by the Council. This might be a different network of Council libraries or a different approach completely. Analysis of this aspect of the consultation is included in Appendix 4.

Alternative options

11. The public consultation process allowed for the identification of an option not specified by the Council. This might be a different network of Council libraries or a different approach completely. The viability of alternative options would need to be tested.

Implications of Recommended proposal

12. Resources:

- Financial Implications** – The Strategic Director, Corporate Resources confirms that implementation of the options in this report would achieve the planned revenue savings of £450,000.
- Human Resources Implications** - Human Resources advise that for each Option consulted upon the following number of posts will be deleted: Option 1 13.3 FTE, Option 2 15.9 FTE, Option 3 14 FTE and Option 4 14.7 FTE. Voluntary redundancies are being sought.
- Property Implications** - There are no property implications resulting from the recommendations in this report. Property implications will be detailed in a subsequent report to Cabinet.

13.Risk Management Implication -

The public consultation process has identified that only a minority of customers who use an 'at risk' library state they are likely to be able to use an alternative library. More extensive service reductions may increase the number of residents needing to use an alternative library and the ability of the service to offer viable mitigation.

The Strategic Director, Corporate Services and Governance advises that any budget reduction options give rise to the risk that the statutory duty to provide a comprehensive and efficient library service might be compromised and challenges may ensue; there needs to be clarity around what minimum compliance with that duty involves.

The Strategic Director, Corporate Services and Governance also advises that the risk of a challenge relating to compliance with the statutory duty level of service provision will increase should the service be reduced beyond the Options considered in this report.

14.Equality and Diversity Implications -

There is evidence from the review that the library service is heavily used by specific protected groups, including women, older residents and residents with disabilities. Analysis of impacts on specific protected groups is ongoing and will be analysed within the associated Equality Impact Assessment.

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

16.Health Implications - The library service contributes to well-being and the provision and access to health information. This report seeks permission to conduct further consultation with health partners.

17.Sustainability Implications - There are no sustainability implications arising from this report.

18.Human Rights Implications - There are no human rights implications arising from this report.

19.Area and Ward Implications - There are no ward implications arising from the recommendations in this report. Ward implications will be detailed in a subsequent report.

Background Information -

20.The Cabinet report of 12th July 2016 proposed a review of the library service and identified a number of options, which were the basis of the public consultation.

Appendix 2 – Council Operated Libraries – Performance data 2015/16

Library	Library users 14/15	Library users 15/16	% change	Opening hours	Book issues 14/15	Book issues 15/16	% change	ICT hrs 14/15	ICT hrs 15/16	% change	Budget (16/17): Buildings/ Employee/ Books	Cost per book issue
Gateshead Central Library	16711	16883	1.0	52	268,142	248,120	-7.5	45828	38618	-15.7	£500,216	£2.02
Birtley Library	2550	2412	-5.4	50	47,781	45,059	-5.7	4371	4063	-7.0	£121,539	£2.70
Blaydon Library	3368	3293	-2.2	50	61,136	63,053	3.1	6649	6174	-7.1	£142,785	£2.26
Chopwell Library	843	883	4.7	36	17,747	12,614	-28.9	2140	1410	-34.1	£45,005	£3.57
Crawcrook Library	2120	2146	1.2	39	38,767	33,884	-12.6	2995	1915	-36.1	£113,654	£3.35
Felling Library	1682	1564	-7.0	36	20,793	15,239	-26.7	3729	2408	-35.4	£72,787	£4.78
Leam Lane Library	2501	2406	-3.8	50	38,715	32,901	-15.0	7684	6722	-12.5	£158,225	£4.81
Mobile Library	440	421	-4.3	26	39,667	36,336	-8.4	0	0	0.0	£80,379	£2.21
Pelaw Library	1290	1200	-7.0	39	24,667	21,073	-14.6	4635	3995	-13.8	£83,682	£3.97
Rowlands Gill Library	1421	1351	-4.9	39	33,591	25,120	-25.2	2393	1262	-47.3	£54,883	£2.18
Whickham Library	3577	3495	-2.3	50	79,601	73,005	-8.3	3982	2986	-25.0	£155,204	£2.13
Wrekenton Library	923	854	-7.5	32	16,831	11,448	-32.0	2815	1947	-30.8	£8,660	£0.76
Total	37426	36908	-1.4		687,438	617,852	-10.1	87221	71500	-18.0	£1,537,019	£2.49

Library	Events attendance 14/15	Events attendance 15/16	% change	% of library service users in library catchment who "only used this library"	% of library service users in library catchment who use "this library and other libraries"	% of library service users in library catchment who "only used other libraries"
Gateshead Central Library	20,687	19,327	-6.6			
Birtley Library	3,902	6,846	75.4	74	12	14
Blaydon Library	2,968	3,332	12.3	69	12	19
Chopwell Library	1,327	983	-25.9	67	19	14
Crawcrook Library	3,328	2,552	-23.3	56	23	21
Felling Library	2,812	1,707	-39.3	18	12	70
Leam Lane Library	2,419	3,444	42.4	45	22	33
Mobile Library						
Pelaw Library	2,056	1,977	-3.8	53	16	31
Rowlands Gill Library	2,110	1,962	-7.0	46	24	30
Whickham Library	5,987	8,626	44.1	70	22	8
Wrekenton Library	2,092	975	-53.4	21	15	64
Total	49,688	51,731	4.1			

Wrekenton operational costs - employees to operate Wrekenton Library are employed by The Gateshead Housing Company. Costs provided cover library service employee input and the purchase of books.

Cost per book issue - this is a simple measure of value for money. It does not reflect the full delivery of any library, for example the provision of ICT facilities or the range of events and activities provided.

Events attendance - events include children's activities, author event, readers groups, local history activities and health promotion events.

Appendix 3 Gateshead Council libraries - Social need data for library catchments

Library	No of active users	Cost of library 2015/16	Population of library catchment area	% of catchment population in 30% most deprived (IMD 2015)	% households with no car	% households have never used the internet	% claimant unemployment (JSA/ Universal credit)	Library
Gateshead Central	16,711	£500,216	79,977	55	42	18	3.1	Gateshead Central
Birtley	2,412	£148,290	13,945	36	34	21	2.1	Birtley
Blaydon	3,293	£156,719	21,702	24	31	20	2.2	Blaydon
Chopwell	883	£39,260	3,609	100	37	19	4.0	Chopwell
Crawcrook	2,146	£112,966	17,330	0	23	18	1.6	Crawcrook
Felling	1,564	£62,787	9,055	64	51	22	3.7	Felling
Leam Lane	2,406	£165,534	17,503	60	38	23	2.6	Leam Lane
Pelaw	1,200	£83,090	8,703	46	36	20	1.9	Pelaw
Rowlands Gill	1,351	£54,601	7,672	37	25	20	1.7	Rowlands Gill
Whickham	3,495	£154,328	22,124	15	24	18	1.6	Whickham
Wrekenton	854	£10,067	5,039	67	49	23	3.3	Wrekenton

- 1) **Library catchments** - these have been defined through the mapping of library customers
- 2) **IMD - Index of Multiple Deprivation** - The Index of Multiple Deprivation 2015 is the official measure of relative deprivation for neighbourhoods in England. It combines information from seven different dimensions of deprivation to produce an overall relative measure of deprivation.
- 3) **Mobile Library** - it is not possible to supply social need data in the same way for Mobile Library stops across the borough.
- 4) **No of active library users** - this is a standard recognised measure that library services use and is a count of customers who have borrowed a book in the previous year.
- 5) The cost of the Central Library identified, is the cost of the frontline lending library service. This allows comparison of cost per issue with other libraries.

Appendix 4 – Library Service Review – Consultation detailed analysis

1. Number of respondents to consultation for individual libraries

Table 1: Which library do you normally use?	Number of Respondents	Percentage of Respondents
Central	517	20.4%
Birtley	123	4.9%
Blaydon	140	5.5%
Chopwell	34	1.3%
Crawcrook	371	14.7%
Felling	80	3.2%
Leam Lane	64	2.5%
Mobile Library	141	5.6%
Pelaw	166	6.6%
Rowlands Gill	173	6.8%
Whickham	623	24.6%
Wrekenton	9	.4%
None	90	3.6%

2. Likelihood of accessing of travelling to an alternative library

Table 2 below summarises customers views on the likelihood they would use an alternative library. The table shows the totals of 'very likely' and 'quite likely' to use an alternative Council library. In this respect Felling library stands out, with 60% of respondents stating that they are 'very likely' or 'quite likely' to use the Central Library.

46.6% of respondents from Crawcrook and 41.6% of Rowlands Gill respondents stated that they are 'very' or 'quite likely' to use Blaydon Library. The consultation permitted customers indicate that they might use more than one alternative library. Table 2 below shows the total percentage of customers, who indicated that they were at least 'quite' likely to use an alternative library.

Table 2: % of respondents at 'at risk' library who stated they were Quite or very likely to use another Council provided library

Library	
Crawcrook	46.6% (Blaydon)
Felling	60.0% (Gateshead Central)
Mobile Library	31.1% (various)
Pelaw	30.6% (various)
Rowlands Gill	41.6% (Blaydon)
Whickham	33.7% (Blaydon / Central)

3. Adjustments in travel behaviour for library customers

The consultation sought to find out how library service users currently travel to the library they normally use. In assessing the impact of possible changes the consultation has also gathered information on how customers would travel to an alternative library, the likelihood that they would use an alternative library and what that journey would cost in time and money.

Table 3 below shows the analysis of how customers travel to the library they most frequently use, with over 50% of customers walking to a local library. The table also shows how this pattern of travel would change for customers accessing an alternative library.

When considering accessing an alternative library, car usage stays approximately the same, with very few people anticipating walking, but with a significant shift to public transport. However, 30% of all library customers who use 'at risk' libraries have stated they "would not travel" to an alternative library.

Table 3: How customers currently travel to the library they use and how they would travel to an alternative.

Response	How customers currently travel	How customers would travel to an alternative library
Private transport e.g. car, motorbike	36.82%	38.1%
Public transport e.g. bus, metro	9.16%	25.7%
On foot	50.79%	4.5%
Bicycle	1.03%	0.9%
Other	2.4%	1.7%
Would not travel	N/A	29.1%

Table 4 below considers travel to an alternative library, but for each individual library that is ‘at risk’. Felling Library has the highest percentage of customers who have indicated that they would travel to an alternative library. The highest percentage of customers using an ‘at risk’ library that have indicated they would not travel are customers of the Mobile Library.

Table 4: How would customers expect travel to an alternative library?						
	Crawcrook	Whickham	Felling	Mobile Library	Pelaw	Rowlands Gill
Private transport e.g. car,	43.6%	42.3%	29.3%	22.5%	22.4%	47.3%
Public transport e.g. bus,	31.3%	20.2%	36.8%	26.1%	27.3%	21.9%
On foot	2.6%	1.4%	16.0%	5.1%	12.4%	2.4%
Bicycle	0.9%	0.8%	0.9%	0.7%	1.9%	0.6%
Would not travel	21.1%	34.0%	14.2%	44.2%	31.1%	26.6%
Other	0.6%	1.4%	2.8%	1.5%	5.0%	1.2%

4. Time taken to travel to an alternative library

The Library Review included an analysis of travel times to alternative libraries. It was important to test these findings with the public.

Table 5 below shows the length of time that respondents estimate it would take to travel to an alternative library. Approximately 50% of all respondents estimate that a journey would take them over 20 minutes. A journey of this length will be a considerable barrier for some customers.

	Crawcrook	Whickham	Felling	Mobile Library	Pelaw	Rowlands Gill
Under 10 minutes	8.6%	3.9%	13.7%	9.5%	3.5%	7.8%
10-20 minutes	39.5%	31.5%	31.4%	21.4%	26.4%	31.4%
over 20 minutes	45.3%	54.2%	41.2%	47.6%	55.6%	52.9%
Don't know / not sure	6.7%	10.5%	13.7%	21.4%	14.6%	7.8%

5. Cost of travel to an alternative library

The cost of travelling to an alternative library was also investigated. A significant percentage of respondents indicated they are eligible for free travel, but this needs to be combined with knowledge of the length of a potential journey to assess if a customer is likely to travel. For example the Mobile Library has the highest proportion of customers with a 'free travel pass', but over 50% of alternative journeys would be over 20 minutes.

	Crawcrook	Whickham	Felling	Mobile Library	Pelaw	Rowlands Gill
Free pass/ OAP	29.2%	29.6%	33.6%	49.6%	28.9%	22.6%
Up to £3	19.9%	21.8%	18.7%	8.4%	10.7%	23.2%
Up to £5	21.7%	17.7%	21.5%	13.7%	22.2%	19.4%
Up to £7	6.3%	3.5%	2.8%	3.1%	5.4%	7.7%
Over £7	3.6%	5.2%	3.7%	6.9%	7.4%	4.5%
Don't know	19.3%	22.3%	19.6%	18.3%	25.5%	22.6%

6. Support for additional volunteer libraries

The consultation has investigated the level of support for additional volunteer managed libraries. Public opinion is divided on this. Examination of public comments shows that many customers do see volunteer libraries as a possible solution and a way of sustaining a basic service. Other respondents are strongly against volunteer libraries and comment extensively on the importance of employee expertise.

Table 7 below shows the analysis of responses relating to volunteer libraries.

Table 7 – To what extent do you agree or disagree with the establishment of new volunteer libraries.	
Response	Percentage of Respondents
Strongly agree	11.9%
Tend to agree	28.3%
Tend to disagree	21.6%
Strongly disagree	26.6%
Don't know/Not sure	11.5%

Table 8 below shows the number of potential volunteers by 'at risk' library. This initial number of potential volunteers shows some viability at all libraries at this stage, with the exception of Felling. If volunteer libraries are progressed there would be a full recruitment process in all communities to build on this initial response as part of the consultation.

Table 8 – Number of respondents identifying an interest in volunteering	
"At risk" library	Number of Respondents
Crawcrook	24
Felling	2
Pelaw	14
Rowlands Gill	23
Whickham	39
Other	31

7. Demography of respondents

The demography of respondents is important to consider alongside the wider impact analysis, especially age. **Table 7** below shows that the respondents are disproportionately older. Adults between the age of 35 and 64 are represented as would be expected, but respondents over this age are twice as numerous as would be expected.

Age of respondent	% of all respondents	Gateshead population
16 - 24	1.3%	13.3%
25 - 34	7.6%	16.6%
35 - 49	19.6%	23.7%
50 - 64	26.0%	23.4%
65 - 74	25.2%	12.3%
75+	20.3%	10.8%

Analysis in Table 8 shows a comparison between respondents under and over 65 years old and their likelihood to travel to an alternative library. Further detailed analysis showed that older residents were however far more likely to need to use public transport for a journey to an alternative library.

‘At risk library’	% of 16-64 likely to travel to an alternative	% of 65+ likely to travel to an alternative library
Crawcrook	48.3%	42.2%
Felling	59.4%	60.8%
Pelaw	26.1%	32.6%
Rowlands Gill	38.0%	45.6%
Whickham	35.3%	29.9%
Mobile	35.2%	23.0%

8. Potential mitigation through alternative library service provision

Table 9 below shows the degree of interest in alternative library services across of the 'at risk' libraries. Although across all consultation respondents 35% were interested the library service e-books service, a lower level of interest is expressed by respondents from 'at risk' libraries.

Table 9a - Alternative library service : Free downloadable e-books.	
'At risk' library	% of respondents stating they are fairly or very likely to use this service.
Crawcrook	20.2
Felling	26.5
Pelaw	25.3
Rowlands Gill	24.8
Whickham	22.9
Mobile	4.9

The analysis below shows a relative low level of interest in community book collections. There is a slightly higher level of interest in library outreach services to deliver specific activities.

Table 9b - Alternative Library Service - Community book collections.	
'At risk' library	% of respondents stating they are fairly or very likely to use this service.
Crawcrook	11.3
Felling	16.3
Pelaw	14.5
Rowlands Gill	13.3
Whickham	14.0
Mobile	6.3

Table 9c - Alternative Library Service : Outreach activities.	
'At risk' library	% of respondents stating they are fairly or very likely to use this service.
Crawcrook	17.2
Felling	23.8
Pelaw	22.3
Rowlands Gill	17.9

Whickham	17.9
Mobile	0.7

Mobile library respondents have shown the highest level of interest in the Readers at Home Service. This reflects the elderly demographic of users of the Mobile Library.

Table 9d - Alternative Library Service: Readers at Home Service.	
'At risk' library	% of respondents stating they are fairly or very likely to use this service.
Crawcrook	4.6
Felling	11.2
Pelaw	9.0
Rowlands Gill	5.2
Whickham	5.5
Mobile	22.7

Appendix 5 – Library Service Review – Sample impact statements from ‘at risk’ libraries

This Appendix contains a sample of statements provided by respondents in response to the question, “What would be the impact of your local library closing on you or your family?” The statements have been selected to show the range of issues that have been raised.

Crawcrook Library – statements impact statements from 6 respondents

I use Crawcrook Library a lot. I have no family living near me and the fact that it is there helps me to feel less lonely. I use my mobility scooter to get around locally, it would not take me to Blaydon and it's quite a walk from the bus stop to the library there. Can I just say, apart from the fact that closing Crawcrook Library would impact greatly on me, I am sure it would be a huge miss to the mums and their little ones who use it every week.

Loss of Crawcrook Library would mean I would be deprived of human contact, independence, education, interaction with people I meet en route and physical exercise. Visiting the library gives me a purpose to come out of my home, it provides escapism through some books, stimulates my body and mind, so avoiding depression, lethargy, obesity etc. It would lead to social isolation, poorer health and well-being.

If Crawcrook Library were to close then I wouldn't get out of the house so much. My children wouldn't read or use the library as much. The next nearest library is a 15 minute bus ride away in Blaydon. We would no longer be able to walk to the library so an extra cost would be imposed on my family as the car or bus would have to be used. The most likely result would be the family would no longer use Gateshead Libraries at all. The community would suffer and a central hub of the community would be lost.

Closure of Crawcrook Library would mean having to travel to Blaydon or other libraries to obtain books. Currently, for health reasons, I am unable to drive so it would mean struggling to use public transport to get to a library. This is temporary for me, however, I am sure that this will always be the case for a large number of people. I am the only user of the library in my household, however, I can see the impact on young families who are struggling financially. Having access to free books to encourage young children to think, question and learn can only be a good thing and it is appalling that this service is being taken away from the community. This again discriminates against the poorer elements of society!!

My daughter would not be able to attend rhyme time as her grandparent who takes her does not drive. Therefore, she would miss out on singing, dancing and interacting with other children. She also loves to change her library book every week and would not be able to do this either. My grandmother is in a wheelchair and loves to be pushed along to the library to pick her own books and we are unable to get her to a different library by car.

The closure of Crawcrook library would mean I would have to travel to Blaydon on the bus. I have not got much money left after I pay the bills as I am not working, so I could not afford the bus fare to Blaydon. I use the library for my job searches, if I cannot do that at the library and cannot afford my bus fare to Blaydon, I cannot fill in my universal job match

for the Jobcentre, so will get my money stopped. This will mean that I won't be able to pay my bills or rent and end up on the street. This would be devastating to me and my family.

Felling Library – sample impact statements from 9 respondents

At the moment while I am still mobile and all my faculties are still intact I can go elsewhere, but other members of this library (Felling) can't. So, closing this place would cause great hardship to them as well inconvenience me. I use this library every day that it's open.

Loss of Felling Library would mean that I have to travel further. I need to use the library for books and using the internet for job searches is essential.

I would be devastated if Felling Library were to close. My life would not be the same. I am 85 years old but feel so strongly that I recently attended a council meeting to plead with councillors not to make cuts to my local library at Felling. Reading is my life. Don't ruin my life.

Closure of Felling Library would lead to increased social isolation for my parents and their friends.

Felling Library is an essential service for the community. A lot of elderly people can't travel far and they use the local library as it is easy for them to do so. The library is warm, welcoming and friendly. The staff members go above and beyond their duties to help every customer (they are brilliant).

I have the impression that the Council does not care about Felling. I have the impression that the Council thinks that books, libraries and public computers are not important to wellbeing, education, training and a healthy community. We recently moved to the area and the library is one of only a few facilities nearby, we value it as part of a community which has few public services.

I use Felling Library for information, ordering books from other libraries and as a meeting place. As a retired person, I can even get to the library in bad weather as it's not too far to travel.

The closure of Felling Library would be very inconvenient. I look forward to visiting the library. As I am disabled, I would not be able to carry books from another library and would be unable to go to another library in winter weather.

I have been going to Felling library ever since I was a baby. The caring staff taught me how to read and encouraged me to read lots of different types of books. I go to Felling library as often as I possibly can. When I am not at school I love to go and help out at the weekly rhymetime. Some of the books I have borrowed have taught me how to knit, crochet and sew....We think it will be a devastating blow to the local community if these changes go ahead. And what will all the children who visit with the schools do and what will happen to all the babies at rhymetime and the old people who meet there to make, and see their friends?

Mobile Library - statements impact statements from 7 respondents

Both my mam and I use the mobile library. This service is very important to us as it would be more difficult to go to other libraries to get books and carry them home on the bus. It would take 3 buses to get to Central library and the journey takes an hour!

I am very disabled. The only pleasure I have is reading. The Mobile Library is essential to me. It is the only access I have to the books I love.

I do not use the mobile, but my parents do. My dad is an avid reader - he would feel the loss of the Mobile Library tremendously. He is a carer for my ill mam and dislikes being away from her for any great length of time. He has to use public transport and finds walking any distance a big problem. If he had to go to another library to get his books he would feel under pressure, worrying about the time it was taking and would not necessarily pick up enough books to keep him going for a few weeks. Carrying them would also be an issue. He would have to use taxis more. The elderly and infirm in society are often a neglected group, yet usually, have paid into the system for their entire lives.

I'm aged 78, a widow living alone. The Mobile Library comes every fortnight. I love to read as it helps me with my lonely life. Please keep the library- it's a lifeline to a lot of people like me.

I would be devastated if there was no Mobile Library as I would not be able to get books. If I had to travel to another library, I would have to get buses (possibly 2 buses) and carry books on and off them. When the weather gets worse, it will not be possible to travel as I am 80.

If there was no Mobile Library, I wouldn't be able to use another library as they are all too far away. As I don't have transport and have difficulty walking, it would mean I would have to get taxis to and from the library and this would be expensive.

The Mobile Library is a godsend for older people. Travelling to another library would mean using buses and carrying books may be a problem.

Pelaw Library - statements impact statements from 7 respondents

Pelaw Library is close to my home, so if it were to close my library use would decrease dramatically. I wouldn't travel to Leam Lane but would reluctantly use Hebburn Library which is far closer and easier to access on public transport (1 bus rather than 2). I don't have a computer, so keeping in touch with my family would be harder. My elderly relatives use the library as a mid point between journeys as it's a safe place to stop and rest. It is warm and welcoming. They read the papers and chat to staff. My mother has taken up reading again after staff encouraged her to borrow large print books. Children use the library after school. They can test their independence and social standing in the community as staff treat them as book borrowers and customers rather than simply 'children'. Pelaw library is the hub of the community. There's no other council presence here. Do we have to continue our council tax payments if our services are being reduced?

I am an 82 year old widow. I use Pelaw Library every week and take at least 3 books at a time. It would not be possible to travel to other libraries. Pelaw library is a vital service to the community for all age groups. Please, please do not close Pelaw library. It would be a great loss to me. I live alone and depend on books to keep my mind stimulated.

I wouldn't be able to use the computer service at all. I have mobility problems so couldn't go elsewhere. It would totally cut me off from the community. In Pelaw Library, there are always people for me to talk to and to go to if I need any help. I wouldn't be able to get my hearing aid batteries and I wouldn't be able to get my books which I rely on.

Closing Pelaw Library will seriously affect my life. My benefits could stop as I wouldn't be able to access the internet to job hunt. I don't have the funds to use public transport to reach another library every day and I can't walk that far as I have arthritis.

Pelaw Library is my lifeline. It is where I go for my books and to see other people. There are always people there to talk to and to get any help or information I may need. The staff help me with everything. My family also uses the library. It is a safe place for children to go and to develop a love of books. I would feel isolated and a burden to my family without Pelaw Library.

The effect of closing Pelaw Library will be detrimental to and devastating for the local community. Many residents of the area rely on these facilities as a lifeline to prevent isolation and loneliness for vulnerable people.

I would be utterly devastated if Pelaw Library closed. I am elderly and need Pelaw Library for all my books as I can't travel anywhere else due to illness.

Rowlands Gill Library – sample statements impact statements from 7 respondents

It would be awful if Rowlands Gill Library closed. I go to the library when I get the bus to the shops. I couldn't afford to spend the bus fare to get to Chopwell Library.

I can't always afford to travel so my teenage children and I would have to do without a library service. My 15 year old has a great love of books and she would miss the library. It would be hard for me to manage without the internet and printing facilities.

I currently regularly attend rhymetime and have done so for the last 4 years. There are a very limited range of activities for children in our area and it would be terrible to lose the library. My children love walking to the library and choosing books and my older son has a passion for reading that thrives thanks to the library. He is already unable to go as often as he used to due to opening hours reductions. It would cost at least £3.00 to travel to another library - we are currently able to walk. We simply would not be able to access the services anywhere near as much due to the financial impact. I am a stay at home mum and have a limited budget, so the loss of a free facility would be tragic.

It is a vital service as it enables me to search for jobs when I am on a limited income, it prevents sanctions on my benefits, and I don't need to worry about having enough bus fare to reach other libraries. At present, I have to choose between heating, eating or bus fares. It helps my mental health as I suffer from depression/anxiety, and it allows me to have social contact within the community without having to deal with buses and crowds.

My children would grow up without a local library. They will read less, have access to fewer books, would miss out on rhymetime and socialising with their friends there. My home business would suffer without access to the libraries' printers, fax and computers. We would not visit the other libraries as they are too far away for us and would cost a fortune to reach on public transport. We couldn't even reach some of the libraries on public transport.

Our library is used by a lot of elderly people, as well as myself, who have difficulty travelling further afield, regardless of whether they have a bus pass or not. I don't have a pass, but would find it difficult to get to the next nearest library as buses do not allow me to use my mobility scooter.

The closure of Rowlands Gill Library would have a profound effect on me as I suffer from anxiety/depression. I found using the library had a huge and positive impact on me. It allowed me to socialise within my community. While unemployed, I found using the computers vital for applying and searching for jobs as I could not afford the internet at home. Most people are under threat of having their benefits sanctioned if they do not search daily for employment, also having library staff on hand to assist with minor I.T. problems is a big help when not all people are computer literate. I live on my own and find being able to go to my local library stops me from becoming isolated, which in turn would have a negative effect on my mental health.

Whickham Library – sample impact statements from 6 respondents

Due to long term ill health, using Whickham Library is important for my wellbeing. It is good to know that we have a library providing first class leisure and educational services. The library service has played a large part in my life. It is unthinkable that Whickham Library could suddenly vanish. It is an important part of our community and would be greatly missed by young and old. Please do not let this happen.

I probably would not visit Whickham. When I go to the library, I also spend money at the bakers, butchers, paper shop, greengrocers etc. Losing the library would have a negative impact on the other businesses. Whickham would become a run-down area. Having to change books regularly encourages me to go to the village and use the other facilities.

I use Whickham Library very regularly. Whickham Library is so convenient. I suffer with arthritis and would be unable to get to any other library, so there would be a great void in my life if Whickham Library closed. Closure of Whickham Library would be devastating to me as I love reading. It is one of the few pleasures left to me. Please do not close my library.

If Whickham Library closed, I would probably not take the children to another library to choose books or attend activity sessions as it would suddenly cost three return bus fares. I, myself, would go less frequently as I could not be certain of when I could fit in a trip to return the books. A couple of miles may seem a small distance but when travelling on public transport with the rest of your family the extra cost and time soon adds up.

It wouldn't be devastating as I'm lucky enough to have transport (car) but it would be a shame. My main concern would be for users who have limited money to travel (buses are very expensive in Gateshead you know!) are socially isolated, have mental health problems, and have mobility issues (therefore could not travel to another library easily). I'm a mental health worker. I spend time with clients helping them build meaningful activities into their week. We talk about the role of the local library and what it can offer and it facilitates health and wellbeing. Going to the library can often be something that they have not been introduced to as a child/adult and it can open up a whole new world of learning for them, as well as helping with their confidence and social skills.

The loss of Whickham Library would have a massive impact on my life. I use Whickham Library regularly to borrow books and get information from the extremely knowledgeable staff. I do not drive and I am too young to have a concessionary bus pass as I have taken early retirement through ill-health. I am on a strict budget which means I have to limit my bus journeys. I have a 4 month old grandson and I have been looking forward to bringing him to the library for books and events when my daughter's maternity leave ends.

Appendix 6 – Selected comments from focus groups held to discuss library review

This Appendix contains a sample of statements from a series of focus groups held at the five libraries 'at risk'. The statements have been selected to represent the range of views that residents attending these sessions expressed.

Crawcrook Library – sample transcript excerpts from 5 focus groups attendees

I used to bring my 2 children here – used it a lot when they were little, my mam (87 years old) uses the reading group to reduce her social isolation. She has mobility problems and wouldn't be able to get on a bus to go to another library. I would hate that other families with children would not be able to use the library and get the benefits of doing so. It's a great social space.

I am concerned about hidden impacts – men come in for 20 minutes to read the paper for example, this could be the only social interaction for them during their day. You need to think about social isolation, mental health problems and high suicide rates. People don't have computers in their own homes and don't have money to travel. These are some of the hidden impacts that might not come through from the survey. There aren't a lot of meeting places in Crawcrook. They could be building more houses in the future so how are you going to see what they think? Everything is impacting more on smaller/vulnerable groups of the population.

Social cohesion is very important – how do you measure this as it's very important to people? The whole point is that you can walk here, go to the park and then the café. Social isolation is a concern. The only other place for meeting people is the church but it's not for everyone.

Day to day, the impact is difficult to measure – if it closed then I would go to work as usual. It's the long term impact – we would just have an empty building. My mam would be more depressed with less social interaction. There will be a big effect on children/literacy. We want to feel worth it and valued to have this space. People who read can't always afford to buy books. We are moving in the direction of a two tier society – people who can do things and those who can't because they don't have a car or can't afford a bus pass or are less mobile. It's unfair. I have arthritis, so if I didn't have a car then I wouldn't be able to go to other libraries.

A lot of people who run volunteer libraries have their own agenda. Council run libraries are a lot more professional. I'm afraid to ask questions of volunteer staff, you can't rely on the information from volunteer staff. You don't get information about writers from volunteers. How can a librarian become qualified to do the job but then you just use volunteers who don't have the qualifications? Librarians are being devalued. We haven't seen volunteers keeping banks going because they wouldn't be qualified so why use volunteers for librarians? It would be good to hear about what the library staff think of volunteers.

Felling Library - sample transcript excerpts from 4 focus groups attendees

I use the library a lot for research purposes. I use the ancestry library and the new online newspaper package. My view is that the library is the only cultural centre in Felling. It's a very deprived area of Gateshead. I worry about the long term impact, particularly on young people and education. Surely education is linked to productivity, employment and so on? That is my worry. There are times when I can't get onto a computer in the library which is good really – it shows that people are using it. Mothers and young children come in to use the computers as they don't have them at home. It's a very valuable resource.

I use the library now purely for reading for leisure. When I was working it was invaluable to me for my professional career. Now young children have all sorts of devices to access information which I think is wonderful but at the same time I think the written word and a page can't be ignored. I see the little children coming in here and the children are enthralled by being read to. It's difficult for children not to stop and listen when a story is being told, it's irresistible. If this part of the service goes it will be a very sad day.

A young mother attended the group representing her 3 children and brought along a petition from her daughter's school. Her daughter helps with rhymetime, orders books and has dyslexia. All of the staff have helped her to read, she loves the social side of the library. We need people to come into the library and if we don't have that this can affect businesses in the area.

In Felling, you have a building to come to and sit and read a book. I can come here by myself but then I might meet two people that are here and have a conversation. You will lose this social interaction.

Whickham Library - sample transcript excerpts from 4 focus groups attendees

I was born in Whickham and worked in Whickham all of my life. I use the library at least twice a week for books and photocopying. We support the library in everything they do and come for coffee mornings and to events at Christmas time. We have always supported them and enjoyed them – the library is part of the social life of Whickham. My grand-daughter was devastated that it might close. It's not easy for old people to get to Blaydon or Gateshead. Blaydon – only one bus an hour and to get to Gateshead takes two buses. It's not feasible for old people to use other libraries.

I have been a member of the library for a long time and I am a passionate library user, especially for all of the newspapers and magazines. I wouldn't be able to afford them on my own. I have three children and I do believe that it is essential for younger and older children to use the library and encourage the enjoyment of books in the young. My grandchildren love the library. It's now one of their main treats – 'Nanny when can we go to the library?' – they prefer it to McDonalds. The children of Whickham need to be offered this opportunity. I am at a loss to think that this wonderful library could close.

I have worked closely with Whickham Library and the staff for many years. It's not just Whickham that would lose out. Other areas close by like Marley Hill would also lose out. I was a governor at Marley Hill School and we often spoke about how beneficial the library was to the children and the teachers. It seems inconceivable that we could lose this library. Following a bereavement, I have found it great coming here and seeing people. The staff always make time to chat to you. It is a great part of the community and the thought of losing it is tragic. I am appalled that a Labour council could even consider it.

The library helped me to learn how to use the computer and how to set up a website. There are still people who can't afford a computer and use it to contact relatives abroad by e-mail. To lose this would be a big blow to a lot of people. I have a computer at home but still like to come down here to use them.

Rowlands Gill Library - sample transcript excerpts from 6 focus groups attendees

I live in Rowlands Gill, I've got two young kids who are primary school age and they use the library quite a lot. I use the library quite a lot and I print things here - I don't have a printer at home so I find that really useful. I order books from Central Library to come here, and I download a lot of e-books through the library service. As a family we use the library a lot.

It's as much part of the community as the families out there.

I think for the over 65s, especially for those that are maybe widowed or living alone, it gives them a purpose to come out and get a book.

Commenting on a trip to Chopwell Library that took 3 hours by public transport - For me, I want to go to the library, I want enjoy it, I want to browse what's available and I want to go on the internet for half an hour or maybe an hour. I don't want to just rush on a bus and rush back. It's got to be pleasant, it's got to be enjoyable, and it took us 3 hours.

I've been a carer now for the last 10 years and it's just great to be able to get out to the library because being a carer can be very very isolating. It's wonderful to be able to meet people here, and just to have a completely normal conversation, especially when I can't do that at home.

One of the things that's come out of all these discussions is that the library is part of the community. The two or three people we get behind the desk here, as far as I'm concerned, are part of the community. You always get a great smile and they're always very friendly. I don't know where they come from but as far as I'm concerned, they come from Rowlands Gill. They're part of this community.

Pelaw Library - sample transcript excerpts from 5 focus groups attendees

If the library were to close and I wanted to use the computer service, which is my main use of the library service, I'd have to find somewhere else to go. The prospect of me using Gateshead Libraries is virtually nil. I'd go to Newcastle. The alternative, the closest one is Leam Lane. And I have no reason to go Leam Lane - there's nothing there for me.

I think I see libraries as being community hubs really. I think it is somewhere where people come together and meet and it's not necessarily somewhere you want to spend a whole day. You can go to Gateshead Central Library on the metro, but then it's a 10-15 minute walk at the other end, so Newcastle does become more attractive. It would be a shame to have to use a library in a different borough. The library should be somewhere you can just drop in and you know the librarians and you recognise people and you do speak to people in the library. The children gets books out and I think that's vital for them. My son has an unbelievable love of books and you can get so many coming here.

Some places have really big active sports centres or community centres or other places where people can just drop in all day, every day. But really in Pelaw it's the library. In a lot of communities, it's the library and you can't undervalue that social side and the cultural side of it as well.

Last year or the year before I worked on a project about the Pelaw Co-op and the Co-op in general and we used the library to contact former workers at the Co-op. We did oral history interviews. You could see how the library was so important to people of a certain age - coffee mornings and the local history clubs and society. The difficulty of the questionnaires is that it's a snapshot of where you are at the moment. At the moment, I'm mobile, I can afford to go to Waterstones, I can buy books. I look at where my parents were and the library was a great resource for them. And I'm moving; I'm not a snapshot, I'm something that's moving towards a long term future that I want to live in. When I'm in my 80s or 90s, I still want there to be a social club and a library and a church and local shops. I don't need them at the moment but I will do.

It's not just a library - it's a social centre. It's the hub of Pelaw. Everybody comes. It's a sanctuary for kids who come from school. If there's any trouble they know they can come here - it's a safe place. You can't replace it.

Appendix 7 – Employee consultation – methodology and feedback

Methodology

The following questions were sent to all library service employees using Survey Monkey. This allowed employees to respond anonymously.

- Q1.** Do you think there are ways that efficiencies could be made that have not been proposed?
- Q2.** Are there any views you would like to express on how you feel the proposed Options (in the public consultation) will impact on the public?
- Q3.** Are there any views that you would like to express on how the proposals will impact on you, or employees in general?

A total of 35 responses were received from employees out of a workforce of 90, representing a 39% response rate.

Findings

Alternative way of achieving efficiencies – Employees recognised the scale of the financial challenge and made a range of suggestions. The key themes emerging from an analysis of these comments were:

- 21. Reduce opening hours as a way of sustaining local provision
- 22. Consider changes to Gateshead central Library – including opening hours and the range of service provision
- 23. Adopt a more commercial approach, including charging more for events and activities. It was also suggested that the service should take a more commercial approach to working with schools and the hiring of space.

Impact on local communities of potential library closures

Employees views have reflect those expressed by the public through the consultation process. One employee wrote:

“Listening to the feed-back from customers, the people who will be most affected by the proposed closures are the most disadvantaged and vulnerable - the elderly, children, and the out-of-work. For instance, there is an elderly lady who parks her mobility scooter outside the library, totters in and collects a few talking books from the ones we keep for her, and totters back to her scooter. She keeps saying "I don't know what I'd do without this library" - there is no way she could catch a bus to the next nearest library because of her disability. Quite a few children call in after school, on the way home - again, they would not be able to get a bus to another library. As for the unemployed, who are required to log on to a computer 2 or 3 times a week and prove that they are looking for work, they can't afford to get the bus to the nearest library as it costs £4-£5 for each return trip and when you're on benefits that's impossible. Many customers have commented on how much a part of the community the libraries are, and how much they will be missed if they go. Unfortunately you can't put a monetary value on a library's worth.”.

Impact on employees

Employees clearly expressed the stress resulting from employment uncertainty and the impact resulting from the development of volunteer managed libraries.

Appendix 8 – School and nursery consultation – methodology and feedback

The following questions were sent to all head teachers of schools, and nursery managers, who are currently able to access libraries that are 'at risk':

- Q:** If this library were to close, what do you feel would be the impact on the school / children in the local community?
- Q:** Listed below are the Council operated libraries that may be a convenient alternative for your school to use. Please tell us how likely would it be that your school would access an alternative library, if your local library were to cease operation.
- Q:** Working with schools, families and children will remain a key priority for the library service. Which of the following services do you think your school would be interested in (if we were able to deliver it to your school)?

Service 1: Prepare your child for school. Awareness sessions for parents on the importance of sharing books and reading with their children

Service 2: Reading for Pleasure. Fun-filled sessions aimed at widening children's reading horizons

Service 3: Chatterbooks – children's reading groups. Relaxed group meetings to share and enjoy books

Service 4: Reading Hack – Event planning and promotion experience for young people

Nine schools / nurseries responded to this survey, representing approximately a 30% response rate.

School consultation findings

- **Impact of a potential library closure**

All respondents identified the negative impact of the loss of a local library or access to the Mobile Library. Two representative impact statements are provided below:

The children love to have staff from the library visit our Nursery with a range of books and props that are new and intriguing. They enjoy the presence of someone different reading to them. The Nursery children also visit the library regularly. We feel the library and the story tellers provide a vital role in the literacy development of the children, promoting an interest in reading and books, even at a very early age, which in turn expands on their vocabulary, creativity, listening and early reading skills

I feel that there would be a huge impact both to our school, and to our pupils' wider experiences of reading. The Library is a wonderful resource, one which is nigh-on impossible to recreate in a one-form entry primary school like ours. The stock is obviously important, but more than that it is the people who work in the Library, and the building itself, which would be the biggest loss. It is our job to engage children of

all ages - and the parents/carers - in reading, to encourage a life-long love of learning and books. Outside of school, the Library does a great deal to support and encourage readers of all ages, and is an invaluable community hub.

- **Viability of visiting an alternative library**

Only one school considered that there was an alternative library that would be viable for the school to access.

- **Interest in outreach services**

There was an exceptionally positive response to the range of outreach services, with all respondents stating that they were 'quite likely' or 'very likely' to use at least 3 of the 4 outreach services described.

Appendix 9 – Views expressed by Ward Councillors

A wide range of issues were expressed during a full round of ward consultations with Councillors. Issues and themes raised were:

24. The need to recognise and consider local geography, especially in the west of the borough, but also in the east where barriers such as a major road prevent an easy route to an alternative library, for example the journey from Pelaw to Leam Lane library
25. The need to consider social deprivation and social need as a priority, including the issue of smaller pockets of high social need, for example Highfield.
26. The need to consider if there will be a higher number of volunteers with a high level of skills in some parts of the borough compared to areas of higher social need
27. The frequent view of residents that the library is the last Council service left in a community, and that with the loss of a local library there will be the strong perception that the Council is effectively abandoning a community. This view from residents was particularly strong in communities in the west of the borough, where there is more geographic remoteness to central Gateshead.
28. Councillors also highlighted that some specific communities had seen a greater withdrawal of services, compared to other communities.
29. The importance of ICT access in libraries for job seekers, and the unaffordability of travelling to an alternative library for this group of residents. Councillors expressed the need to look for alternative solutions to try and sustain vital ICT access for jobseekers, for example in local schools or churches.
30. The importance of libraries for older people, especially in respect of combating social isolation. Councillors highlighted the risk that some residents could end up requiring much more expensive care services.
31. The value of local libraries in contributing to a sense of community and the contribution of libraries to social cohesion. Councillors expressed the view that libraries played an important role in the vibrancy of communities, including a role in sustaining trade to local shops and local centres.
32. Councillors commented on planned local housing developments in relation to the loss of a local library and queried how these people would be served in the future.
33. Councillors sought clarification regarding the definition of a statutory service and queried if the Council was likely to be in breach of this.
34. The problems associated with public transport, including unreliability, cost and distance need to be travelled, especially in the west of the borough. Councillors pointed out the difficulty of journeys, especially in winter months.
35. Some councillors expressed the value of the Mobile library as an existing service, or as a potential mitigation for the loss of a local library.
36. Councillors expressed views regarding the potential difficulties recruiting sufficient volunteers to establish new volunteer managed libraries, especially in communities where there was already a lot of demands put on volunteers.

37. Councillors comment very positively on the quality and expertise of local library employees.
38. Councillors commented on the value of local libraries to local school schools, especially local primary schools, who valued the ability to visit the library for a range of activities.

Appendix 10 - Trade Union Comment

Gateshead Council's Vision for Gateshead is – 'Local people realising their full potential, enjoying the best quality of life in a healthy, equal, safe, prosperous and sustainable Gateshead.'

Since the passing of the Public Libraries Act an effective, popular and admired public library network has been present in Gateshead from when Swinburne Street Library opened in 1885. Since then the service has been centre stage in Gateshead's impressive record of improving educational attainment, community cohesion and promoting independence.

The Trade Unions are concerned about the latest proposals to reduce the Library Service further as budgets have reduced significantly since 2008/09.

Decisions about the Library Service must be taken under the established strategic context. Following the closure, reduction or asset transfer of Sure Start Centres, Community Centres and a range of other council resources Libraries are now the last remaining free, safe and universally inclusive places in our communities - staffed by trained, professional and motivated employees. The feedback received from the 2,558 residents highlights the level of need for Libraries within communities and reducing the service will have a devastating and irreversible impact across our communities.

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REPORT TO CABINET
8 November 2016

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 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.

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
6.07.16 Submitted to Communities and Environment	8/16	Residents of Greenside	Petition requesting a zebra crossing on Lead Road, Greenside	Strategic Director, Communities and Environment	The content of the petition is currently being considered by officers. 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 Goffrey	9/16	Residents of Rowlands Gill	Petition in support of Rowlands Gill Library remaining open.	Strategic Director, Communities and Environment	The petitions have been acknowledged and are being considered by officers. A public consultation regarding the review of the library service ended on 8 October. The petitions have been fed into this consultation and the findings are included in the report on the Library Service Review included in the agenda for this meeting of the Cabinet.
20.08.2016 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.		
25.08.2016 Submitted via the Council's online petition's site.	12/16	Residents of Gateshead	Petition stating 'no to volunteer libraries' and requesting that the Council stops entrusting the running of libraries in Gateshead to volunteers.		
04.10.16 Submitted to Communities and Environment	15/16	Petitions from Residents of Felling and local schoolchildren	Petition to Save Felling Library		

07.10.16 Submitted to Councillor Wheeler	16/16	Petition from residents of Pelaw	Petition objecting to the possible closure of Pelaw Library and the option to remove staff and insert volunteers.		
10.10.16 Submitted by Councillor McCartney	17/16	Petition from residents of Crawcrook and surrounding communities	Petition requesting that Crawcrook Library remains open.		
14.07.16 Submitted at the Council meeting by Councillor Suggan	10/16	Residents of Low Fell	Petition requesting improvements to street cleaning in Low Fell	Strategic Director, Communities and Environment	Officers are currently working with the lead petitioner, a local councillor and members of the local business community to consider proposals for locally funded, enhanced cleansing service provision on Low Fell's main street and commercial areas. It is proposed that this petition be removed from the schedule.
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	The petition raised concerns about the large trees 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. The hedge has been inspected by the Council's Arboricultural Officer. He has reported that the hedge may be dealt with using High Hedge legislation with regard to the light issues. However, the legislation is not appropriate to use to deal with the damage to the walls as it

					only allows the Council to prune the hedge. In order to deal with the damage to the wall, it is considered more appropriate to remove the hedge. The Council is now in the process of contacting the land owner to arrange a meeting to discuss the damage to the wall. Following this meeting the lead petitioner and the ward councillors will be updated on progress.
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The Gateshead Housing Company

12.11.2012 Submitted by Cllr A Douglas Page 233	45/12	Petition received from residents of East Street flats	Petition regarding replacement of windows	The Gateshead Housing Company	<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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