

GATESHEAD METROPOLITAN BOROUGH COUNCIL
CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE MEETING

Tuesday, 10 July 2018

PRESENT: Councillor John Eagle (Chair)

Councillor(s): R Beadle, D Bradford, L Caffrey, M Charlton,
P Foy, S Green, B Oliphant, N Weatherley, M Hood,
M Brain, L Green, G Haley, H Kelly, I Patterson, S Ronchetti
and J Simpson

APOLOGIES: Councillor(s): W Dick, J Wallace, D Duggan, T Graham,
J Green, M Hall, M Henry, J Kielty and K Wood

CR1 CONSULTATION ON THE REFRESH OF THE CORPORATE ASSET STRATEGY

The Committee received an update of the proposed objectives set out in the 2018/2019 update of the Corporate Asset Strategy and Management Plan 2015-2020 (CASMP).

A number of questions arising from the presentation were raised and addressed by officers. The following questions remained outstanding and it was agreed that officers would make appropriate enquiries and provide councillors with a response.

Question 1

The question was raised as to why home owners paid more rent for council garages than council house tenants. As the council is looking to maximise income should it not be charging market rent for all parties.

Response

There are a number of reasons for the difference in rental levels paid by council tenants and non-council tenants. One being that the Council charge VAT according to Inland Revenue guidelines and all VAT monies collected are passed over to them.

VAT is therefore charged on garage rents where they are occupied by non-council tenants.

Another being that the Council agreed in 1989 to raise the rents charged to commercial and private individuals to achieve a fairer return. This decision was made as it was considered that rents charged for garages owned by other landlords were well above the level set by the Council.

The Council operates a system whereby rents collected are 'pooled' to cover all charges such as loan/debt charges, repair costs and management fees

Question 2

A number of councillors raised the issue of access and condition of garages, garage sites and allotments.

Response

Within the Council's Tenanted Non-Residential Portfolio there are:

| | |
|-----------------|---|
| Garage sites | 43 (Plots 319) (the garages themselves do not belong to the Council, they are owned by the plot tenant) |
| Allotment sites | 59 (Plots 1328) |

The garages within the Tenanted Non-Residential Portfolio are owned by the occupier and as such the responsibility for their repair sits with the occupier. It is only the plot that the occupier rents from the Council. The rent payable for the plots is low as a result the income generated is not significant. This can be seen from the revenue outturn for 2017/18:

Garages

| | |
|-------------|---------|
| Income | £12,934 |
| Expenditure | £ 213 |
| Nett Income | £12,721 |
| Staff time | £ 2,979 |

Allotments

| | |
|-------------|-----------|
| Income | £49,903 |
| Expenditure | £86,547 |
| Nett Income | £ -36,643 |
| Staff time | £63,000 |

Removing fly tipped material and undertaking minor repairs and maintenance are the main areas of expenditure and it can be seen from the figures above across the garage plots and the allotments expenditure exceeds income as such there are no funds available to carry out any major works to improve the access roads. A bid could be made against the capital programme; however, it is doubtful this would be supported as it would not enhance income and bids for other projects are likely to be considered as more of a priority.

The Council also holds both garage sites and garages within the Housing Revenue Account and are included in the Asset Strategy for Council owned stock sitting in the HRA. A stock condition exercise was undertaken during 2016/17. This is informing options appraisals, combined with demand and revenue costs. Where there are opportunities to link garage sites to adjacent development sites or estate improvements these are pursued.

Question 3

It was considered by councillors that the council is not building residential

accommodation to meet housing need as detailed by the Thrive Agenda.

Response

The Council has undertaken technical studies to help understand how many homes will be needed in the period 2010 - 2030. These studies have also considered the housing needs of specific groups such as older people, minority groups and people with disabilities. The studies have also provided evidence of the need for affordable homes in Gateshead i.e. homes for those unable to afford market housing. The Council is also updating its Housing Strategy, and together with our Local Plan policies, and Care & Wellbeing's emerging commissioning plans for specialist and supported accommodation, the aim is to will ensure the supply of homes will meet Gateshead' s assessed housing needs.

As part of a recognised mixed economy when it comes to delivering housing numbers, identified in the Core Strategy, In-house development is being progressed both in terms of commercial development through the Gateshead Trading Company (e.g. Lyndhurst and Derwentside) and a programme of social and supported housing within the HRA. Both of the above strands of development provide opportunities for income generation through use of Council services and increased council tax receipts and new homes bonuses.

The programme of social housebuilding will be targeted initially on existing council estates to provide affordable rented homes or specialist or supported provision that meets identified need from Care Wellbeing and Learning e.g. Supported Living Schemes at Winlaton. This has the added benefit of reducing future costs of residential care by enabling vulnerable residents to live independently with appropriate support. The use of Council land for social housing will be addressed within the emerging proposals for the Housing Strategy, and reflected in the Corporate Asset Strategy & Management Plan.

Question 4

Concerns were raised that as currently drafted the Corporate Asset Strategy and Management Plan covers the period 2015-2020, and it was felt this was not long enough.

Response

Having had the opportunity to fully consider the points raised by Councillors at the meeting, the Corporate Property Officer recommends the CASMP should cover the same period as the Housing Strategy: a new Corporate Asset Strategy and Management Plan will therefore be written covering the period 2018 – 2023 rather than the 2015 – 2020 Corporate Asset Strategy and Management Plan being updated.

The Council owns nearly 50% of the brownfield development sites and therefore will have a major influence in delivering homes that meet Gateshead's needs as identified though its Local Plan and Housing Strategy. This approach will ensure that

we can achieve, amongst others, continuity, and include longer term planning.

Question 5

Councillors raised the issue of opportunities for wealth creation. Councillors were of the view that there was no overall plan for wealth creation and an overall strategy was needed.

Response

The development of Council land, whether for housing development or businesses, provides job opportunities in construction and the businesses which occupy the new buildings will provide a wide range of jobs across a variety of sectors including IT, Tech, professional, general office and retail. All of the above jobs will grow the economy thereby providing the environment for wealth creation over the long term.

Having the right building in the right location from which to deliver Council services will ensure the needs of residents can be addressed in the most appropriate way, thereby improving their opportunities further.

These considerations will form part of the new Corporate Asset Strategy and Management Plan.

Chair.....