

**TITLE OF REPORT:**           **Change Programme – Progress Report Third Quarter**

**REPORT OF:**                 **Mike Barker, Acting Chief Executive**

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## **Purpose of the Report**

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

## **Background**

- 2 Cabinet agreed to a major programme of Change on 9<sup>th</sup> February 2016, to help ensure the Council continues to operate a balanced budget up to 2021 and beyond, whilst securing the right range of activities that residents' need. Given the unprecedented scale and pace of change required, a co-ordinated programme was agreed to give the best opportunity to review the right things at the right time, while continuing to deliver sustainable services.
- 3 It was agreed that progress across the whole programme would be reported to Cabinet on a quarterly basis. This was to reflect the scale and complexity of the programme and in recognition of the need for a Council-wide approach requiring significant effort throughout the organisation. The programme is starting to demonstrate wider benefits in enabling a broad range of staff to be involved, which will lead to development of new skills (e.g. business planning, commercial acumen, dealing with conflict.etc.). There is, however, a huge amount of work still to be done to raise awareness of the scale of the task. The Workstream leads (Strategic Directors) are developing plans to uplift communication and engagement activity in light of growing clarity about what needs to happen, when.
- 4 The various projects within the Programme are all critical but differ in scale and timeframes, reflecting the complexities of such a major programme of change. Some form key building blocks and play a critical role in 'enabling' overall success and supporting employees to develop skills needed in the future. Other projects are significant in terms of their ability to realise major savings or increase income over the short, medium and longer term: e.g. Adult Social Care. These projects are likely to include assessing different ways of delivering services to ensure they are fit for future needs whilst protecting vulnerable people and jobs. The Programme is aiming to achieve a balance between making rapid progress to help close the funding gap in the short term, and ensuring that more complex projects have the right timeframe to explore opportunities and find the best solutions to improve outcomes and secure longer term sustainability especially after the revenue support grant disappears in 2020.
- 5 This report provides an overview of progress across the whole programme. It includes work taking place to provide clarity of how the Council will look in the medium term (i.e. after 2020) which will seek to ensure that we are putting the best

possible arrangements in place for residents and other stakeholders, as well as the organisation.

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

### **Proposal**

- 8 It is proposed that Cabinet consider and comment on the progress that has been made across the Change Programme and on the specific workstreams: People, Place, Ways of Working and Trading and Commercialisation and to make suggestions for improvement, particularly to improve the pace and breadth of change in a way that is of benefit to residents.

### **Recommendations**

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

For the following reason:

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

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**Policy Context**

- 1 The Change Programme is essential to enable delivery of Vision 2030 and the Council Plan. Set in the context of the Medium Term Financial Strategy the objectives of the programme overall are to accelerate analysis, problem solving and decision making on a Council-wide basis and possibly deliver services in a different way to ensure the Council can live within its means. Underpinning this is the need to secure longer term financial sustainability especially after 2020 when the revenue support grant is withdrawn. Each of the four workstreams which make up the programme is clearly focused on delivering the outcomes in the Council Plan. All the workstreams are co-dependent and progress overall relies on the whole being developed coherently with delivery plans for each project specifying what will be achieved, when. In this holistic and co-ordinated way it is easier to understand where there might be barriers or issues to address to effect change at the pace needed.

**Change Programme Overall**

- 2 Culture, skills, behaviour and values, systems, processes and structure are key components underpinning how any successful organisation operates (How we do things, what it looks and feels like as an organisation). Having a clear vision of how we operate in future will ensure that all stakeholders understand the direction of travel and why the change programme is looking at reshaping certain activities to ensure we are as successful in the future as we have been in the past.
- 3 Individual change projects have continued to develop options and choices for change although progress is variable. Leadership and management of Change is integral to delivering the Council Plan both as a Leader of Place as well as the Council as an organisation facing unprecedented pressures and challenges. The effort being invested in change seeks to:
  - Target effort and resource to those people and activities in greatest need and areas where greatest impact can be achieved.
  - Explore and implement effective ways to bring in more income
  - Promote early help and intervention to reduce pressure and cost of acute services
  - Work differently - doing only what we are best placed to do which means the strength of our partnership working is key
  - Increase community, individual and Council resilience.
- 4 The Council agreed to a Peer Challenge in November 2016. This was organised and facilitated by the LGA to help assess whether the direction of travel and pace of change in the Council is right to help us tackle the challenges we face financially, demographically and socially. Feedback from the Peer Challenge has been received in draft form and will help shape our future approach to transformation and change. Details will be the subject of separate reports to Cabinet but the findings and our response will inform the development of the Change Programme and the projects wherever appropriate. The early headlines indicated that there is a lot going on and a lot to be proud of but that we need to pick up the pace of change significantly.

- 5 Work is continuing to raise awareness and increase involvement with the Change Programme among staff and other key stakeholders. This work seeks to ensure that the rationale, and approach to change is well understood, and that everyone in the organisation can help shape and deliver solutions for a sustainable future. The need to engage with stakeholders at an early stage was a key message from the Peer Challenge. Each workstream is required to provide a detailed communications plan which reflects the different stakeholders involved
- 6 To complement existing approaches to communication, a new section of the workplace intranet is being developed to improve our ability to communicate and engage with staff. This will provide a central point of reference for communication and information around the Change Programme, and will also include a discussion forum to encourage feedback and ideas for change. This is due to be launched this month.
- 7 There is also recognition of the need to have a more comprehensive approach to engagement with other stakeholders. Early conversations have started with partners but this will need to be ramped up in order to understand and develop firmer proposals for joint working (e.g. Health, other local authorities, voluntary and community sector.). The annual consultation on budget proposals was shaped in a way that sought to ensure that residents are able to understand and engage in the scale of change required.
- 8 Currently the issues which need to be addressed for the Programme as a whole are finalising delivery plans in the projects where these are still outstanding and revising others where there are interdependencies, increasing transparency and accountability for leadership of change at workstream and project level and clarifying the support and training opportunities that are going to be available to employees to help upskill them for the future. These will be the principal areas of focus over the next three months
- 9 The latest position is set out below using each of the workstreams as the basis for reporting progress.

### **Ways of Working Workstream**

- 10 This Workstream is intended to deliver solid foundations which will secure success for the Programme overall. Most of the activity in this workstream should therefore create and enable other projects to deliver. The projects within this workstream are critical particularly in driving:
  - More efficient, improve customer experience and outcomes
  - Agreement of the right culture and behaviours to secure a new and successful way of delivering our business
  - Development of skills and capacity to meet future needs
  - More flexible and fluid support services
  - Better performance management to help prioritise resources and tackle underperformance if necessary.
- 11 Effective communication and engagement is critical to deliver the required culture and behaviour for organisational success which is appropriate for future needs.

Fundamental to this is understanding what is expected of employees in the future especially in making change happen. Over the last quarter, there has been more focus on improving staff engagement to create the right conditions for change. This is intended to ensure that employees play a key role in shaping the future. A new Employee Forum has been established. This meets monthly and is made up of representatives from all council services. The forum is providing the opportunity to discuss the issues that are important to employees, along with the things that will affect how they work in future. Initial meetings have discussed :

- findings from the Employee Survey, and explored reasons behind some of the headline figures.
- A new Employee Portal, which could host information and applications to support staff to carry out their roles effectively.

- 12 Over the next quarter, it is planned to launch an on-line Employee Forum, which can complement the monthly meetings, and broaden discussion to a wider body of staff.
- 13 'Team Talk Messages' from the Chief Executive have been re-introduced, ensuring that staff are kept up to date with key achievements, activities and developments affecting the Council. The messages have provided information on nominations for national awards such as the Open Door Breakout project (nominated for the Times Educational Supplement Award for best supporting learning project); provided information about the Peer Challenge that took place in November 2016; and various other updates
- 14 In addition to staff engagement, results from the Residents Survey 2016 have been published. This provides feedback on views about Gateshead as a place to live, including what people like most and what they think needs improving. This feedback is critical to shape future design and delivery of council services.
- 15 Activity is taking place to ensure that stronger performance management is built into everything the Council does, to support robust service planning and increase accountability and transparency around delivery. This is critical to inform strategic choices and help employees understand priorities. A new performance dashboard has been produced, providing a clearer picture of progress against key performance indicators. Revised service planning guidance has also been produced, to support a sound and consistent approach to business planning and resource.
- 16 A revised Appraisal and Development process, including a performance management and competency framework, has been developed with a view to it being implemented from April. The new approach will include a measurable performance element to annual discussions to ensure everyone is clear what performance is expected of them. These conversations are also critical to understand development needs.
- 17 The Workforce Plan - activity is targeting effort to help employees develop skills they need for the future. This includes opportunities for learning and development of new skills (e.g. commercial acumen, marketing, having difficult conversations) as well as building confidence in existing skills (e.g. working in partnership, contract management). There is still work to be completed to understand where skills already exist and where there are gaps but this work should be complete in the next quarter.

- 18 Over the next quarter, work will continue to build the communications and engagement activity to increase awareness and access to training/development. This will seek to ensure that opportunities are understood and maximised by employees. A new commercial capability and capacity training programme has been developed to build skills that should help us increase income and economic growth.
- 19 Good progress is being made to deliver Digital Gateshead, based around “making it easy to access, benefit from and deliver Gateshead Council’s services” as set out in the plan. Key achievements in the last quarter include:
- A new Digital Platform is in place with an implementation plan developed to ensure the most effective roll out through newly designed website and intranet pages
  - Following early success to improve mobile and agile working in the Fostering Service, pilot activity is being extended to Adult Social Care
  - Following the success of the online benefits services pilot, the approach is being made permanent
  - An outline proposal to prototype Health and Social Care integration built around data sharing is progressing in discussion with partners.
- 20 Through the Support Services project, we will ensure that all Council services have access to the most effective and efficient support services to meet their current and future needs. Options to improve delivery approaches through alternative models continue to be explored. In the meantime, improvements and efficiencies are being delivered through:
- Development of a Business Partner approach in HR, Policy, Performance and Communications - building on existing best practice in Finance
  - Integration of the Housing Company and Council’s Finance Services
  - Rationalising management in Legal Services.
- 21 Through the One Public Service project, we will seek to improve efficiencies and deliver better outcomes by addressing shared challenges, with our public sector partners. An initial mapping exercise of operational portfolios has taken place with partners. This has identified opportunities to share buildings and services, which will now be appraised in detail and viable options progressed. The Council has provided £20k to begin work on assessing the feasibility of the Civic Centre becoming a Public Sector Hub. A bid has been submitted to the One Public Estate Funding pot for £40k which, if successful, will be used to implement the proposal.
- 22 Commissioning – the significance of Commissioning to future ways of working has become increasingly apparent through activity to develop how the Council will carry out its functions and deliver services in future. A Commissioning Strategy was approved by Cabinet on 24 January, to shape our future approach. A training package to ensure appropriate skills are embedded across the organisation is being developed. It is important to note that this approach is intended to apply when commissioning internally as well as externally

### **People Workstream**

- 23 This Workstream is looking at new approaches to:
- *Maximise Growth* - Identifying and considering areas that can grow and trade in a commercial environment. Opportunities that are being considered include a

social care trust. We are also considering opportunities to integrate effort with partners, in particular Health through the CCG and NHS Provider Trusts

- *Reduce Costs* - redesign services in order to reduce spend and manage demand in high cost areas by focussing on early intervention and prevention. This effort is intended to should significantly reduce the cost of acute services.
- *Increase Collective Responsibility* - through service redesign, partnership activity and development of our approach. By working more closely with local communities we are building a programme of work which will secure a broader spread of responsibility for making sure that local people are able to help themselves and others more.

- 24 New Model of Adult Social Care – Work has progressed to deliver a single point of access for customers and the remaining Assessment and Care Management staff are now located together. Work is also progressing in developing a buyers/brokerage function to help negotiate care packages. Full implementation of the new model is anticipated to be in place by March 2017. Work is underway on an options appraisal to see whether it would be viable to set up a trading company for Adult Social Care Provider Services as well as explore joint investment opportunities with health partners.
- 25 The new enablement service is now in place and we are starting to see some of the benefits for service users. The benefits are being seen in terms of reduced re-admissions at the hospital. Intensive work has been undertaken with Adult Social Care Direct and the telephone system which has resulted in a significant improvement in call answer rates and waiting times. There has been evidence of the positive work taking place to reduce admissions to care, The regional report of the six month position showed Gateshead was the best placed local authority in the region in terms of admissions for people over 65. This is a significant shift from a position of lowest in the region in 2015/16.
- 26 Health and Social Care Integration – In the previous Cabinet report it was stated that the aim was to identify areas for Health and Social Care integration, and tie this in with a number of key strategic initiatives including the CCG Five Year Plan and the new Community Services Contract with the Hospital Trust which came into effect in October 2017). This project also needs to inform the work being undertaken across Tyne and Wear and Northumberland in respect of the Sustainability and Transformation Plan for Health (STP). Meetings with key partners including health and Newcastle Council have taken place to look at models of health and social care integration. A memorandum of understanding has been signed by partners so we can progress work on agreed principles. An integrated Health and Social Care board has now been established and meets on a monthly basis. Discussions with the CCG and QE Hospital have been positive in exploring opportunities for an alternative delivery model for Health and Social Care. A development session of the Gateshead Care Partnership took place, with a range of stakeholders. From this a shared strategy is being developed, to help to move forward our shared agenda.
- 27 High level options were developed for the redesign of Care, Wellbeing and Learning at the end of July. These are being worked up in more detail so that the business case is aligned with budget options, leading to clear delivery plans. Discussions with the Council's partners are ongoing to ensure that resources are deployed appropriately and in a better way to support people to be more independent. This project includes a focus on early help and prevention activities across the whole life

span of residents. The redesign will look to manage demand in areas where there is significant cost pressure and increase efficiency through business process re-engineering and technology.

- 28 Work is progressing on reviewing and redesigning the structure in Care, Wellbeing and Learning and exploring opportunities to simplify lines of accountability and responsibility. Members will be consulted this month on the detail of the redesign, including how services will be different across children's and adult services. It will also identify how partners will be engaged and how whole system change can be achieved to ensure the structure meets the needs of the customer and the model rather than the other way round.
- 29 Achieving More Together – It is recognised that this project is likely to be one of those where the benefits will take longer to realise especially in terms of any financial savings. The main strategy for developing the desired outcomes of the approach is based on two interconnecting approaches which are: Strengthening civic life led by local people and communities; and redesign of public sector and third sector service delivery. Research pilots initiated by Public Health will be undertaken into three key areas.
- Childhood obesity in a targeted neighbourhood. This will try to engage local communities, including the VCS, schools, teachers, parents, children and young people in activities determined by them.
  - Reducing social isolation - This piece of work aims to reduce loneliness and social isolation to improve quality of life and wellbeing for some communities where it is known this is a concern
  - Clean, green, safe environment - This initiative will try to help people to make more use of outdoor activity to enhance the physical and social benefits to reduce health inequalities. The pilot will use existing initiatives in Gateshead, and explore the potential to set up a network of 'Friends Of' groups.
- 30 Early Help – the Delivery Plan for Early Help is still in development. This is shaped by the Early Help strategy which is currently out for consultation with a variety of stakeholders including employees. The Early Help strategy is intended to be an all age approach with implementation of a new model expected to be in place by the end of June 2017.
- 31 Integrated Commissioning – The previous Cabinet report indicated a fully integrated delivery model for health and social care. Discussions are ongoing with health colleagues and there has been provisional agreement that there will be a joint Commissioning Director for the Council and CCG by April 2017. We now have a Gateshead Integrated Care Group that has been formally set up under a signed Memorandum of Understanding (between the Clinical Commissioning Group and Gateshead Council) that has started to oversee the development of the integrated commissioning approach within Gateshead. There has been a recent acknowledgment across the Accountable Officer Group that operates across Newcastle and Gateshead that the solution for integrated care and commissioning should take place on a Gateshead Footprint. It has taken longer than anticipated to reach this agreement but it does represent a significant step forward.
- 32 Transport – This project focuses on options for efficiencies and future service delivery in light of concerns about the cost of a number of activities. Options for

rationalisation have been identified but a wholesale review of transport is required in order to ensure that transport is integrated into the school day or to visits to day centres so that it becomes a positive end to end experience for users. Efficiencies have been achieved by reviewing transport options for pupils. All adult social care assisted transport journeys (and escorted journeys) have been reviewed to ensure the appropriate support is in place. It is proposed that the Independent Travel Training programme is further enhanced through the provision of more targeted support by working with students to develop their confidence and capacity to use public transport. It should be noted that this is not suitable for all young people or for all locations. Amendments to the Post 16 transport policy 2016-17 have been drafted, in conjunction with Newcastle City Council, to ensure there is clarity and consistency.

## **Place Workstream**

- 33 The Place workstream is focusing on delivering a vision and story for Place that is firmly aligned to Vision 2030 and the Council Plan. It is using an approach to change that centres on reducing cost; increasing income; reducing demand; developing choices for communities, particularly in the context of the need to prioritise whilst being cognisant of the policy directions for increasing community, individual and Council resilience. This workstream is critical to help ensure the Council continues to be successful through the additional income from business and housing growth, which can be used to support services which support vulnerable residents or other services which cannot raise income. In this regard it is important to understand how the achievement of Place outcomes can also contribute to 'People' outcomes and potentially result in reduced demand in a number of council services. So, it is critical to provide good quality jobs and housing in order to reduce pressure on social care
- 34 The overall approach also recognises the need for greater collaboration with key partners to use our collective resources and influence to achieve even more and maximise the Gateshead pound. We have a history of strong partnership working but are seeking to identify how and where new opportunities for joint strategic approaches can enable us to grow rather than reduce activity. The progress made in each of the Place project areas is set out in the following paragraphs.
- 35 Housing Growth - The project is focusing on delivering housing growth in Gateshead, and accelerating the pace of this. Housing development projects have been reviewed to assess confidence in delivery and the revised delivery forecasts will be used to inform budget setting. Interventions to improve delivery, including production of the Land Development and Disposal Plan, together with a review of financial tools and funding opportunities are ongoing. The Gateshead Regeneration Partnership remains a key delivery mechanism to achieve our targets. In addition, work is progressing to accelerate development by the Council on a number of sites across the Borough. Work is progressing on the evidence of housing need to inform development plans for those with specialised or supported housing requirements.
- 36 Economic Growth and Maximising Assets– Business Rate modelling has been completed. This has shown some improved delivery confidence over the five year period in both business and housing growth which will have a positive impact on the business rate and Council Tax income levels the Council could achieve. This will be used to inform future budget planning. A new working is looking at potential interventions that could be employed to improve growth. It is intended to produce an Investment Framework to help to establish clear parameters for investment decisions

and look at issues such as ethics, spatial areas, delegations etc. to improve the Council's ability to respond to opportunities smartly. £4.2m of grant funding was secured to develop The National Centre for Emerging Technologies bringing forward workspace and research and development facilities within the Baltic Business Quarter. A Memorandum of Understanding was signed with Government to secure Enterprise Zone status at Follingsby enabling the council to raise up to £20m of funding which will deliver essential infrastructure. The new PSP arrangements have been formally registered and a Shadow Board has been established. Current activities centre on agreeing priorities for the new approach in order to maximise the potential income or savings from the Council's assets. Place promotion work is also developing with discussions taking place to plan a campaign which will spread the word about our ambition and priorities to various audiences including potential investors, Work to support indigenous business growth and secure inward investment has continued resulting in the creation of over 850 new jobs and 85 jobs safeguarded.

- 37 Housing Stock Options / HRA Funding – This is focusing on ensuring the Council's housing stock is sustainable. The Council met with representatives from the Department for Communities and Local Government, to outline issues and potential solutions for the longer term. The Asset Strategy for our stock is being finalised but this sets out potential interventions to move from an expensive responsive approach to a more planned maintenance approach which will reduce the cost of repairs and maintenance. Cabinet are also being asked to consider the Council's position on the 'Pay to Stay' policy, budget setting, fees and charges which also support HRA sustainability.
- 38 Housing Repairs and Maintenance – Progress is being made towards 1 April when the new delivery arrangements and model will be in place. Key areas of progress include consultation on the proposed organisational changes to Construction Services including merging some activities with the Gateshead Housing Company to achieve, value for money and a more joined up service that benefits customers. Engagement with employees and tenants has also been developing with new mechanisms in place. This has been used to inform the new delivery approaches. Tenants have been consulted on a revised repairs policy. Transfer of employees from Mears has been a key area of work with arrangements being put in place to try and secure a smooth transition.
- 39 Leisure and Culture - The project is aiming to establish a self-financing Culture and Leisure offer by 2020. Following Cabinet approval, a programme of consultation and engagement has taken place on the future service structure. The proposals aim to provide a better business model to support achievement of the vision for leisure. It should be noted that the service has unmet income of around £0.7m for 2016/ 17. Actions to mitigate this have been identified, but are not yet in place. It is considered Staff training, alongside implementation of a new structure, recruitment of specialist sales staff and marketing and rebranding work will help towards the generation of increased income. Early indications from take up of trial leisure passes offered in the recent January campaign are positive. The option of an alternative delivery model is also progressing alongside this work. A new working group has been set up to consider options for the future sustainability of Gateshead Stadium. Further reports will be made to Cabinet as this work progresses.

- 40 Clean, Safe, Attractive Environment – The Environment Review has been progressing with engagement meetings held with ward councillors, while the Residents' Survey has also highlighted concerns of local people. This, along with other analysis, is being used to inform the options for the future. Engagement has identified that standards should not fall further with recognition of the progress made within the difficult financial context. Areas for future focus include increased enforcement. Green waste take up has improved with the income target having been met. Options around the future of sports pitches and bowling greens are being developed to improve sustainability. Work has also begun on reviewing the Council's approach to parks; this aims to understand how to make best use of these assets including increasing community involvement.

### **Trading and Commercialisation Workstream**

- 41 The ambition for the Trading and Commercialisation Workstream is to generate income that makes a positive and sustainable contribution to supporting priority activities and supports delivery of Vision 2030. This is being achieved through supporting key trading opportunities that have potential to maximise increase income to the Council. The approach adopted is based upon:
- Creating sustainable income Generation
  - Focusing on existing activity that could increase income, and contribute to the Council's financial targets
  - Develop new projects that encourage and maximise trading opportunities where they support core activity.
  - Task and Finish work on specific time limited areas of work, designed to embed and sustain a consistent approach to decision making around trading opportunities, thus raising the competency of the council to develop opportunities across a wider environment.
- 42 Services to Schools - This is a project where work is being done to explore/test trading opportunities, whilst ensuring that Gateshead schools have a wide range of high quality and value for money school centred products and services. The services have been split into 3 broad areas, Pupil Focussed services, Facilities Management services and Professional and Technical services, each with a Service Director lead. Work is underway to evaluate the services currently offered and the costs associated. A timeline is in place which aims to have a business case for an improved delivery model ready for 1<sup>st</sup> April, implemented by September 2017 and ready for schools to purchase services by April 2018. This will be based on easy access, clear pricing and strong partnership so that the services and products are easy to purchase, easy to understand and at the very least make a significant contribution in maintaining the outcomes for children and young people which are value for money whilst being commensurate with market value.
- 43 Adult Social Care Provider Services –Work has been undertaken to explore the potential of trading Adult Social Care services. This has included understanding what has happened elsewhere to develop a Trading vehicle and where the decision has been made not to progress with a separate Trading Company. The case studies identified that the current Terms and Conditions of the staff group could be a barrier to successful trading, and so this is being explored further with a view to an options appraisal being presented for consideration in the next quarter.

- 44 Bereavement - Cabinet agreed in November 2016 to the proposal to develop an enhanced bereavement service that would extend the range of services currently provided by the Council. This is based upon analysis of the market, the Council's ability to deliver without compromising the existing service as well as providing more choice for bereaved families. Implementation planning is well underway including advertising for a Funeral Director post; legal requirements and arrangements; and the detailed plans for any premises changes that are needed. The more detailed work means that the timescales for completion have been revised from spring to autumn 2017.
- 45 Energy – This project has multiple objectives that are closely aligned to the Council Plan, including: reducing energy consumption and carbon emissions; improving energy performance of Gateshead homes; growing and delivering energy services provision in and beyond Gateshead; reducing levels of fuel poverty, which has both economic and health outcomes for local people. Key areas of recent progress include:
- Gateshead Energy Company commenced supply of electricity to 4 initial customers on the Gateshead District Energy Scheme – heat customers are due to be connected mid-2017, once a water main has been diverted, which will allow the heat network to be completed.
  - The Council secured a 15 year, £1m contract from Government / National Grid, for providing 4MW of generating capacity from the CHP engines in the District Energy Scheme.
  - Contracts have been placed for 1MW battery storage system, to connect to district energy scheme and be operational by summer 2017. Cabinet approval is being sought on 24 Jan 2017, to expand the facility to 3MW.
  - £5.5m of ERDF grants were secured, to deliver district heat to 600 social housing units, and to extend the District Energy Scheme to Gateshead Leisure Centre cluster – preconstruction contracts have been agreed with delivery contractors.
  - Outline design options for Metrocentre / Team Valley district energy scheme are expected any day.
- 46 Housebuilding –Cabinet approved a scheme to develop 22 apartments including 3 affordable units at Derwentside. A detailed investment programme continues to be developed for further commercial and social housing opportunities as mentioned earlier in this report.
- 47 Sponsorship –The report commissioned from an external consultancy highlighted several areas across Gateshead where sponsorship may provide an attractive proposition. The next phase of work requires a comprehensive evaluation/consideration of:
- the benefits that Gateshead Council could offer potential sponsors as part of a sponsorship agreement
  - the detail around potential rights packages
  - brands/organisations commensurate with the Council's ethos and corporate objectives

- appropriate expertise/resources and sales and marketing materials in order to pitch the opportunities to the market

48 Trade Waste - A business development plan has been completed and work is underway to develop a broader and expanded Trade Waste offer. Opportunities to develop the business are being undertaken, including; the development of more robust management information, the development of professional sales skills, a review of the current payment options and contract terms, duty of care documents and introduction of the Fair Trade Policy into all future contracts. Next steps include a refresh of the trade waste online presentation and business marketing materials and strategy, the consideration of collaborative working arrangements, the development of in-service capacity to ensure the appropriate sales support is available including market research/analysis, one point of contact for the customer and client/contract management.

49 Task and Finish activities – Work continues around the task and finish activities which will form a practical toolkit of resources to assist officers in progressing trading/income generating propositions. These resources include:

- Income Generation Strategy – The Income Generation Strategy is based upon the Council’s ability to identify trading opportunities that deliver income and set out the Council’s objectives around maximising income. This document is in draft format and should be finalised during the next quarter
- Route to Market Pathway – This document provides a practical guide for officers primarily around the approval/decision making process for income generating proposals and the information required in order to reach an appropriate decision
- Pricing Principles – A set of commercial pricing principles are in draft form and encompass the elements which should be taken into consideration when considering commercial pricing within a local government context. These should be finalised in the next month.
- Trading Delivery Models – This piece of work is complete and available as part of the commercial toolkit to support trading ideas. One composite document now provides a high level overview of the various delivery vehicles which could be used to trade/generate income including a quick comparison table.
- Opportunity Identification – Research has been carried out to identify trading activities undertaken by other local authorities and circulated to Service Directors to consider as potential opportunities. A workshop is due to take place to ensure that full consideration is given to all opportunities to increase maximise income potential.
- Commercial Development Programme – This is referred to earlier in the report and is a key part of the workforce development activity. A learning and development programme has been devised to build commercial capacity and capability across the organisation in order to provide officers with the skills to identify and qualify opportunities for increased income generation and develop skills required to make these commercial opportunities a success. Modules within the programme include; sales and negotiation, commercial financial management, relationship management, competitive tendering and bidding,

measuring and managing business performance, building a high performing commercial team, effective commercial partnership development etc.

- 50 A number of other practical resources are also under development to provide support and guidance to officers in their commercial capacity including; templates and guidance for developing a commercial business case and principles around customer focus in a commercial environment.

### **Consultation**

- 51 The Leader of the Council has been consulted in his portfolio role and individual members have been consulted on specific areas relating to their portfolios.
- 52 Trade Unions are also engaged through regular meetings to discuss Change Programme development and progress with each of the workstream leads as well as with the Service Director.

### **Implications of Recommended Option**

- 53 **a) Financial Implications** - The Strategic Director, Corporate Resources confirms that the Strategic Change Reserve of £2.5 million is being used to enable financial interventions on a time limited basis underpinned by business cases that will identify benefits to be realised. The Change Programme is aligned to the Medium Term Financial Strategy with savings/income identified thus far through the Change Programme, informing the MTFS.
- b) Human Resource Implications** – There are no direct Human Resources implications arising directly from this progress report. Development of the activities in the workforce plan is critical to retain and develop existing staff as well as attract new employees where necessary
- c) Property Implications** –There are no property implications arising directly from this report.
- 54 **Risk Management Implications** – The Change Programme framework is supported by a comprehensive register of risk that is actively managed to ensure and support effective decision making. Individual projects also either have or are developing risk management arrangements. This will enable risks to be identified and managed at appropriate levels. The swift completion of all delivery plans is critical to ensure appropriate pace and breadth of change in order to meet the financial challenge.
- 55 **Equality and Diversity Implications** – Proposals made through the Change Programme are subject to equality impact assessments to inform and support decision making.
- 56 **Crime and Disorder Implications** – There are no Crime and Disorder implications arising directly from this report.
- 57 **Health Implications** – There are no health implications arising directly from this report.

- 58 **Sustainability Implications** – The Change Programme is an essential element of the Council’s planned approach to ensure a sustainable financial position over the medium term.
- 59 **Human Rights Implications** – There are no Human Rights Implications arising directly from this report. Any implications are covered in proposals relating to individual projects
- 60 **Area and Ward Implications** – All areas of the Borough are covered by the Council-wide approach outlined within the Change Programme.