

GATESHEAD METROPOLITAN BOROUGH COUNCIL
CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE MEETING

Monday, 2 December 2019

PRESENT: Councillor John Eagle (Chair)
Councillor(s): S Ronchetti, J Wallace, D Bradford,
T Graham, S Green, M Hall, R Mullen and J Simpson

APOLOGIES: Councillor(s): L Caffrey, P Foy, B Oliphant, C Ord and
N Weatherley

CR20 MINUTES

RESOLVED - That the minutes of the meeting held on 14 October 2019 be approved as a correct record.

CR21 CORPORATE ASSET MANAGEMENT - DELIVERY AND PERFORMANCE REPORT

The Committee received a report providing an update on the progress made against the Council's Corporate Asset Strategy and Management Plan and the year on year performance of the property portfolio.

The CASMP, together with the Medium Term Financial Strategy and the Workforce Strategy, is one of three main corporate strategies that support the Thrive agenda.

The establishment of the role of Corporate Property Officer (a role held by the Strategic Director, Corporate Services and Governance since 2010 but which will transfer to the Strategic Director Economy Innovation and Growth), along with the subsequent creation of the Corporate Asset Strategy Team, continues to work well; and has the ability to take a more strategic approach to the way the portfolio is managed overall, and has enabled the Council to deliver budgetary savings through the reduction of its operational portfolio and by way of rationalisation and consolidation.

The following areas were highlighted for the Committee.

Gp2 – significant progress has been made in developing the corporate property data base; Gp2 which is now being used extensively across the Council. The database holds information on the Council's property portfolios and is bringing together the existing, disparate asset management data sources into a single co-ordinated system, which is able to synchronise with other corporate data systems. The Corporate Asset Strategy Team (CAST) methodically tailors Gp2 for the specific needs of various users, developing new modules, updating and improving systems

and creating reports to help Services make more effective use of resources and make savings.

There have been some key achievements, in particular with the completion of some major works to the Civic Centre as part of the workspace strategy improvements in the Civic Centre, including a number of areas delivering services to the public (Registrars, Cemeteries & Crematoria) or the workforce (Occupational Health). Also improved existing use of the building such that space has been freed up for partner agencies (recently Harrogate & District Foundation Trust (Health Visitor services) and Regional Transport Strategy).

Energy related projects have also been delivered: taking advantage of various external funding sources as well as the Capital Programme, and also further investment in our own district heating network, including completion of the Gateshead Energy Centre.

Community Asset Transfers have continued, with Barley Mow Village Hall, Gladstone Terrace and Springwell Village Hall completed last year.

With regards to the efficiency of the portfolio, the picture is again positive overall, starting with condition and maintenance: although the total cost of backlog maintenance has increased, this is only in the lowest priority level, and the percentage of buildings (by floorspace) in the top condition category has increased, with only one building now in the lowest (Saltwell Cemetery Garage).

In terms of energy efficiency and utilities, a particular priority for the Council of course, following the declaration of a climate emergency, we have seen a significant reduction in gas consumption, due in part to a less severe winter than the previous year, but also the transfer of the Gateshead Leisure Centre on to the District Heating Network, and also a reduction in water consumption. Electricity usage has unfortunately seen a small increase; however, you will note this is attributable primarily to former leased properties returning to the Council, and a temporary breakdown in the photovoltaic infrastructure at the Leisure Centre.

The Committee were asked to note that total electricity usage has reduced by 24% over the last eight years. The question was asked last year about whether that was simply due to the reduction in the size of the portfolio, the number of Council buildings, rather than an increase in efficiency. We are therefore now recording gas and electricity consumption per sq metre.

Also included is some detail on another measure of energy efficiency in the context of climate change, carbon emissions. Again, a very positive story supported by the data, including a 56% reduction since 2007/8. All credit to the Council's Energy Services Team who have delivered a number of projects over the year.

The report also provides an update on the suitability and accessibility of buildings in the operational portfolio, and refers to the subsequent closure of a number of buildings in the lowest suitability categories, and that now 80% of the Council's buildings meet the Disability Equality standard (that's the buildings themselves: the services provided from them are still accessible).

Part 3 of the report covers income and capital from the portfolio over the year, the last year prior to the transfer of the tenanted portfolio to the Council's partnership with PSP plc. Members will note that although there was an increase in the number of vacancies, there was a 2.6% increase in the net income from the portfolio, up to £2,360,000.

With regards to disposals, the report notes a similar sum £2.36M, which was generated from sales of Council land over the year. Significant building disposals are listed in the report as well as a detailed update on the sites developed by the Council's Hosing Joint Venture partnership, GRP, including the number of affordable houses delivered.

Part 4 covers how the portfolio supports service delivery, including details of investment in the schools' estate. There is nothing specific to highlight in this part of the report for the Committee.

Part 5 identifies future actions which are expected to form delivery of the Corporate Asset & Management Plan over the next year, much of which is already well under way.

The work of the team was highlighted to the Committee who deliver a great deal with ever-diminishing resources.

RESOLVED - That the information provided in the report be noted.

CR22 PSP MONITORING REPORT

The Committee received a report which provide an overview of the current arrangements in place with Public Sector PLC ("PSP"), details of the workstreams underway and gives an update on performance.

PSP is a private sector company, set up in the 1990s to assist public sector organisations to meet their aims and objectives, through the delivery of property-based projects and solutions.

PSP has established a Limited Liability Partnership with 20 Local Authorities in England. In January 2017, Gateshead Council and PSP established PSP Gateshead LLP ("the LLP"). On 1 April 2019, the Council transferred the majority of its Tenanted Non-Residential Portfolio ("TNRP") by way of a 7 year lease, the Limited Liability Partnership is managed by 2 Boards, the operational board is chaired by Keith Purvis and the Partnership Board is chaired by Councillor Donovan.

The LLP now undertakes the day to day management of the TNRP including, lettings, rent reviews, lease renewals, surrenders and debt management. The Council seconded a number of staff from the Property Services team, to the LLP, to ensure continuity of the property management function.

The idea is that at the end of the 7 year arrangements the Council get back a more

valuable property portfolio, better rent and poorly performing assets are traded out.

The Council gets a guaranteed rent as if we had managed the portfolio ourselves with no risk to the Council, anything above is shared through a profit arrangement. The LLP has currently generated £2.3m between 1 April and 30 September and the Council is covered with its rent of £1.15m to the half year. The LLP has actioned 29 rent reviews, 4 of which have been completed and 30 lease renewals have been actioned with 4 completed. The LLP has also progressed plans for the development of new industrial floorspace at Team Valley Business Centre.

The LLP has also made progress on the following projects:

Nest Road Felling – a vacant 5 acre site in Council ownership. Proposals are being developed for the creation of a new investment asset. Ideas include a new Energy based facility (Solar Farm, Fuel from Waste Plant, Hydrogen Production Plant) or traditional industrial floorspace.

Clasper Village – a vacant 1 acre site adjacent to the proposed residential development, which now has planning approval. The LLP is progressing feasibility for a new small supermarket development and has engaged Agents to attract an operator on new leasehold terms.

Modular Housing – the LLP is undertaking a Viability Assessment for the development of a new 15 unit residential scheme on the former Front Street school site in Whickham. The scheme is predicted on off-site modular construction, in partnership with PSP's sister company, Net Zero Buildings. The house types are carbon neutral and highly energy efficient. The proposed tenure is Affordable Rent.

Social Care – the LLP is currently in discussions with the Council to develop a property solution for the Independent Living service.

It was queried how this fits in with the social aims of the Council. It was noted that this is an ongoing agenda item at the Board meetings.

RESOLVED - That the information contained within the report be noted.

CR23

HEALTH AND WELLBEING STRATEGY DEVELOPMENT

The Committee received a presentation on the new Health and Wellbeing Strategy. The Health and Wellbeing Board has recognised that the current strategy which was written in 2013 needs to be refreshed.

It was reported that there was a need to update the strategy due to a number of new challenges, for example austerity and welfare reform and continuing inequalities. A significant proportion of Gateshead residents are in need or are vulnerable and it was reported that once a child is born into deprivation a number of other inequalities follow, the Health and Wellbeing Board recognise the need to more directly influence the wider determinants of health.

Five pledges have been developed to help guide decision making:

- Put people and families at the heart of everything we do
- Tackle inequality so people have a fair chance
- Support our communities to support themselves and each other
- Invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough
- Work together and fight for a better future for Gateshead

The aim is to:

- Give every child the best start in life, with a focus on the first 3 years of a child's life
- Enable all children, young people and adults to maximise their capabilities and have control over their lives
- Create the conditions for fair employment and good work for all
- Ensure a healthy standard of living for all
- Create and develop sustainable places and communities
- Strengthen the role and impact of ill health prevention

An action plan is being developed and further engagement is underway, it is anticipated that the strategy will be finalised in December and approval sought from the Health and Wellbeing Board with a launch in Spring 2020.

RESOLVED - That the Committee's views on the proposed strategy be noted.

CR24 CORPORATE RESOURCES 6 MONTH PERFORMANCE MONITORING

The Committee received a report providing the six-month assessment of performance and delivery for the period 1 April 2019 to 30 September 2019 in relation to the Council's Thrive Agenda.

The Committee were advised that it is proposed that a full review is undertaken of the performance assessment and for the OSC to consider measuring priorities which are relevant and timely and which will allow the OSC to scrutinise areas which are under-performing.

With regards to performance over the last six months of the 15 targets which have been measured, 10 have improved, 4 have no data and 1 is below the target.

The following areas were highlighted to the Committee.

- Services for Schools – currently the council sells over 50 services to 60 schools, but the costs are increasing, last year the income was approximately £13m and this year it has rose to £13.5m. The pay award is increasing the costs but it is difficult to pass on the costs to schools and we are finding that we are losing building cleaning and catering contracts.

- Volunteering – Gateshead recently held the World Transplant Games with participants from over 70 different countries. The volunteer programme, Team 19, was brilliant with over 900 volunteers taking part in the games.
- Sickness – this is an area which is currently below target, the target is 8 day and current sickness levels are 11.67 days. There are some things which can be done, including making sure managers are following processes and policy.

It was noted that the performance management framework needs to be more focussed so that Councillors can see where resources need to be focussed.

- RESOLVED -
- (i) That Committee was satisfied the activities undertaken during April to September 2019 are supporting delivery of the Thrive agenda.
 - (ii) That Cabinet will consider a composite performance report at its meeting on 21st January 2020.

CR25 ANNUAL WORK PROGRAMME

The Committee received it's Annual Work Programme Report. The report highlights any changes to the work programme for the municipal year.

- RESOLVED -
- (i) that the provisional programme be noted.
 - (ii) that further reports on the work programme may be brought to the Committee to identify any issues which the Committee may be asked to consider.

Chair.....