



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE AGENDA

Monday, 11 October 2021 at 10.00 am in the Council Chamber - Civic Centre

From the Chief Executive, Sheena Ramsey

Item	Business
1	Apologies
2	Minutes (Pages 3 - 8) The Committee is asked to approve as a correct record the minutes of the meeting held on 14 June 2021.
3	Budget Savings Delivery 2021 (Pages 9 - 16) Report of the Strategic Director, Resources and Digital
4	Impact of Covid 19 (Pages 17 - 22) Report of Strategic Director, Resources and Digital
5	Impact of Brexit (Pages 23 - 30) Report of the Strategic Director, Corporate Resources and Governance
6	Update on Position with Regards to Fuel Verbal Update
7	Annual Work Programme (Pages 31 - 34) Report of the Chief Executive and the Strategic Director, Corporate Services and Governance

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE MEETING

Monday, 14 June 2021

PRESENT: Councillor John Eagle (Chair)

Councillor(s): S Ronchetti, J Wallace, R Beadle, D Bradford, D Duggan, T Graham, M Hall, R Mullen, J Simpson and J Turner

APOLOGIES: Councillor(s): L Caffrey, P Foy, S Green, I Patterson and K Wood

CR42 MINUTES

RESOLVED:

- (i) The minutes of the last meeting held on 1 March 2021 were agreed as a correct record.

CR43 CONSTITUTION

RESOLVED:

- (i) The Committee noted the constitution.

CR44 IMPACT OF COVID-19

The Committee received a report and presentation setting out the impact of the Covid-19 response relevant to its remit.

It was reported that services have continued to respond and identify the impact of Covid-19 with a focus on supporting residents, businesses and employees. The Committee were also advised that a further Covid household survey had been undertaken and the results of this would be shared at a future meeting.

It was highlighted that supplies of PPE are consistent despite shortages and price rises in some areas; it was also noted that all business impact assessments and business continuity plans have been reviewed.

From the presentation the Committee were provided with a summary from officers in Customer Experience and Digital on the support provided to residents and local businesses. It was stated that the Council Tax support scheme had been agreed for 2021/22 in addition to a Council Tax hardship fund.

It was reported that since the start of the pandemic up to May 2021 59,694 Council Tax telephone contacts had been made in addition to 43,199 contacts for benefits. The Committee acknowledged that there had been high levels of contact so that

those who were struggling could receive the support they are entitled to. From the report, the Committee noted that additional support had been provided to residents via self-isolation payments, winter grants and the Covid local support grant.

An overview of work undertaken by the hubs in Gateshead was presented, the Committee noted that over 12,500 requests for help had been received via this channel. It was stated that over 9,500 emergency food parcels had also been provided and that partnership work with Citizens Advice and Age UK was taking place.

The Committee received an update on support to business up to 2 June 2021. From the presentation it was highlighted that 1,200 businesses had benefitted from a twelve-month business rate holiday. It was also reported that 12,528 payments totalling £34,624,345 had been provided to businesses that had been impacted or forced to close during the pandemic. The Committee received assurance that as grants were distributed there had been a thorough monitoring and audit process in place to prevent fraud.

A summary of additional support provided to business was also provided, this included support on business compliance and safe trading. It was noted that the Shop Local Shop Safe campaign had been launched and that specialist support had been made available for local retailers.

It was reported that the ability of businesses to thrive during the pandemic is heavily influenced by the sector in which they operate; it was highlighted that businesses within the hospitality, leisure and events industries had been particularly impacted. It was stated that larger businesses have been more resilient due to greater resources and capacity. The Committee also received information on the use of furlough which has been extensively used to suppress costs in response to reduced demand.

The Committee were advised that a quarterly business survey had been conducted in partnership with NGI and were provided with two case studies to illustrate the impact of the pandemic on different kinds of business. An overview of workforce support was also reported.

The Committee questioned whether the upsurge in online retailing had contributed to the decline of high street retail sales during the pandemic; it was also noted that some key high street retailers had been lost such as Debenhams. Officers advised that there is no direct insight into the viability of private enterprises, but that research has suggested that 54% of visitors to the region come for shopping. It was noted that high street shopping habits and customer expectations were evolving and that some retailers have struggled to evolve and that the pandemic had not helped this. It was highlighted that many shoppers now seek a more experiential transactions whilst shopping. It was also reported that the Metrocentre are aware of this change in trend and are working with retailers to improve.

The Committee were advised during discussion that the Gateshead Quays development had been mentioned in the national Tourism Recovery Plan. A discussion also took place over the viability of small businesses to survive without accumulating debts as a result of liabilities accumulated during the course of the

pandemic.

The Committee acknowledged that the Council has strong relationships with local businesses. The Committee noted its thanks to officers for the support they had provided to both residents and businesses but noted concern that not all businesses were eligible for support based on the Government's criteria.

A comment was also made that tourist destinations such as Beamish have reopened with limited capacity; it was acknowledged that whilst these businesses are open and are full, they are not yet thriving due to the limited number of visitors allowed in.

RESOLVED:

- (i) The Committee considered the impact of the pandemic and noted the contents of the report and presentation.

CR45 PERFORMANCE MANAGEMENT AND IMPROVEMENT FRAMEWORK

The Committee received a report and presentation with an update on the development and implementation of the new Performance Management and Improvement Framework for the Council.

It was reported that the Performance Management and Improvement Framework aims to:

- Enable the Council to know whether it is achieving its priorities
- Ensure that the Council's resources are being deployed effectively
- Make both short and long term effective decisions
- A whole system approach – embedded in partnership working to deliver the Health & Wellbeing Strategy

A summary of themes and measures applicable to the Committee was provided; this noted that most measures for the Committee focus around the Balance Scorecard which acts as an organisational health check. The themes of this were explained, these are employees, customer experience, finance, governance and risk in addition to external assessment.

The Committee were presented with an overview of each balance scorecard measure and were provided with a handout of the Performance Management and Improvement Framework as approved by Council.

The Committee asked that officers consider the following factors as part of the framework:

- The issuing of dog fouling fines and the use of income received for this
- Benchmarking the number and nature of insurance claims made against the Council with neighbouring authorities
- The volume and amount of income received from fines issued for flytipping and littering; it was suggested that Gateshead Council issue lower costing

- fines than neighbouring authorities
- The information gathered from exit interviews from staff who leave the Council's employment; how this is used to make improvements and changes to ways of working.
- To increase in online transactions offered by the Council; it was noted that increasing numbers of residents are choosing to interact and pay bills to the Council online

A comment was made suggesting that the term resident or citizen be used for reporting as opposed to 'customers'.

RESOLVED:

- (i) The Committee noted the progress made to date and the next steps.
- (ii) The Committee agreed to receive a further update at a future meeting.

CR46 GATESHEAD DISTRICT ENERGY SCHEME - OPERATIONS UPDATE AND 5 YEAR BUSINESS PLAN

The Committee received a report providing an update on the operation of the Gateshead District Energy Scheme by the Gateshead Energy Company. An update on the Gateshead Energy Company's five-year business plan was also reported.

A summary of the Gateshead Energy Company's journey since it was incorporated was provided; a breakdown of objectives was also highlighted within the report.

The Committee noted that the Gateshead Energy Company is a subsidiary of Gateshead Energy Holdings Ltd which allows for other ventures to be created if required. It was reported that following CMT agreement to increase Board membership from three to five members, two additional directors have been appointed.

An operational update was summarised to the Committee; this included an update on commercial connection offers to the Gateshead Quays (from 2024). From the report the Committee were also provided with a breakdown of network and financial performance. It was highlighted that the Gateshead Energy Company does not own any assets but rather leases the network and energy centre from the Council under the Concession Agreement. It was noted that a concession charge is payable to the Council for this.

The Committee were advised that as part of the five-year business plan there is no change to the company's aim to attracting economic growth. It was stated that improving air quality and sustainable transport was a new objective.

The Committee noted concern that fossil fuels (gas) continue to be used as a main fuel source within the company. Officers advised that there is a longer-term aim to reduce the use of fossil fuels in line with government guidelines. A comment was made that the environmental crisis needs to be addressed sooner than this.

A discussion took place on the use of renewable energies such as wind farms;

officers acknowledged and noted the Committees concerns on this and advised that feasibility studies would be need to be done but that this was not in the five-year business plan. The Committee asked whether the use of hydraulics was to be considered; it was noted that the infrastructure to support this was not available.

The Committee requested a future meeting dedicated to the subject of Gateshead's energy networks or a seminar. The Committee also requested that the 'green agenda' and planning for the use of renewable energy be factored in to the Council's Performance Management and Improvement Framework.

RESOLVED:

- (i) The Committee noted the progress made within the report.

CR47 ANNUAL WORK PROGRAMME 2021-22

The Committee received the Annual Work Programme 2021/22 report.

RESOLVED:

- (i) The Committee noted the information contained in the annual review.
- (ii) The Committee endorsed the provisional work programme for 2021/22.

Chair.....

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TITLE OF REPORT: Budget Savings Delivery 2021

REPORT OF: Darren Collins, Strategic Director, Resources and Digital

SUMMARY

This report provides the Committee with an update on the achievement of in year budget savings for 2021/22.

Background

1. Up to and including 2020/21 the Council has delivered £170.4m of budget cuts cumulatively.
2. On 25 February Cabinet and Council agreed a revenue budget of £238.758m which included £8.117m of budget savings for 2021/22. Unlike in previous years formal consultation on how these savings are delivered in specific areas was to take place during 2021/22 to action some of the savings. Temporary funding for mitigation was agreed for some of the savings to allow the time needed for the activity and consultation.
3. It is important that activity in these areas are closely monitored both to minimise the mitigations required but also to achieve clarity and assurance that by March 2022 all savings values agreed by Cabinet and Council are achieved and do not contribute to the financial gap in future years.
4. In addition, some areas of budget savings that were agreed by Cabinet and Council for 2020/2021 remain undelivered due to activity having to be paused in year due to the pandemic. These were in relation to contract savings across the Council and savings from a move to a corporate landlord model of ensuring a productive use of land and assets to deliver Thrive outcomes. Due to the value these areas remain under review to monitor actions to ensure they are achieved.
5. As part of the Council's budget and policy framework Cabinet receives quarterly reports on performance against the agreed revenue budget which includes savings delivery. The Corporate Management Team also receive regular updates on budget savings delivery in order to monitor progress and hold lead officers to account.
6. Corporate Resources Scrutiny Committee is being asked to consider this report and review progress of delivery of savings.

Savings History

7. £170.4m budget cuts have been delivered to date in the following areas;

	Total 2010/11 - 2020/21			
	Overall Net Budget £'000	Savings £'000	Overall Budget after savings £'000	%
Adults	754,540	38,427	716,113	5%
Childrens	392,760	28,781	363,979	7%
Public Health	136,335	7,843	128,492	6%
Housing, Environment and Healthy Communities	436,143	48,520	387,623	11%
Corporate Services	190,866	26,697	164,169	14%
Other Services, Contingency, Capital and Levies	573,186	20,182	553,004	4%
	2,483,830	170,450	2,313,380	

*please note any savings achieved within the public health grant ringfence are not included in this analysis

8. To satisfy its legal requirement to balance the budget the Council must make spending plans affordable by matching them to the estimated funding available over that time. Action is required now to enable the Council to legally balance the budget for both next year and in future years. The Council has a track record of meeting its financial obligations and maintaining financial sustainability through delivery within budget. This is shown in the table below;

Revenue Outturn - Overall

	Council Budget £'000	Council Outturn £'000	Over/(Under) spend £'000
2020/21	221,286	213,378	(7,908)
2019/20	207,262	203,130	(4,132)
2018/19	203,466	202,327	(1,139)
2017/18	202,649	201,381	(1,268)
2016/17	198,883	197,578	(1,305)
2015/16	206,345	205,574	(771)
2014/15	219,008	214,282	(4,726)
2013/14	225,049	221,346	(3,703)
2012/13	190,504	187,341	(3,163)
2011/12	204,865	205,583	718
2010/11	232,589	235,407	2,818
2009/10	223,043	225,128	2,085

Progress and Implementation

9. Progress against savings is shown below for information. Significant savings considered partially achieved or projected to be undelivered are summarised with more details included at appendix 1.

Proposal	Full Saving £'000	Mitigation requested in 21-22 £'000	Expected £000	Projected Achievement £000
Office of Chief Exec (OCE1) Increase Graphics trading income	5	-	5	5
Office of Chief Exec (OCE2) Reductions Office of the Chief Executive	198	-	198	198
Public Health & Wellbeing (PH1) Reconfiguration of arts team	46	-	46	46
Public Health & Wellbeing (PH2) Review Community Safety Team	49	-	49	49
PH&W (PH3) Public Health Wellbeing Offer (Leisure/ Libraries/ Culture)	1,200	900	300	0
Highways & Waste (HW1) Reduction in Directorate support	39	-	39	39
Economy Innovation & Growth (BE1) Riga office development rental income	63	-	63	63
Economy Innovation & Growth (MP1) Gateshead Energy Company concession charge	92	-	92	92
Economy, Innovation & Growth (MP2) Property Services System Review	140	20	120	120
Resources & Digital - FM(RD1) Reduction to the establishment	72	10	62	62
Resources & Digital - FM (RD2) Insurance	240	-	240	240
Resources & Digital - FM (RD3) Early Payment Programme	20	10	10	10
Resources & Digital - Customer (CD1) Reduce management	55	-	55	55
Resources & Digital - Customer (CD2) Cease Systems Contract	45	-	45	45
Resources & Digital - Customer(CD3) E-billing for council tax and notifications for benefits	60	-	60	60
Resources & Digital -IT (IT1) Multi-Function Device (MFD) Managed Print Contract	50	-	50	50
Resources & Digital -IT (IT2) Software Budget Consolidation and Removal of Backup connection	32	-	32	32
Resources & Digital -C&I (CI1) Reduction to Performance Management team	50	-	50	50
Childrens social care (CS3) Reduction in high cost placements (Therapeutic Support Team)	100	-	100	100
Childrens social care (CS4) Increase the number of in-house foster carers	200	50	150	150
Children's social care (CS1) Review of Business Support	160	110	50	50
Children's social care (CS2) Restructure of Children's Centres	40	-	40	40
HEHC - Neighbourhoods (NS1) Remove the Thrive Fund	130	-	130	130
HEHC - Facilities Management (FM1) Corporate Landlord Delivery Review	56	8	48	48
CSG (HR1) Reduce mileage budgets across the council	50	-	50	50
ASC (AS1) Continuation of current discharge to assess model	1,000	-	1,000	1,000
ASC (AS4) Delete/ review vacancies	200	-	200	200
ASC (AS5) Extend the Shared Lives offer	250	125	125	125
ASC (AS2) Outcome based assessments and targeted reviews	2,500	1,000	1,500	1,500
ASC (AS3) Review Client Income and potentially increase some client charges.	200	50	150	150
ASC (AS6) Close one Promoting Independence Centre (PIC)	300	150	150	150
ASC (AS7) Redesign of all Day Services	400	250	150	150
ASC (AS8) Review of in house supported living schemes.	75	35	40	40
Total	8,117	2,718	5,399	5,099

10. In addition, there are two outstanding savings agreed and actioned in the 2020/21 budget that remain under review.

Description	Full Saving £000	Mitigation £000	Expected £000	Projected Achievement £000
Asset Review Corporate Landlord Model (PREV/1)	250	0	250	250
Cross Council Contract Analysis (PREV/2)	150	0	150	150

11. Any undelivered savings will cause an over-spend position in year after mitigations but without further action the full saving will be a budget pressure going into 2022/23. In 2022/23 all mitigations will no longer be in place and therefore it is vital that work continues to make sure the position is managed by April 2022.

Future Delivery

12. Further planned activities is as follows;

- ASC Review of Care Packages (ASC2) Temporary investment has been approved to create additional capacity to carry out outcome-based reviews which should result in package cost savings. Recruited to the posts is now complete with outcome-based reviews to commence imminently. Other specific reviews are already underway by the ACT team.
- As part of the Public Health and Wellbeing review, commence a public consultation on Libraries in 2021 to allow potential remodelling of building use, subject to approval of Cabinet Report 19 October. There will be a 12-week consultation period (from 20 Oct to mid Jan).
- Redesign of Day Services (ASC7) A further report will come back to Cabinet in October to gain approval for the restructure of disability day service staffing structure. Engagement will take place with employees and trade unions.
- Review of in House Supported Living Schemes (ASC8) A report will be presented to Cabinet in November outlining the proposal and rationale, seeking approval to commence with next steps of consultation with staff who would be affected and commence the procurement process linking with tenants and family carers to ensure they are instrumental to the procurement process.
- Integrated Impact Assessments to be reviewed and updated for budget savings proposals and submitted with relevant Cabinet reports (PHW3, ASC7, ASC8)
- An additional Integrated Impact Assessment to be developed for Libraries proposals (submitted with October Cabinet report)

Workforce Implications

13. Any HR implications arising from the proposals will be managed in accordance with the Council's HR framework.

Recommendation

14. Corporate Resources Overview and Scrutiny Committee will be asked to consider and provide views on the following:

- The progress made to date on budget savings
- Future planned activity outlined in the report

Contact: Darren Collins

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2021/22 Budget Savings Progress

Appendix 1

Ref	Proposal	21/22 £'000	Mitigation £'000	Progress Update, including consultation
ASC (AS2) Page 13	Review Care Packages Outcome based assessments and targeted reviews of care packages with a view to reducing spend on package costs.	2,500	1,000	Partial delivery in 2021/22 Temporary resource approved to carry out outcome-based reviews to reduce package costs. Delay in recruitment to carry out reviews hindering ability to complete the work. Recruitment to posts is now complete. No anticipated FTE impacts.
PH&W (PH3)	Public Health Wellbeing Offer (Includes Leisure/ Libraries/ Culture) Full review of the Public Health Wellbeing Offer as a Group, in line with Wellbeing Strategy to focus on thrive objectives and the overall offer in communities. 20% budget reduction is £1.2m	1,200	900	Progress made however full saving will not be achieved this year. Progress made on delivering short term actions with Leisure. FTE impacts to be established and consulted on case by case basis
Children's social care (CS4)	Increase the number of in-house foster carers Increase in number of in-house foster carers particularly for sibling groups prevents the need for agency foster placements, the average cost for which is more than twice that of an in-house carer.	200	50	Partial delivery in 2021/22 Activity severely hindered due to the pandemic but in-house recruitment looking more positive. No FTE impact expected
Children's social care (CS1)	Review of Business Support Reduced support needed from the implementation of the new care system together with efficiencies from the amalgamation of the Business Support functions in the group	160	110	Partial delivery in 2021/22 Majority of saving has already been identified through posts (vacancy & VR) and work ongoing to identify the remaining saving. Delays to Mosaic care system implementation have hindered progress.

MP2	Economy, Innovation & Growth Property Services Savings from a review of the Corporate Property database function and integrating this work into other corporate databases.	140	20	Partial delivery in 2021/22 Activity paused to conclude full system needs review needed across asset Information, building safety, & Compliance in light of changes to valuation process and PSP.
CS3	Children's Social Care Reduction in high cost placements from the recruitment of a Therapeutic Support Team Having an enhanced therapeutic offer has significant benefits and better use of resources as it and diverts children from residential care whilst also providing support to those in in-house provision. Funding from CCG is being sought towards this provision.	100	0	Partial delivery in 2021/22. Recruited one Therapeutic social worker but delays to recruiting remaining staff. Interviews took place in September.

Ref	Proposal	21/22	Mitigation requested in 21-22	Progress Update, including consultation
		£'000	£'000	
2020/21 PREV/1	Asset Review (Moving to Corporate Landlord Model) Savings arising from a holistic asset review rather than targeted and links to locality working. Efficiencies through planned preventative maintenance to reduce the level of reactive more costly repairs. Consideration of key operational buildings: Civic Centre, Dryden, Shearlegs and Park Road Depots as well as future office space requirement in Civic Centre.	250	N/A	Progress made, Action – Review delivery and Timeline The new Property, Assets and Traded Service will facilitate the consolidation of cross property functions across the Council. An independent consultant is being retained to conduct a depot review and consultation is to take place internally with the relevant services. Further consolidation of staffing resources will be maximised. There will also be discussions with users about withdrawal from the Dryden Centre, a provisional date is September 2022. A matrix of all building usage is also being prepared to maximise building occupancy, identify opportunities for locality working and opportunities for further rationalisation of assets.

<p>2020/21 PREV/2</p>	<p>Contract Analysis Savings arising from procurement and contract spend analysis. Driving down costs upon contract renewal and seeking efficiencies in process and spend.</p>	<p>150</p>	<p>N/A</p>	<p><i>Action – Review delivery and Timeline</i> Work to start. Recruitment is ongoing to the posts that will help to achieve this saving, with employees starting in October 2021.</p>
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TITLE OF REPORT: Impact of Covid -19

REPORT OF: Darren Collins, Strategic Director, Resources and Digital

SUMMARY

This report provides an overview of the update to be provided to Committee on the impact of the Covid -19 pandemic on areas relevant to its remit.

Background

1. Each Overview and Scrutiny Committee is receiving a report setting out the impact of the Covid-19 pandemic on areas relevant to its remit.
2. The early impact of the Covid-19 pandemic was first reported to Corporate Resources Overview and Scrutiny Committee in September 2020. The ongoing response and need to recover is being monitored and the Committee last received an update at their meeting on 14th June 2021. It was agreed that the Committee would receive a further update in October 2021

Overview of response

3. The Covid-19 pandemic has had an unprecedented impact globally including a significant impact across the UK and North East. In Gateshead the response to the pandemic is continuing alongside measures to recover and manage the impact. As the pandemic is ongoing, the full long term impact is still emerging. Steps are being taken to identify and address issues being faced locally and how we can learn from things that worked well and inform how we work in the future. The Council quickly took measures to respond to the pandemic and continues to do this.
4. The Council has had to prioritise its resources to deliver essential services. Services are supported to undertake Business Impact Assessments of all their activities, and complete Business Continuity Plans for those activities identified as critical. To provide assurance that services continue to have the necessary resilience to ensure uninterrupted delivery of their critical activities, they are currently requested to undertake a weekly assessment of capacity in relation to critical activities, and any concerns are communicated by exception, to enable corporate consideration of plans to mitigate the risk to resilience.
5. The Business Impact Assessments are usually reviewed annually but during the pandemic have been reviewed more often to ensure the fast changing operating environment continues to be reflected in resilience plans. The next review will take place ahead of the winter period to ensure that anticipated winter pressures are reflected and provide assurance that all critical activities will continue to be delivered.

Impact

6. Key areas and impact are highlighted below, though members of the Committee will receive a more detailed presentation on the impact on residents, businesses and employees:

Impact on residents and business

- Impact and response to increased demand from local people and businesses for financial support continues to be a priority, including Council Tax Support, Council Tax Hardship Fund, Winter grants and payments made to businesses
- Proactive contact with residents and businesses to provide advice and support recognising the potential impact in Gateshead of the end of the Furlough scheme and the changes to Universal Credit.
- Working with Citizen's Advice Gateshead to support residents in difficult financial circumstances
- Enhancing customer experience through advancements made through the pandemic including improvements being made to the Council's website which will make it easier for people to access services online

Supporting employees

- Managing and maintaining mental wellbeing continues to be a priority as does the requirement to constantly respond to health and safety and review risk assessments. Ensuring constructive conversations and wellbeing 'check-in's' continue to take place between employees and their managers remains an important aspect of the Council's message for those who can to continue to work at home.
- Since the last OSC report, the Ways of Working Group has further developed the 'Hybrid Working Offer', along with an FAQ document and Manager's Guidance. Management Guidance sets out the issues which managers should consider when planning for a longer term hybrid working arrangement, including service delivery, customer requirements, employee preferences and physical space requirements.
- A suite of hybrid working related documents is available on the intranet <https://intranet.gateshead.gov.uk/article/18337/Hybrid-Working>
- A Hybrid Working Protocol is also being developed. This aims to clarify and set out standards and requirements for employees when working from home
- HR and Occupational Health are working closely with Adult Social Care and other relevant colleagues to manage the impact of the legal requirement for those who are deployed in care homes to be fully vaccinated against Covid.
- Employees have continued to be supported through Occupational Health, which has received an increase in enquiries. These have been related both to Covid-19 as well as other health issues. Employees are also directed, where appropriate, to other wellbeing services provided by the Council such as 'Wobble Rooms' and have fed back how helpful these have been.
- A cautious approach to the delivery of 'in person' learning and development continues; where training has to take place in person to meet legal or statutory requirements, appropriate Covid 19 safe measures are in place.

Engagement and working with others

- Engagement with ward councillors on better understanding each ward and mapping local assets, including support available from the community and voluntary sector support, is underway. This will then be collated and used to inform what is available, locally, to support our communities in times of need.
- The Council has continued to build upon the excellent partnership working that has taken place throughout the course of the pandemic. The work towards building a more resilient borough, and supporting those who need us most, continues.

Volunteering and community capacity building

- The voluntary sector has already had a significant impact in supporting residents and the community. There are many informal & formal volunteers who have shown an exceptional response and provided hours of their own time to regularly support both the hubs and the VCS. Activities have included:
 - Telephone befriending still supporting those who are still vulnerable through Covid19, including older people
 - Shopping for those who are still vulnerable
 - Cooking volunteers to help prepare and provide meals to vulnerable people
 - Volunteers helping to support Covid19 vaccine pop up sessions across Gateshead at different locations
- As restrictions began to ease, voluntary groups and projects began to become active once more. However, many suffered a loss of their usual volunteers, many volunteers are of retirement age and while no longer required to shield are being cautious due and as a result have stopped delivering their volunteering roles.
- Volunteering roles are being promoted through the Council website, throughout networks and using the Council's social media. The Council is receiving enquiries from local people requesting volunteer roles that they can get involved in. These are now being linked together and volunteers matched to suitable active roles.
- Support for both volunteers and groups will continue to develop and adapt as restrictions ease for example support to existing Countryside volunteers and Friends of Groups in local parks and offering support to new groups.

IT impact and support

- The Covid19 situation accelerated the IT adoption and change program in relation to the current IT service offer as demand for technologies that enable new ways of working has been significant.
- The demand on technologies and specific technologies such as Microsoft Teams, which has enabled the organisation to communicate and collaborate via video, is completely different to where we were one year ago.
- To meet this accelerated demand, the main key lesson learnt over this year has been to confirm the adoption and change programme, planned for new ways of working enabled by technology, is the right approach. However, further investment in technology and resources would be needed to maximise the opportunities presented by new technology and successfully implement new ways of working.

Buildings and physical assets

- Work is also taking place to ensure Council buildings remain safe through cleaning regimes, signage etc and assessments are being made on measures as social distancing requirements change.
- In line with guidance, most employees are still working from home in the main, though there has been an increase in employees working in Council buildings.
- Members of the public are able to access to Civic Centre for meetings by appointment or for public meetings as required.
- Assessments are also being made as to how the Council's building assets should be best used in the future. This will build on lessons from different ways of working used over the last eighteen months and inform future ways of working.
- During the pandemic there was a notable increase both nationally and locally in people accessing the environment, parks and open spaces. This was due to lock down restrictions limiting travel and the use of indoor spaces as well as more people working from home.
- It is recognised that access to the environment can improve mental health and wellbeing. The Council has a programme for improving green spaces and a full report will be presented to the Housing, Environment and Healthier Communities Overview and Scrutiny Committee on 18th October, however this includes:
 - Capital investment in fixed play facilities, parks and countryside sites to improve access and encourage use
 - Three year Environmental Investment Scheme to help local areas to Thrive and attract inward investment and community involvement, with 23 schemes completed since the April 2021 launch
 - As restrictions ease the Council is working with event organisers to help ensure that these can recommence in our parks and open spaces in a safe manner to attract people to local areas

Impact on Resilience

- The vast majority of day to day resources within the resilience team were diverted to deal with Covid response coordination, which had resulted in delays to all but the most essential areas of business.
- All existing plans and procedures required updates to include Covid considerations and caveats for employee and public safety. These have all now been reviewed and include pandemic considerations to 'future proof' against further outbreaks, therefore reducing the risk of plan re-writes and diversions of planning resources.
- Remote working arrangements have been trialled and arrangements documented to allow the Council to respond to an incident without physically assembling a team, should that not be a safe option in future.

Other impacts

7. The pandemic has resulted in some positive outcomes to note for this Committee including:
- The accelerated shift to online access and more digital ways of engaging and delivering services, where appropriate including internally as well as externally with partners and residents.

- Ability to meet customer expectations for greater online access which has grown during the pandemic.
- The different ways of working have increased the digital skills of employees and this has been used to collaborate effectively to support residents and build relationships across different areas
- Working from Home has provided opportunities for many employees to improve their work/life balance and for many to work in different areas helping to build relationships and improve cross Council and partnership working. There has been some very positive learning that is being used to inform how we work in the future
- Employees have played a huge role in delivering essential services, many of whom have worked diligently in directly supporting local people, or indirectly to support frontline areas.
- It has demonstrated the ability of the Council to be adaptable and respond to the needs of residents and businesses quickly and in a flexible, innovative way. From the outset the Council was able to respond, setting up support through hubs, focusing on the most vulnerable and work effectively with partners and enable vital services to be delivered to those that needed them through unprecedented circumstances.

Recommendation

8. It is recommended that Corporate Resources Overview and Scrutiny Committee:
 - consider the impact of the Covid-19 pandemic on the areas relevant for this committee
 - identify any areas for further scrutiny

Contact: Lindsay Murray

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TITLE OF REPORT: Impact of Brexit

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

SUMMARY

This report provides an update to the Committee on the impact of Brexit on areas relevant to its remit.

Background

1. Brexit was the withdrawal of the United Kingdom (UK) from the European Union (EU) at 23:00 on 31 January 2020 GMT. The UK had been a member of the EU and its predecessor, the European Communities, since 1 January 1973.
2. At the time the withdrawal took place, the UK, together with the rest of the world was impacted by the global COVID-19 pandemic, and therefore there are many combined impacts of Brexit and COVID-19 faced by the Council and the People of Gateshead. It is difficult to identify the specific root cause of some of the issues raised in this report and understand the impact of Brexit alone. The impact of COVID-19 is the subject of another report to the Committee.

Planning for Brexit

3. The decision for the UK to leave the EU resulted from the United Kingdom European Union membership referendum in June 2016 and there was a lengthy lead in period for the UK and the Council to prepare. It was not straightforward, however because from the date of the referendum there was a period of the UK trying to negotiate a trade agreement with the EU which would impact on the way in which businesses would transact internationally, and some Council preparations required a difference of approach depending on whether or not a trade agreement could be reached, and the details of any such agreement. A 12 month transition period was agreed however the negotiations went down to the wire and a UK-EU trade agreement came into force on 1 January 2021.
4. Brexit brought to an end the free movement of people, goods, services and capital between the UK and 27 EU member states and it freed up the UK to negotiate trade agreements with other countries without being restrained by the EU. To date, the UK has signed trade agreements with 69 countries in addition to the UK-EU trade deal covering key industrial sectors that are vital to global manufacturing production, food and medical supplies such as haulage, aviation and energy. The majority are

“rollover” deals that copy the terms of the deals the UK already had as an EU member, rather than creating new benefits. Some trade talks are still ongoing with non-EU countries, the most topical currently being the negotiation of a trade deal between the UK and the USA.

5. The UK has also become a member of the World Trade Organisation (WTO) in its own right, rather than through membership of the EU, resulting in payment of tariffs on all imported goods, and the introduction of new administrative procedures for all UK based businesses.
6. In preparation for Brexit, the Council developed and implemented a comprehensive Brexit Business Impact Assessment. The Impact Assessment clearly identified service delivery risks and RAG rated them in terms of likelihood and impact which combined gave an overall risk rating. All risks were regularly monitored, those in red were monitored more frequently, and control measures were implemented where possible in order to manage the risks as far as possible.
7. A regional Brexit Group (comprising business groups, the TUC, VCS, LRF and local authorities including Gateshead) met regularly to identify and mitigate risks affecting businesses and workers. Business Gateshead promoted a regional Growth Hub toolkit, which helped companies to comply with Government guidance and access partner resources (NECC and Make UK) to adapt to a new business environment.

Impacts of Brexit

8. Accelerating globalisation of manufacturing means that even where products are manufactured in the UK, companies often source components or raw materials from across the world, and manufacturers relying on global supply chains, either in the UK or elsewhere, have faced unprecedented challenges in sourcing materials.
9. In 2019 the EU was the UK's largest trade partner with 52% of all UK imports originating from the EU and 43% of all UK exports going to the EU. Within the North East 58% of North East exports go to the EU (automotive, pharmaceuticals, energy, digital, financial services and healthcare). The main impacts were anticipated to have been more acutely felt by manufacturers, ports, large international firms, and SMEs in the domestic supply chain.
10. Brexit has caused border delays and an additional administrative burden on imports and exports resulting in significantly extended supply chain lead times and increased costs. The full impacts of Brexit impacts are still emerging and will continue to do so for some time to come, but they can be summarised as:
 - Shortage of labour
 - Shortage of goods and materials (and longer lead times)
 - Price increases

Shortage of labour

11. The freedom of movement of employees between EU countries and the UK ceased as a result of Brexit, and foreign workers were required to apply for Settled Status by June 2021. It is understood that although 4.9 million EU citizens applied for Settled Status, a large number of EU nationals, estimated to be in the region of 1.3million,

have decided to leave the UK post-Brexit, a trend which has been accelerated by COVID-19. The UK has introduced a new points based immigration system which treats EU and non-EU citizens equally, however there are shortages of candidates within the UK for some professions, and a list of occupations where there are too few candidates to fill vacancies is maintained by the Home Office.

12. The Home Office Shortage Occupation List which was last updated in April 2021 lists shortages in the following occupations:

- Health service and public health managers, residential, day and domiciliary care managers, care workers and proprietors;
- All scientists including nuclear chemical scientists, biological scientists and biochemists, and construction related ground engineering scientists;
- Variety of jobs in the oil and gas industry;
- Archaeologists;
- All types of engineers including civil, mechanical, electrical, electronic, design and development, production and process engineers;
- IT business analysts, architects and business designers, programmers and software development professionals, web designers and cyber security specialists;
- Veterinarians;
- Actuaries, economists and statisticians;
- Architects;
- Quality control and planning engineers and laboratory technicians;
- Artists, dancers, choreographers, musicians, graphic designers;
- Welding trades.

13. Surprisingly, as of 23 September 2021, HGV drivers were not included on the list, however labour shortages have been most prevalent in the transportation sector with a national shortage of between 60,000 and 100,000 Heavy Goods Vehicle (HGV) drivers. On 27th September 2021, the Government agreed to introduce temporary visas for 5000 fuel tanker and food lorry drivers to work in the UK in the run up to Christmas. Brexit is believed to be a key cause of the shortage of HGV drivers as a large number of foreign HGV drivers have left the UK, however other impacting factors include:

- the high demand of transportation of goods from the hospitality sector following the easing of lockdown and COVID-19 restrictions;
- a delay in new driver training and apprenticeship schemes;
- a backlog of HGV license tests;
- the introduction of IR35 regulations within the private sector which reduced the earning potential of HGV drivers (who had previously declared themselves as independent contractors for tax purposes).
- wages rising and employees choosing to work fewer hours as a result of their hourly rate increasing.

It is therefore difficult to quantify the exact impact that Brexit has had on this sector.

14. The shortage of HGV drivers has in turn hugely impacted on other sectors including the food and retail sectors where deliveries of goods have been delayed resulting in empty shelves in supermarkets and a temporary shortage of some food products. In other parts of the Country, the public sector has lost large numbers of employees

who hold HGV licenses and are able to adapt their skills and drive HGV's e.g. refuse collection operatives, to the private haulage sector (although this has not been experienced in Gateshead).

15. The North East labour market has been more resilient to the shortages due to less reliance on foreign workers, however Gateshead is now experiencing a shortfall within the Social Care sector (both Adults and Children's services) due to severe short falls in workers across a range of external service provision. Brexit is playing a role as a small proportion of EU workers chose to leave Gateshead, resulting in Nursing Care Homes struggling to recruit overseas nurses, and other sectors (e.g. hospitality, factories and retail) facing employment crises. Those sectors are poaching social care workers as they can often offer better terms and conditions than are offered within the Social Care sector.
16. The greatest impact is on the workforce who support people in their own homes which is resulting in more people using more costly services such as remaining in hospital or going into short term care home provision and it is anticipated that the situation is likely to worsen in the weeks ahead, putting an additional strain on the Council's financial position, and more pressure on the NHS.
17. There has been minimal impact on the Council's own workforce as we have not traditionally employed large numbers of EU nationals. As a future precaution, however, the Council has applied to the Home Office to seek approval for the Council to be a Sponsor of foreign nationals, should we ever be faced with having to try to recruit to areas where it is not possible to recruit from within the UK.

Shortage of goods and materials

18. Brexit has had the greatest impact on the provision of food. It has been well reported in the press that the UK's food supply chain from time to time is in short supply, and, following warnings from supermarkets that food and other commodity shortages are causing gaps on shelves and will increase prices and provide less choice for consumers this Christmas, the Government has appointed Cabinet minister Michael Gove to head a new committee tasked with working with suppliers and Government departments on how to solve the shortages.
19. There are also national and world wide shortages of other commodities impacting on Council services, and Brexit is one of the contributing factors due to delays at the border, although there are often other factors to consider too. The table below highlights some of the product shortages and includes a brief explanation of the reason for the shortage and the impact on Council Services:

Commodity	Reason	Council Impact
Plastics	A world-wide shortage of raw materials as huge amounts of plastic have been diverted to PPE production to support the COVID-19 response.	General shortage or extended lead time of: Refuse bins Building materials including PVC window frames, guttering
Electronic	Increased demand due to COVID-	General shortage of:

components	19 and raw material price increases and extended lead times for steel, copper, plastics/resins affecting manufacturing. Shipping backlog in China's Pearl River Delta as hundreds of ships wait to dock compounding extended delivery times.	<ul style="list-style-type: none"> • IT and office equipment; • Electrical and electronic equipment used in Construction.
Food	Resulting from border delays of imported fresh produce, shortage of HGV drivers and increased demand in the hospitality sector.	The School Meals Team are experiencing shortages of many items including fresh fruit and vegetables, frozen vegetables, pre-prepared vegetables and other grocery items. Normally shortages would be mitigated by adapting menus and swapping dishes, however the shortages are becoming more frequent and are across the board. Shorter shelf lives are compounding the issue and price rises are being proposed by a number of suppliers which cannot be passed onto schools.
Construction materials	<p>Increased world demand, and increased shipping costs has led to shortages of timber, landscaping products,</p> <p>Lack of manufacture allocation systems is leading to upto 6 month lead time for roof tiles</p> <p>Paints and coatings are in short supply due to an ongoing shortage of chemicals, pulp and tin cans for packaging.</p> <p>Sealants and Chemical products are affected by a global shortage of polymers (32 force majeure around Europe)</p> <p>Plastic drainage is in short supply due to plastics being diverted to make PPE.</p> <p>Screws, fixings, sanitaryware, hand and power tools, and bricks and blocks are facing import issues due</p>	<p>Severely impacts on in house construction work, repairs and maintenance and planned housing repairs work.</p> <p>It will also impact on externally contracted construction work and major projects</p>

	<p>to Brexit, container availability and delayed deliveries.</p> <p>Steel products are in high global demand and UK production is at full capacity as British Steel tries to catch up with the back log</p> <p>Bagged Cement is on extended lead times due to huge increase in UK demand exasperated by essential plant shutdowns, shortage of packaging and haulage disruptions.</p>	
Vehicles	Shortage of semi-conductors causing delays exceeding 12 months for some vehicles.	Impacting on the Council's vehicle fleet
Vehicle parts and tyres	Supply issues as most parts are sourced from Eastern Europe and the Far East. Border delays and cost of shipping containers adding to the delays.	Impacting on the Council's vehicle fleet

20. Council services, supported by the Corporate Commissioning and Procurement team are monitoring the situation and putting in place contingency arrangements where possible including buying alternative products from contracted suppliers, sourcing alternative products from a range of non-contracted suppliers, changing specifications where necessary to enable service delivery to continue, increasing stock holding where necessary and continually communicating with suppliers to understand the latest position.

Price increases

21. Brexit is impacting on prices of commodities and services in the following ways:

- Labour costs are rising due to a shortage of key professionals. Examples of this include HGV drivers being offered higher rates of pay by retailers and supermarkets which will ultimately increase the cost of commodities;
- Shortages of imported commodities and raw materials as a result of delays at border control;
- Increased importation barriers and paperwork at the border;
- Loss of competition as some businesses have not survived Brexit, COVID-19 or the combined effect.

22. As a consequence, end consumers will not only have to pay for increased import tariffs for components, but also for additional costs throughout the supply chain such as additional stock holding costs and increased transportation costs.

23. The Brexit based issues in the supply chain for materials and the increase in costs could also have an impact on the Council's ability to maintain its homes in a compliant state. Limited materials, significant increases in cost and or shortage of labour could push the cost for Housing Revenue Account (HRA) to maintain its stock up considerably. This could lead to an increase in the percentage of homes that are non-decent and put financial pressure on

the HRA. Contingency has been built into the HRA business plan to help mitigate the short term issues, but clearly there is still some uncertainty about how long this risk will extend.

24. Major projects are also being impacted including the Multi-Storey Car Park which is being delayed and requiring an uplift on the initial price agreed. To mitigate against some of the risks the Council is considering payment in advance to secure materials and goods via “vesting certificates” through the contract, and SCAPE have also amended their “Model Delivery Agreement” to accommodate changes required as a result of Brexit.
25. There are a range of other factors also impacting on price which are not attributed to Brexit including the global supply chain disruption due to COVID-19, huge increases in energy costs, and temporary shortage of carbon dioxide (CO2), global extremes of weather and the impact of the blockage in the Suez Canal is still being felt.

Other Impacts

26. There are a range of other potential impacts resulting from Brexit that may be felt in the future including:
 - Financial impacts – the end of European Structural Investment Funds will have a significant impact on the Council’s ability to co-finance capital development, business innovation, skills training, rural development, arts, culture and voluntary sector activity. Worth £437 million across the LA7 between 2014 and 2020, EU monies have helped to match fund infrastructure, business support and employment programmes across the borough;
 - Regulatory changes – there has been limited immediate change to the regulatory regime that regulates investment in the economy (State Aid, procurement, social value and environmental protection), however Government have indicated some changes in direction for example by introducing the National Procurement Policy which must be considered when procuring goods, works and services;
 - Social Care – over time, increased financial pressures relating to procurement, additional costs resulting from COVID-19, insurance premiums, recruitment and hiring costs coupled with a reduced occupancy in some care homes may lead to more provider failures.
 - Data Storage – Data stored outside the UK will no longer be “protected” through EU regulations.

Recommendation

27. It is recommended that Corporate Resources Overview and Scrutiny Committee:
 - consider the impact of Brexit as outlined in this report on the areas relevant for this committee;
 - identify any areas, they feel they require more detail about, that could be covered in a Members Seminar.
 - Agree to an annual Members Seminar on the Impacts of Brexit being added to the Councillors work plan.

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TITLE OF REPORT: Annual Work Programme

REPORT OF: Sheena Ramsey, Chief Executive
Mike Barker, Strategic Director, Corporate Services and
Governance

Summary

The report sets out the provisional work programme for the Corporate Resources Overview and Scrutiny Committee for the municipal year 2021/22.

1. The Committee's provisional work programme was endorsed at the meeting held on 14 June 2021 and Councillors have agreed that further reports will be brought to future meetings to highlight current issues / identify any changes/additions to this programme.
2. Appendix 1 sets out the work programme as it currently stands and highlights proposed changes to the programme in bold and italics for ease of identification.

Recommendations

3. The Committee is asked to
 - a) Note the provisional programme;
 - b) Note that further reports on the work programme will be brought to the Committee to identify any additional policy issues, which the Committee may be asked to consider.

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Draft Corporate Resources OSC Work Programme 2021-22	
14 June 2021 10.00am	<ul style="list-style-type: none"> • Covid 19 Update – to include the impact not just on the Council but also on how the impact on businesses, both large and small, impacts on the Council eg shortages of supply, price increases etc. /lessons learned/contributions and collaborative work with our community partners • District Heating Scheme – Update (to cover current position in relation to investment and returns and future business plans and strategy) • New Performance Framework – Update
6 September 2021 10am	
11 October 2021 10am	<ul style="list-style-type: none"> • Covid 19 Update – to include the impact not just on the Council but also on how the impact on businesses, both large and small, impacts on the Council eg shortages of supply, price increases etc./lessons learned/contributions and collaborative work with our community partners • The impact of Brexit – to include the impact not just on the Council but also on how the impact on businesses, both large and small, impacts on the Council eg shortages of supply, price increases etc.
29 November 2021 10am	
24 January 2022 10am	<ul style="list-style-type: none"> • Covid 19 Update – to include the impact not just on the Council but also on how the impact on businesses, both large and small, impacts on the Council eg shortages of supply, price increases etc./ lessons learned/contributions and collaborative work with our community partners • New Performance Framework - Update • The old town hall redevelopment – review decisions made to date.
7 March 2022 <u>5.30pm</u>	
4 April 2022 10am	<ul style="list-style-type: none"> • Covid 19 Update – to include the impact not just on the Council but also on how the impact on businesses, both large and small, impacts on the Council eg shortages of supply, price increases etc./ lessons learned/contributions and collaborative work with our community partners • New Performance Framework - Update

	<ul style="list-style-type: none">• Age profile of Council employees by Group and Department – Update Report
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Issues to Slot In – Results of Covid 19 Survey