



**Property Performance Report
2016 -2017**

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Introduction

Gateshead's sustainable community strategy, Vision 2030, aims to improve the wellbeing and equality of opportunity for the people of Gateshead, enabling them to realise their full potential and enjoy the best quality of life.

In July 2015, the Council adopted a new Council Plan. The Council Plan 2015 -2020 is effectively the Council's delivery plan for the Community Strategy, Vision 2030 and sets out the direction of the Council for the period to 2020 in order to achieve the longer term goals (the "Big Ideas") described in Vision 2030.

The Council Plan is supported by a number of corporate and service strategies developed to ensure resources are aligned to meet the Council's priorities. These include:

- The Medium Term Financial Strategy 2017/18 – 2021/22
- Gateshead Economic Growth Acceleration Plan 2014 – 2018
- Core Strategy and Urban Core Plan for Gateshead and Newcastle upon Tyne 2010 - 2030
- Housing Strategy 2013 – 2018
- Housing Revenue Account Business Plan 2013 - 2043
- Culture Strategy 2014 – 2017
- Workforce Strategy 2015 – 2020
- Corporate Asset Strategy and Management Plan 2015 - 2020

It is imperative that, with the current budgetary constraints on local government, the Council is confident all the resources at its disposal are deployed as efficiently and effectively as possible.

The Corporate Asset Strategy and Management Plan provides the framework within which the Council can ensure that its property assets are fully utilised in terms of:

- Operating as efficiently as possible in terms of outgoings
- Generation of sustainable income
- Support of service delivery

This report provides an overview of how the Council's portfolio is performing against these three criteria.

Property Performance

Benchmarking is a way of demonstrating how the portfolio is performing in relation to other, preferably similarly constituted, authorities; it provides a snapshot of performance and compares information in order to identify areas of improvement and best practice.

Benchmarking has in the past been undertaken on a national basis using key, nationally recognised indicators. However, over the last few years, due to budgetary pressures, the opportunity to benchmark with other directly comparable authorities has ceased.

As a result of the lack of national data the Council will continue to rely on its own data and consider its year-on-year performance in areas such as energy consumption, water use and CO₂ emissions.

The Council was part of the North East Property Group which comprised all local authorities within the Combine Authority Region together with other key public sector organisations, including the NHS Foundation Trust, the Police and Fire and Rescue Services. This group has now been superseded by the North of Tyne One Public Estate initiative. The Partnership initially comprised Newcastle Council, Gateshead Council, North Tyneside Council and Northumberland Council together with other public sector organisations but now also includes South Tyneside and Durham local authorities. The Partnership has been established to determine if there are opportunities for shared services and/or shared use of properties and the subsequent release of properties and land for residential and economic development. The implementation of such opportunities could enable a reduction in the number of operational buildings, which in turn reduces running costs and releases sites/buildings for economic and housing development. The Partnership may in the future provide an opportunity for benchmark against an agreed set of indicators

Although there was some improvement nationally during 2016 -2017 in the overall economic position, local government, particularly in the North East, has not benefited from this and has therefore been particularly badly affected by funding from central government continuing to reduce year on year. As such, councils continue to function in an environment of decreasing budgets and increasing pressure on resources, particularly in the areas of children and adult services. Local authorities therefore have to deliver more with less.

In this context it is important that asset management makes a significant contribution to future strategies. Along with all of the other corporate resources, good management of property assets is even more important in this critical period for public services.

Executive Summary

The Council continues to take a proactive approach to the management of its property portfolio:

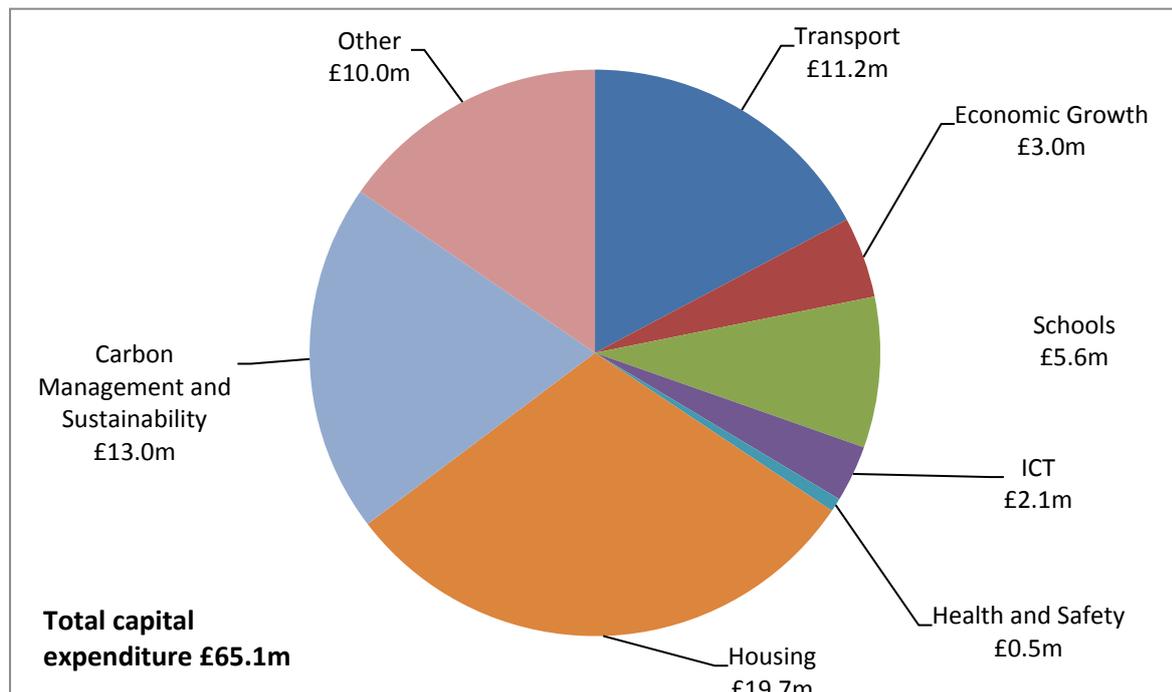
- investing in its fabric to ensure its properties are fit for purpose;
- identifying and implementing energy efficiency initiatives;
- ensuring that it is used efficiently and effectively; and
- driving value out of its tenanted non-residential portfolio.

The benefits of which can be seen as follows:

- investing in its fabric to ensure its properties are fit for purpose:
 - the majority of its operational portfolio falling within condition category A and B (definitions in paragraph 2.2.1); and
 - 60% of the Council's operational portfolio is considered to be performing well and operating efficiently and supports the delivery of the service and is considered suitable for use now and in the future, whilst 31% of buildings are considered to be performing well but with minor issues. These figures reflect a change since the last suitability survey was undertaken in 2013 when 80% of the portfolio was considered to be performing well and operating efficiently and supporting the delivery of services. Even though there has been a reduction in the overall satisfaction in the suitability of the property to support service delivery the buildings generally support the delivery of services and would be considered suitable. There is room for improvement in certain areas and the issues highlighted will be reviewed and action taken where it is considered appropriate.
- identifying and implementing energy efficiency initiatives:
 - year on year improvement in terms of electricity usage;
 - in 2016/17 gas usage reduced as compared to the previous year; and
 - a further reduction in carbon emissions.
- ensuring that it is used efficiently and effectively:
 - co-location of services within buildings;
 - reduction in the overall portfolio and therefore building related costs; and
 - 80% of council buildings now meet the Disability Equality strand of the Equality Act standards (local Indicator 7a) up from 76% in 2015-/2016.
- driving value out of the tenanted non-residential portfolio:
 - reduction in the number of void properties;
 - sustained rental income; and
 - reduction in the number of properties on the surplus property register, thus reducing holding costs

Context

1. Gateshead Council takes a strategic approach to investment in its land, buildings and infrastructure to ensure that it secures the best value from the resources available. The total value of its property assets at March 2017 was approximately £429m (excluding housing stock). The 2016/17 Capital Programme invested a total of £65.1m in capital schemes, £51m being invested directly in the Council's assets of which £18m related to property assets, primarily funded by prudential borrowing.
2. The chart below illustrates how the total Capital Programme was spent across the Council's Services:



3. The Council's vision is for an effective, appropriate land and property asset portfolio supporting Vision 2030 and the Council Plan. It is for property that is appropriate for service delivery, fit for purpose, sustainable, provided through a regular systematic challenge of the assets, and delivered through high-quality, flexible asset management.
4. Our Six Key Property Objectives that support this were set out in the CASMP 2012 – 2015 and were reconfirmed in the CASMP 2015 - 2020. They are:
 - **A strategic approach to management of our assets and involving our partners;**
 - **Justification of holding assets based on business need;**
 - **Continuous improvement of the sustainability of our assets;**
 - **Using our property assets to encourage community development;**
 - **Using our property assets for economic development and regeneration purposes; and**
 - **To provide properties that are fit for purpose.**

5. Whilst this provides the framework for assessing our assets, it is also important to understand property performance and develop improvement strategies. The efficiency of the property portfolio is reported in Part 2 of this report. Unfortunately, as previously indicated, the Council has been unable to include returns against national performance indicators and comparison with other local authorities. As such the focus of the report must be on the Council's own year on year performance.

Gp2

6. The Council has continued to make progress in developing the corporate property data base: Gp2. The data base, 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 also capable of synchronising with other corporate data systems.
7. The Council's operational buildings, surplus properties and development sites are aligned with the compulsory key attributes specified within the government's transparency agenda regulations. In addition, property data has been added to ePims, the government's property data base, enabling the local authorities involved in the North of Tyne One Public Estate access to property information, to help identify potential opportunities for shared services/shared use of buildings. As the ePims system develops additional data will need to be uploaded to the system.
8. Gp2 now supports Property Services it being the main source of data relating to the non-operational property management records, and there is now a rolling programme in place whereby records relating to low value assets such as allotments are uploaded on to the system. The Business Centre team has also been approached to add their property management records.
9. The surplus declaration procedure is monitored using the List facility on Gp2 and all energy meter numbers have been added, which has helped streamline systems for surplus buildings and disposals assisting to identify savings. The List facility on Gp2 is also used by Economic and Housing Growth to help monitor performance in relation to housing growth, and co-ordinate a release programme for the Councils land.
10. The upload of the schools asbestos data is now 87% complete, and the information is being actively used, with over 70% of the uploaded properties having been re-inspected and updated. A system improvement to Gp2 now enables survey data to be uploaded directly to Gp2 on site, using an App, which will make the process of data input more efficient.
11. Up to date condition surveys are now available for 65% of the operational portfolio and reports created by Gp2 help with budget setting and the work programme for Strategic Maintenance. Using the App to upload condition survey data on site is also to be explored.

12. The Planned Programme Module is being used by Facilities Management to monitor the compliance testing of their portfolio. The module has also been set up to run the inspection programmes for Display Energy Certificates (DEC), Condition Surveys, Asbestos Risk Assessments and Water Hygiene Risk Assessments. As a result of adding the Buildings Insurance revaluation programme to Gp2 this year, Corporate Finance has been able to identify a saving of £290,000.
13. The alignment of the finance asset register and records on Gp2, which addresses the issue of multiple names/ entries for the same property, is being tested while the rolling programme for Asset Revaluation is being set up on the system.
14. The Help Desk and Orders module is in regular use by Facilities Management to monitor the reactive maintenance of their portfolio and by Street Scene for one off jobs. The Helpdesk module is also used by Schools for reporting repairs and there is a link to Gp2 on the Schools Portal, so that Schools can directly access information relating to their net capacity data, condition survey data and some statutory compliance reports.
15. Following the transfer of Construction Services to The Gateshead Housing Company Facilities Management took over responsibility for cyclical maintenance and the suitability of using the Planned Programme and Orders modules to run the Cyclical Maintenance programme for all buildings is to be explored.

PART 1: Key Achievements.

1.1 Property Projects Completed between April 2016 and March 2017

- 1.1.1. With completion of the works to the Civic Centre, as part of the Workspace Strategy in 2015/2016, attention is now focussed as to how the public spaces and reception areas might be improved to provide enhanced facilities for both visitors and staff in terms of reception and meeting facilities are currently being considered. Options will be developed for consultation.
- 1.1.2. As a result of changes in service delivery, improved communications technology, and reduction in the workforce, the utilisation of desk space is continually under review.
- 1.1.3. This ongoing review on the utilisation of the Civic Centre accommodation has highlighted the opportunity for the Council to develop the Civic Centre as public sector hub whereby vacant office accommodation can be offered to other public sector/partner organisations. This proposal will enable the Council to secure an income, reduce its running costs for the building and providing the opportunity for enhanced service delivery through cross organisation working.
- 1.1.4. The Council has been supported with the civic centre project through the One Public Estate which has provided revenue funding which has enabled the Council to secure additional resource to bring pace to the project.
- 1.1.5. During 2016/2017 the school estate across Gateshead saw further capital investment with a range of works implemented across a number of school sites.
- 1.1.6. The Council continued its commitment to upgrading its public buildings and external environment to comply with the Equality Act 2010 (formerly the Disability Discrimination Act 1995) spending over £200,000 on its operational property portfolio to improve access. A strict priority scoring exercise is used to ensure targeted spending is established. This will enable the agreed budget reductions to be implemented, but still enable high priority works to be undertaken across the borough.
- 1.1.7. The Council will continue to promote energy saving measures across its portfolio when an opportunity arises both through its own resources and SALIX and SEELS finance.
- 1.1.8. Gateshead Energy Centre is now complete, and despite some initial hold ups with the District Heating Network, the Energy Centre now supplies electricity to four major sites, with another two Council sites coming on board in summer 2017, and the first heat customer to be supplied in time for winter 2017.

- 1.1.9. The Council commenced construction of a £2.5m installation of 3MW battery storage unit at the Park Road Depot, which has the capability of supplementing the National Grid and topping up requirements of sites already serviced by the Gateshead Energy Company, Private Wire Network.
- 1.1.10 Detailed design has also commenced in connection with the HEIGHTS tower block programme, which will see a number of District Heating Schemes installed at tower blocks around the borough. Regent Court, Barford and Stretford Courts, Ripley and Willoughby Courts and Bedale and Acomb Courts are all being worked up at present and the physical works starting summer 2017. The project has secured £4.5m of European Regional Development Funding to support delivery.
- 1.1.11 All of the above mentioned schemes contribute towards improving the opportunity to access good quality and efficient service provision, a key element of Vision 2030 and the Council Plan.

1.2 Assets of Community Value

- 1.2.1 The Localism Act 2011 provides that the community have the opportunity to have listed and to bid for properties of 'community value'. A report was approved by Cabinet on the 18th December 2012 which set out a protocol for dealing with applications received from groups and associations arising from the legislation.
- 1.2.2 There were no new applications received, in 2016/ 2017 the list of Assets of Community Value therefore remains at five which are:
- Trinity Church, Gateshead
 - The former Lambton Arms, Eighton Banks
 - Swinburne Street Offices, Gateshead
 - The Black Bull, Blaydon
 - The Sun Inn, Swalwell

1.3 Community Asset Transfer

- 1.3.1 The Council has adopted a very pro-active approach to working with local communities and associations supporting the idea of community asset transfer. In September 2012 Cabinet approved a revised Community Asset Transfer Policy which addressed a number of issues that had been highlighted through the implementation of the earlier policy which had been agreed in 2009.
- 1.3.2 To date, 20 former community centres have been transferred to Charitable Incorporated Organisations or Sports Clubs of which a further two (The Winlaton Centre and Emma Memorial Hall) were completed in 2016/17. There is now only one community centre remaining to be transferred (Barley Mow) and discussions are progressing with the community group the outcome of which will be reported in a future report.

PART 2: An Efficient Property Portfolio

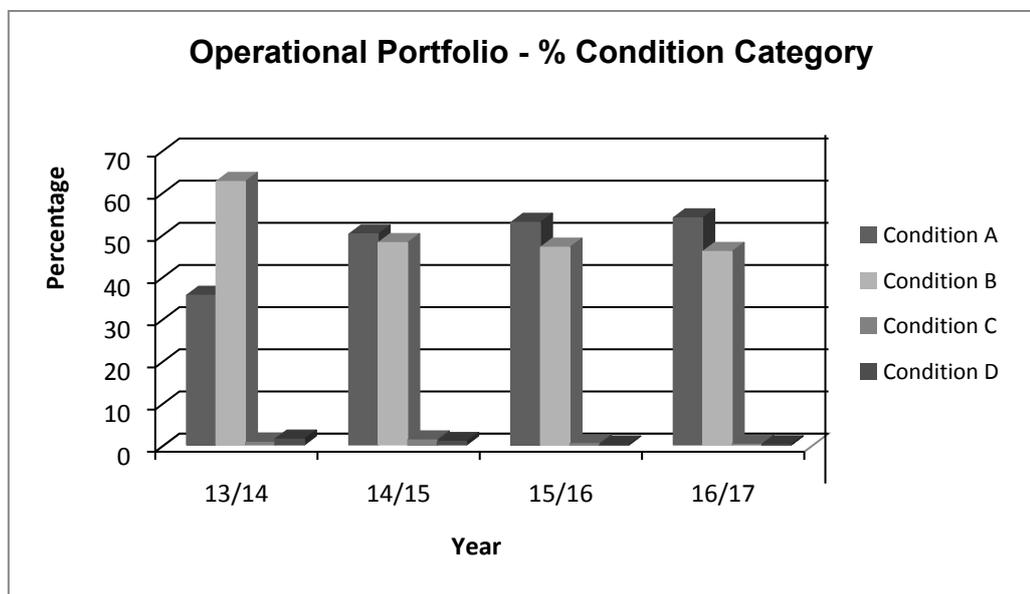
2.1 Objectives

2.1.1 The Council is committed to developing a more effective and efficient property portfolio that is 'fit for purpose'. This will not only reduce the cost of running the property portfolio, but will help to contribute to the delivery of Vision 2030. In particular it is:

- Creating and sustaining quality places to work, by addressing issues around condition and maintenance of buildings, by disposing of buildings that are no longer suitable for use and investing in sustainable, well designed, multi-use buildings.
- Promoting wellbeing, health and independence, by making physical improvements to buildings, providing facilities that are easier to access and offering alternative ways of accessing services.
- Managing the environment by implementing measures to improve the energy efficiency of our existing property and, where possible ensuring new buildings use technologies that reduce environmental impact.

2.2. Condition and Required Maintenance

2.2.1 Percentage of Gross Internal Floor-Space in Condition Categories A – D (excluding housing):



Definition of condition categories:

A: Good – Performing as intended and operating efficiently.

B: Satisfactory – Performing as intended but showing minor deterioration.

C: Poor – Showing major defects and/or not operating as intended.

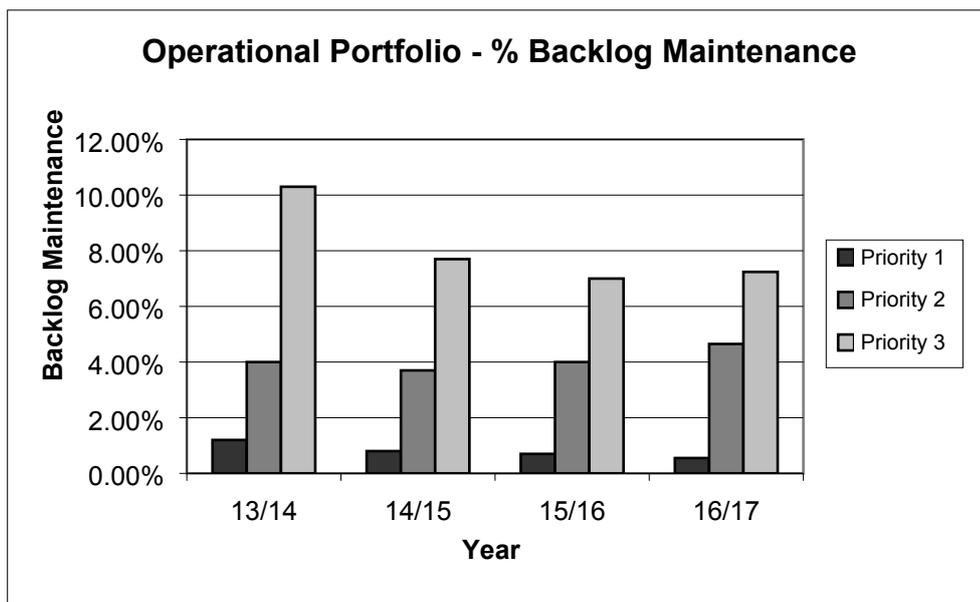
D: Bad – Life expired and/or serious risk of imminent failure.

Performance

Despite the pressure on budgets, the Council has continued to allocate funds, albeit on a reduced basis, to maintain its operational portfolio to ensure it continues to be fit for purpose. This is reflected in the above figures. There are currently three buildings in category D: Ryton Cemetery Chapel, Garden House Cemetery Chapel and Derwent Park Wooden Pavilion none of which are currently being used for service delivery. The future options for the buildings are now being considered the outcome of which will be reported in the 2018 report.

There will continue to be fluctuations in the percentage of buildings in categories A and B with the ongoing updating of the building condition surveys, and whilst the Council continues to move from a number of disparate property information systems across the Council into the corporate data base system Gp2.

2.2.2. Percentage of Backlog - Maintenance in Priority Levels 1 – 3 (excluding housing)



Definition of priority levels:

- 1. Urgent** - works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.
- 2. Essential** - work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.
- 3. Desirable** - work required within 3 to 5 years that will prevent deterioration of the fabric or services and /or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

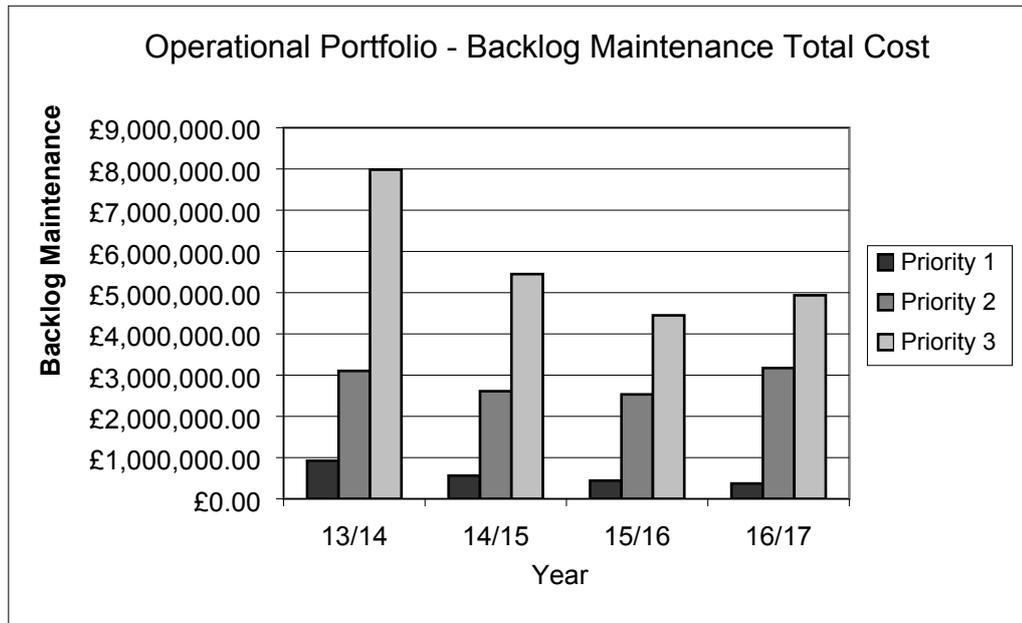
Performance

During 2016/17 the Council continued to target Priority 1 work as a result there are now fewer buildings requiring urgent works. The Council will continue to target such works in the coming year.

The percentage reduction for Priority 1 work is also assisted by the disposal of poorer quality buildings.

The back log maintenance required to the remainder of the operational portfolio does not need to be undertaken within the periods specified in the Priorities 1 – 3.

2.2.3 Total Cost of Required Maintenance



Performance

There has been an increase in the cost of works in priorities 1-3 during 2016/2017, rising from £7,425,103 in 2015/16 to £8,481,214 in 2016/17.

This increase is due in part to some works originally in Priority 4 moving to Priority 3 and further condition surveys having been completed which provides more accurate data. The Council will continue the process of targeting spend and rationalising the operational portfolio.

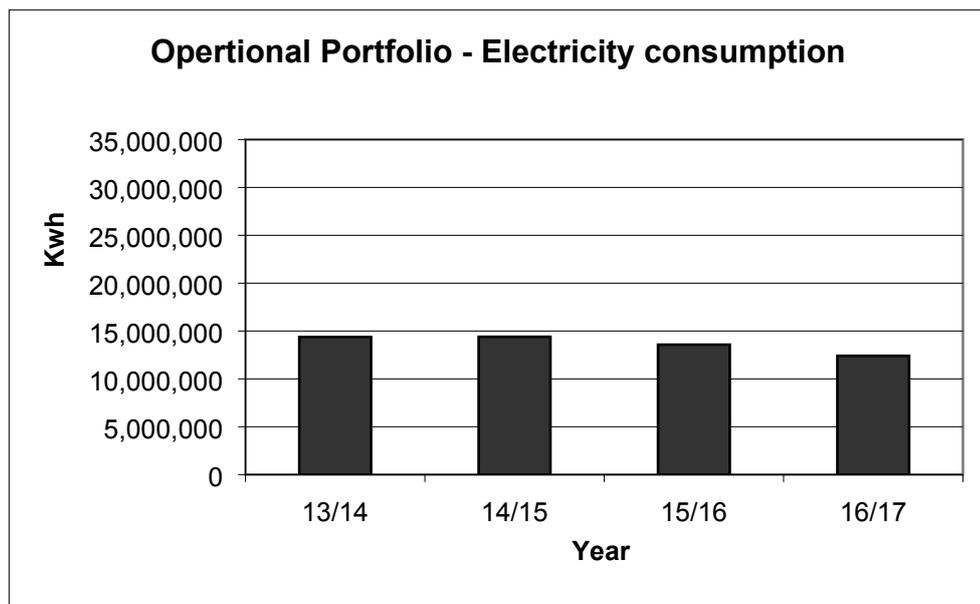
Overall performance

Gateshead Council continues to allocate funding for strategic maintenance which differs from many other local authorities who, because of budgetary pressures, are now only undertaking statutory repairs. Gateshead is, therefore, performing well, having regard to the circumstances, when compared to other local authorities. In adopting such an approach the Council is ensuring that its properties continue to be fit for purpose. In addition, by undertaking repairs and maintenance works in a timely manner costs can be minimised.

2.3. Environmental Property Issues

2.3.1 The figures used to produce the annual comparison are taken straight from the Council's Energy Management data base. They are imported into the data base straight from supplier EDI (electronic billing) files. The bills are almost completely supported by smart meter readings to ensure accuracy, with only a handful of hard to reach or out of signal supplies supported by manual readings.

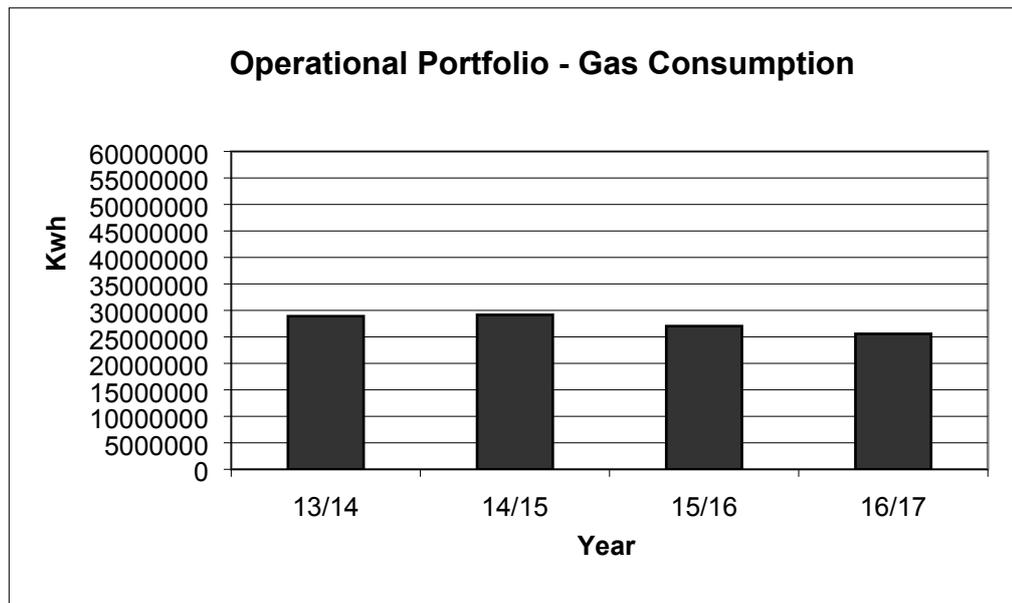
Electricity Consumption



2.3.2 Electricity consumption continues to fall and is down another 8.6% on 2015/16 figures and now by almost 23% since 2010/11. Consumption reductions in 2016/17 are due in the main to the first full year of the Solar Panel installation programme across the borough. This programme has generated almost 1m kWh of electricity in its first full year. The Civic Centre is now also supplied by the private wire network of Gateshead Energy Company, so whilst this will not affect consumption there will be a further cost saving.

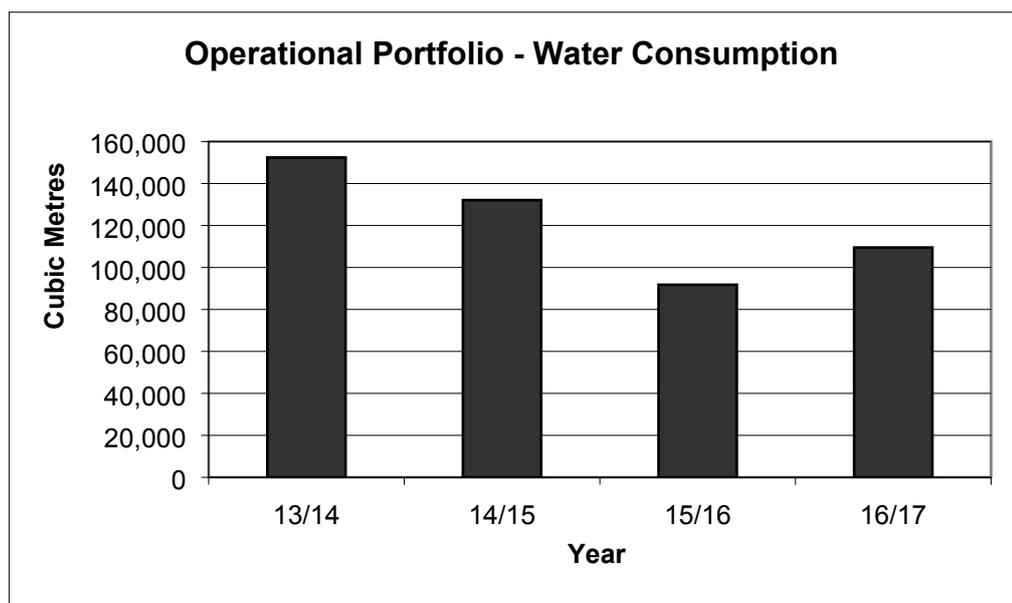
Ongoing investment in other energy saving measures to lighting, pumps and motors, is also reflected in this figure.

Gas Consumption



2.3.3 2016/17 saw gas consumption drop to 24.5% below the 2010/11 level. Another mild winter aided this drop in consumption but another cold spring slightly suppressed the annual reduction which was still over 5%. The continuing improvements are aided by more new boiler and pump installations. The district energy scheme heat network has been delayed so the expected reduction has not yet been achieved but dates are now confirmed for the connection of the first customers.

Water Consumption



2.3.4 Water consumption in 2016/17 has increased by around 19%, this follows a reduction of around 30% from last year, emphasising the inaccuracy in water billing, which remains inconsistent, with a large number of estimated bills distorting the figures and making accurate reporting difficult. It is however anticipated that water deregulation due 1st April 2017 should see water automatic meter readings introduced across the board.

Carbon Emissions

2.3.5 In 2009 the Council committed to reducing its carbon emissions by 35%, with a revised deadline of 2016.

2.3.6 As at March 2017 that target has been achieved. The total actual and weather corrected carbon emissions for property and street lighting have decreased by 35.3% since 2007. This represents a further reduction of 4.9% on the previous year and is largely attributable to a full years operation of the Solar PV programme, and the near completion of the 5 year programme to retrofit all street lighting with efficient lanterns (either LED, or high efficiency dimmable lanterns). Street light energy consumption alone has reduced by over 50% since 2010/11 and further savings are still expected.

Tonnes of carbon dioxide emissions per year, from Council buildings and streetlights.

Carbon emissions Tonnes/yr.	2007/8	2015/16	2016/17	%change since 07/08 the baseline date
Actual	21,692	15,226	14285	-35%
Weather corrected	22,184	15,302	15431	-31%

2.3.7 The Energy Service Team provides a full utilities management service, which includes carbon management and reporting and energy conservation work.

2.3.8 Using SALIX funding the Council has, during 2016/17, completed an additional £223,057 of energy efficiency projects in relation to the Council's property portfolio.

2.3.9 Key projects delivered in 2016/17 include:

- Completion of the replacement LED lighting throughout at Gateshead Leisure Centre
- First phase replacement LED lighting installed in the Central Library
- Replacement of Civic Centre directors' car park lighting with LED equivalent
- Installation of variable speed heating pumps & BMS optimisation at the Civic Centre, Priory Court, Warwick Court and Gateshead Leisure Centre

2.3.10 In addition, the Council accessed CIF funding, for Joseph Swan Academy, to complete energy works carried out under a SEELS loan in 2015/16 and to deal with immediate need asbestos issues. The bulk of the £490,000 funding allowed us to procure and manage asbestos cleaning & clearance works in most areas of the older school buildings.

2.3.11 The completion of the Councils Solar Panel Programme boasting over 2MW of solar PV systems on 34 Council buildings, schools and academies, has achieved a generation of almost 1m kWhs. This alone equates to a reduction of almost 450 tonnes of Carbon emissions, and has helped to reduce the operational consumption of Council buildings by 7.8% (not including savings to schools and academies).

2.3.12 A full report on carbon reduction targets will be provided to the Communities and Place OSC as part of its 2017/18 programme.

2.4. Suitability

2.4.1 Suitability surveys are undertaken on a three yearly cycle. A new survey has recently been completed and the results are set out in the table below, providing a comparison to the results of the 2013 survey.

2.4.2 The users of the buildings completed an electronic survey, and their responses used to assess the property's suitability. The new survey included some additional questions, regarding external and internal signage, and the occupants' opinion in relation to the property's condition and its suitability for service delivery.

Survey Year	Response level	No. of Buildings	Category A*	Category B*	Category C*	Category D*
2013	71%	134	83.08%	13.24%	3.68%	0%
2017	88%	127	59.8%	31.5%	6.3%	2.4%

2.4.3 There were an additional 35 returns in 2017 whilst no returns were submitted for 40 properties which had been reported on in the 2013 survey, of these; 28 have either been the subject of community asset transfers e.g. community centres, no longer used for direct service delivery and closed e.g. Tynedale PIC or where the service is being delivered by the voluntary sector e.g. volunteer run libraries.

A: Good – performing well and operating efficiently. The building supports the delivery of the service and is considered suitable for use now and in the future.

B: Satisfactory - performing well but with minor issues. The building generally supports the delivery of the service and would be considered suitable. There is room for improvement in certain areas but the property is fundamentally suitable.

C: Poor – showing major problems and/ or not operating optimally. The building impedes the delivery of services and would not be considered suitable.

D: Bad – does not support the delivery of services at all. The building seriously impedes the delivery of services and would definitely not be considered suitable.

- 2.4.4 Eight properties which were thought as Good in 2013 are now considered to be Poor (moving from category A to C). Of these one is now closed, 3 will either be the subject of a Community Asset Transfer or closed and one is subject to review as it is no longer large enough to deliver the service. Members of the Corporate Asset Strategy Team will work with Services to determine why it is considered that the three remaining properties are now considered Poor in terms of service delivery and what action is required. The outcome of the discussions will be reported in the 2018 report.
- 2.4.5 There are 3 properties which fall into category D, which are the same 3 properties which fall under category D on the condition category namely: Ryton Cemetery Chapel, Garden House Cemetery Chapel and the wooden pavilion in Derwent Park all of which are not used to support service delivery. The future options for these buildings are being considered and the outcome will be reported in the 2018 report.
- 2.4.6 A more detailed analysis of the responses received is currently being carried out and the results will be shared with the relevant services and reported in the 2018, together proposed action for those properties falling

2.5. Accessibility

- 2.5.1 The Council is committed to making its services accessible for all residents and visitors. As such it is taking the necessary steps to identify and remove barriers that may prevent people from using our services. It will ensure that where practicable and reasonable its operational buildings are accessible and compliant with equality legislation. Access has traditionally been associated with removing physical barriers to buildings and premises. This was reflected in the BVPI 156 requirement to report on the accessibility of areas open to the public that meet Part M of the Building Regulation standards. BVPI 156 is no longer collated as a national performance indicator but the Council has retained it as a local indicator (Local Indicator 7) which continues to improve year on year.
- 2.5.2 A reduced Equality Act Upgrade programme of works was delivered during 2016/17. This was due to ongoing service reviews, budget reductions and the significant investment and improvements made to date. A scheme to provide automatic opening doors at Gateshead Central Library was carried out; however, a proposal to upgrade changing facilities and provide a warm water swimming environment at Heworth Leisure Centre was not progressed due to the ongoing Leisure review. A concept proposal for inclusive play facilities in Saltwell Park was developed to promote discussion on further funding to develop these proposals.
- 2.5.3 80% of the Council's buildings now meet the Disability Equality strand of the Equality Act standards (Local Indicator 7a) which compared with 76% being compliant as at 2015/16.

Challenge and Future Focus

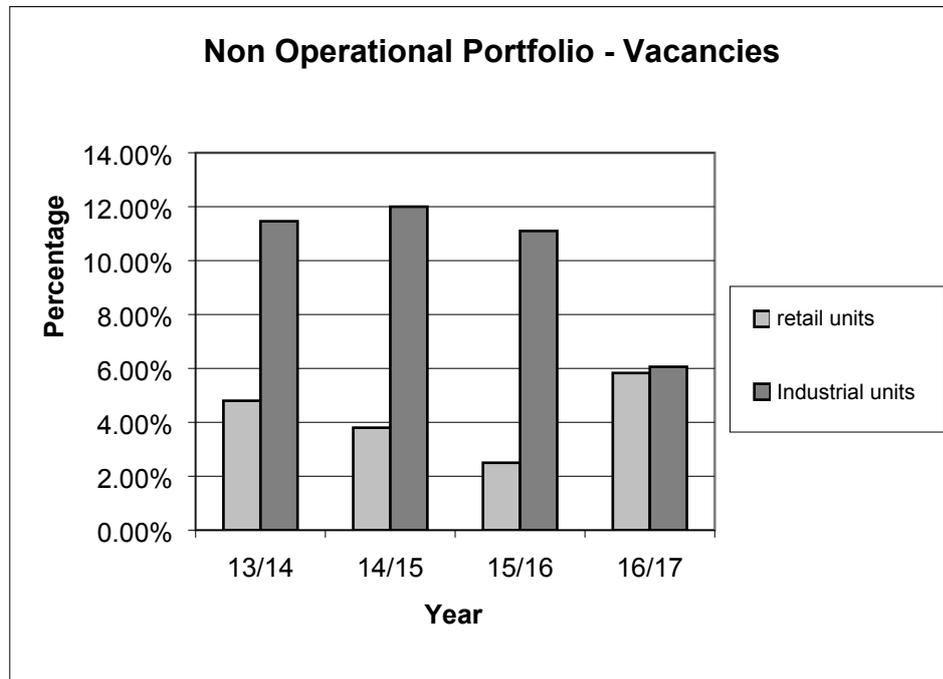
- 2.5.4 As a result of budgetary pressures the capital funding to progress the Equality Act Upgrade programme was reduced in 2016/17 from £250,000 to £200,000. The budget will reduce to zero in 2017/18. Despite this reduction and removal of funding, the Council is still in a better position than many other local authorities due to the large amount of accessibility upgrade works provided to date.
- 2.5.5 The Council completed its programme of priority schemes during 2016/2017. In light of the removal of the designated Equality Act Upgrade funding, future focus will be to ensure that any new projects will continue to consider the Council's Equality Act obligations and a best practice approach to inclusive design and accessibility provision will need to be adopted.

PART 3: Generation of Income and Capital

3.1. Non-operational Property Portfolio

- 3.1.1 The Non-operational Property Portfolio includes 198 industrial units and 137 shops supplemented with allotments, grazing sites, garages and ground leases. The rent roll over the last 3 years was as follows:
- £3,574,034 in 2014/15
 - £3,174,408 in 2015/16
 - £3,844,385 in 2016/17
- 3.1.2 The increase in the rental income in 2016/17 as against 2015/16 is as a result of the acquisition of Phase II St Mary's Green Wickham in October 2016 and on-going rent reviews across the portfolio. The cost of managing the portfolio at £1,661,746 (which covered maintenance and void costs such as rates and service charges) was similar to 2015/2016 and as such the net income from the non-operational portfolio of £2,182,638 was higher than in 2015/2016 (£1,727,738). This revenue income contributed to the Council's General Fund. A further sum of £426,481 was spent on the maintenance and security of the surplus properties.
- 3.1.3 Between 2015/16 and 2016/17 the level of voids for industrial units has fallen from 17 to 12 (which represents 6.06% of the portfolio) whilst the level of retail units standing empty has increased from 2 to 8 (of which 3 are being held for conversion) (which represents 5.83% of the portfolio). This increase in the retail voids is still a nominal figure when considering the size of the retail portfolio overall.

3.1.4 The trend over the four year period is shown on the table below:



3.1.7 There are no national indicators to benchmark across as this information does not necessarily demonstrate performance. It is more an indication of the market conditions and what action the Council is taking to try and mitigate the situation.

3.1.8 Following a strategic review of the Council's non-operational portfolio, a suite of local property performance indicators has been agreed. The highlights for performance in 2016/17 are:

- Nett income from the TNRP was £463,341 ahead of budget, of which £67,250 was from the acquisition of St Mary's Green Phase II. Whickham. The remainder was generated from 17 new lettings, 20 lease renewals and 26 rent reviews over the year.
- As at 31st March 2017 there were 6 property assets on the surplus register which is the lowest figure for over 5 years

3.1.9 To maintain and improve the income stream from the non-operational portfolio the Council agreed in 2014, on the basis of a Strategic Investment Plan prepared by Property Services, to invest in the portfolio through the Capital Programme. A sum of £1,000,000 was identified which was to be used to support a three year rolling programme of investment, with each application for funding from the allocation supported by a business case. During 2016/17 money from this fund was allocated to undertake refurbishment at Gateshead Interchange, works at Stonehills Pelaw and Baltic Road Industrial Estate to secure new lettings

- 3.1.10 During the course of 2016/17 discussions continued with Public Sector Plc (PSP) the outcome of which was the establishment of a Limited Liability Partnership between the Council and PSP: Gateshead LLP. The Partnership and Operational Boards have been established and are meeting on a regular basis to identify projects that can be taken forward by the Partnership. One potential project is to review the TNRP to see what opportunities there may be to drive additional value from it.
- 3.1.11 By way of background PSP was developed in 1997, to develop relationships between the public and private sector founded on cultural exchange, trust and equality of relationship, rather than the traditional (sometimes adversarial) relationships based strictly on contract. PSP affords the additional opportunity for public sector staff from council workforces to supply resources to unlock this value.
- 3.1.12 The Company is a funding joint venture underwritten and supported by Cabot Square Capital. However, it is not a Local Asset Backed Vehicle and therefore not an outsourcing model where services are simply bought from and provided by the private sector. PSP prefer to label the approach as “insourcing” in that it works with a local authority, bringing finance, skills and resources, but also utilising, and enhancing if necessary, in-house resources in order to facilitate a project.

3.2. Surplus Land & Property Assets

- 3.2.1 The Council continues to strive to secure the disposal of surplus assets as quickly and efficiently as possible, as this helps to avoid vandalism or antisocial behaviour associated with vacant property, both of which can pose a risk and cause problems for local residents. It also reduces the holding costs and the amount of maintenance required to the property portfolio. Often early demolition is the most appropriate course of action.
- 3.2.2 As at March 2017 there were 6 properties, valued at £1,177, 000 on the Council’s surplus property register. Although the economic outlook over the year, and subsequently property values, continued to improve, the ability for the Council to take advantage of this improvement was limited with fewer opportunities to identify properties which were surplus to the Council’s requirements as a result of the rationalisation programme undertaken in previous years. The outcome of this can be seen in the capital receipts achieved during 2016/17 as compared to 2015/16. Details of the capital receipts received over the last three years are as follows:
- 2014/15 - £3,108,131
 - 2015/16 - £1,363,436
 - 2016/17 - £1,020,452

The capital receipts are used to support the Council’s Capital Programme.

- 3.2.3 However, off-setting this reduced opportunity to generate capital receipts from surplus buildings, there have been opportunities in relation to the Council's land holdings.
- 3.2.4 The Council sells land through a variety of channels e.g. open market, through the Council's Joint Venture Vehicle. The options are considered at the Land Development Group which is a cross service group, with membership comprising officers from, amongst others, Housing and Economic Growth, Property Services, Transport and Public Protection.
- 3.2.5 A number of development sites have been included in the Council's Joint Venture Vehicle (JVV), whilst other sites will be brought to market as part of a planned approach to maximise receipts and generate economic and housing growth.
- 3.2.6 The Council's partner in the JVV is Evolution Gateshead (a consortium of Galliford Try and Home Group) who was selected after a full OJEU Procurement process with financial close in April 2012. The JVV is now known as The Gateshead Regeneration Partnership.
- 3.2.7 The Partnership is looking to regenerate 19 sites across the Borough, totalling 70 hectares. Redevelopment began with a bundle of three sites at Saltwell, Deckham and Birtley Northside.
- 3.2.8 The first three sites were transferred in January 2014 and this first bundle currently has planning approval for 309 homes (including 60 affordable homes). Progress is as follows:
- 16 affordable homes have been built and occupied in Deckham
 - Birtley Phase 1 comprising 47 units is complete with all units now sold
 - The planning application for Birtley Phase 2 which comprises 147 units has been approved and construction commenced in January 2017
 - The first phase in Saltwell comprises 99 new homes which will all be built out by February 2018. Of those that have already been completed the 28 affordable homes are all occupied and 32 homes available by way of open market sale are either purchased or reserved.
 - The second bundle is made up of Kelvin Grove, the second phase in Saltwell; Whitehills Drive in Windynook; and the former Rowlands Gill Primary School.
 - The planning application for Kelvin Grove comprising 52 new homes was submitted in February 2017.
 - A planning application for Whitehills Drive, Windy Nook comprising 39 new homes was also submitted February 2017.
 - The Planning application for Rowlands Gill Primary School site was being prepared during the early part of 2017 with submission planned for the latter part of the year.

3.2.9 The Partnership is currently considering which of the remaining sites will make up the third bundle and once all three planning applications in the second bundle are approved, design and feasibility work will start on those.

3.2.10 The Council has retained the option to sell additional surplus sites into the partnership and a protocol for identifying sites for consideration was established in April 2010.

Significant Land Disposals in 2016/17

- Swalwell Depot (£550,000)
- Land at Crawcrook North (£320,000)

Surplus Asset Declarations

The following are a few of the properties declared surplus to the Council's needs during 2016/17:

- 107/109 Coatsworth Road
- Dunston Activity Centre
- Former depot and land at Chase Park

Surplus Asset Demolitions

The following are a few of the properties demolished during 2016/17:

- Former Wrekenton Library
- 81-85 Aycliffe Avenue

Estate Regeneration Demolitions

- Clasper Village Phase 4
- Bensham Saltwell Phase 3A
- Bleach Green Phases 3 and 4
- Chandless Estate Sub-station

PART 4: Supporting Service Delivery

4.1. Office Accommodation

4.1.1 The Civic Centre is now the main office location for Council employees. There are still, however, a small number of out based offices, primarily the Dryden Centre and the offices associated with the main depots at Park Road and Shearlegs Road.

4.1.2 The Corporate Asset Strategy Team continues to review the use of the Council's office accommodation as it is recognised that as a result of

changes in service delivery, improved communications technology, and reduction in the workforce, office requirements will change.

4.1.3 Arising from this ongoing review it has been agreed that the civic centre be developed for the purposes of a public sector hub. Work has been undertaken to enable the relocation of staff to create a vacant area which can be offered to potential occupiers from across the public and voluntary sector. To date the Council has been successful in securing the occupation of Citizens Advice Bureau's new Trading Standards Advice Service. Discussions are ongoing with a number of organisation the outcome of which will be reported in the 2018 report.

4.1.3 As the size of the operational portfolio has been reduced over the last few years the opportunities to secure further rationalisation will reduce. However, officers in the Corporate Asset Strategy Team will continue to work with Services during the year to identify service specific buildings that are no longer needed as a result of consolidation and changes in working practices and service delivery.

4.2 Service Strategies

4.2.1 Service Directors have produced a business plan for the delivery of their Service which should include a section on accommodation need both now and anticipated as budget proposals are implemented and alternative delivery models progressed. By working with Service Directors in connection with their accommodation needs the Corporate Asset Strategy Team can ensure that best use is made of assets to enable running costs to be mitigated whilst ensuring that services are delivered effectively for clients and residents. During 2016/17 the following outcomes were achieved:

- Two further community asset transfers have been completed to community associations.
- Use of the Council's land to secure additional private and social housing, either through the JV or open market sale;
- Working with Keelman Homes and registered social providers to secure further social housing across the borough;
- A further review of the Library Service was undertaken with Cabinet approving the proposals at its meeting in February. Officers in Library Services and Corporate Asset Strategy will implement the proposals during the remainder of 2017.

4.2.2 With regard to the school estate, local authorities continue to have ownership and asset management of school buildings. Local authorities will also continue to manage capital allocations for maintained schools. As schools convert to academies, responsibility for managing their individual condition budgets move from local authorities to academy trusts.

- 4.2.3 For 2016/17, Gateshead received £1.5m of School Condition Allocation. This amount is indicative of the next two years allocations which will be updated annually to reflect schools converting to academy status. The School Condition Allocations take into account the information collected by the Government through the Property Data Survey programme about the condition of schools and includes a core condition funding component based on pupil numbers.
- 4.2.4 The funding was allocated to improve and maintain the condition of the school estate maintained by Gateshead, including rewires, boiler replacements, window replacements, roofing schemes etc.
- 4.2.5 Local authorities have responsibility for ensuring that every child has a school place including the duty to ensure that there are sufficient school, special school and alternative provision places to meet demand. The government will continue to provide substantial funding to deliver sufficient places.
- 4.2.6 Under the first phase of the Government's Priority Schools Building Programme, Gateshead Council was successful in bidding for five schools to be included in the programme with Thorp Academy completed in December 2016
- 4.2.7 In the second phase of the Priority School Building Programme Gateshead was successful in a bid to replace three demountable classrooms at Winlaton West Lane Primary with a new build extension. The Education Funding Agency has made contact with the school as part of an initial scoping study. The scoping study will assess the detailed work required together with any specific site issues, and will review the best method and timescale for delivery.
- 4.2.8 As part of the successful Targeted Basic Need bid , Ravensworth Terrace Primary School is being re-provided as a 2FE (227 additional places) new build school on a Council owned site in Birtley. These works are expected to be complete and available for use in September 2017.
- 4.2.9 Across the borough, the Council has considered the potential pupil impact associated with planned housing growth and proposed site allocation in the Core Strategy and Urban Core Plan for Newcastle and Gateshead. The Local Plan provides a strategy for delivering 11,000 new homes in Gateshead. Financial contributions from developers will cover the cost of additional school places where proposed development is likely to result in the generation of additional pupil numbers in excess of that which local schools can accommodate.

4.3 Area Reviews

- 4.3.1 Opportunities to work with other public sector organisations such as the Northumbria Police, NHS Property Services, the Clinical Commissioning Group (CCG) and individual doctors' practices are considered on an

area/locality basis the outcome of which will be a more efficient use of the estate. The Council is currently working with two doctors' practices in the borough together with the Community Health Partnership and the Gateshead Health Trust to deliver two community health hubs which will incorporate a range of health and other public sector services.

PART 5: Future Actions

To ensure that the assets are used to support the Council Plan, officers will, throughout the coming year:

- Play an active role within the OPE Partnership to bring forward opportunities for shared services and property utilisation which supports the Council in rationalisation of its portfolio to support service delivery, generate revenue savings and potential capital receipts.
- Progress development of the Civic Centre as a public sector hub
- Progress the development of the corporate web-based asset management database (Gp2) which will ensure delivery of accurate up to date benchmarking data;
- Monitor the new suite of indicators for the performance of the non-operational portfolio;
- The Corporate Asset Strategy Team will continue to co-ordinate the Strategic Maintenance budget to ensure that spend is focussed on properties to be retained by the Council as set out in the Corporate Asset Strategy and Management Plan 2015-2020;
- Work with Services to enable the continued delivery of services within the areas and neighbourhoods within a reduced level of funding and a smaller portfolio through alternative models of service delivery and the more efficient use of the retained property;
- Identify future funding and implement schemes in relation to the energy saving measures and opportunities for income generation from PV;
- Identify development opportunities for both housing and commercial schemes to assist in driving forward the Council's housing and economic growth agenda.
- Work with PSP to develop a range of projects for consideration by the Council.

Annex 1

Accessibility Indicators definitions:

National & Local Indicators

Local Indicator 007 has been reported since June 2009; soon after its introduction to replace National Indicator BV156 (Many Councils consider that the latter is not a robust indicator of performance)

Gateshead Council has developed a suite of Indicators around LI 007 which will enable performance monitoring across a number of asset types. This data has been passed to the Octopus Group and CIPFA for their consideration as a Benchmarking standard

The suite is as follows

Local Indicator 7 - Accessibility to Buildings and Open Spaces:

7a - The percentage of the authority's buildings open to the public in which all areas (open to the public) are suitable for and accessible for disabled people.

For this indicator the standard for accessible and suitable will be as defined in Approved Document M of the Building Regulations 2004.

7b - The percentage of the authority's schools which are suitable for and accessible for disabled people.

For this indicator the standard for accessible and suitable will be the "one star" standard as defined in the Accessibility Strategy (Education and Schools) 2006 - 2010

7c - The percentage of the authority's residential buildings with communal areas in which all public access areas are suitable for and accessible for disabled people

For this indicator the standard for accessible and suitable will be as defined in Approved Document M of the Building Regulations 2004.

7d - The percentage of the authority's open spaces that have had a disability access audit carried out.

For this indicator the standard for accessible and suitable will be as defined in British Telecom (BT) Countryside for All Standards and Guidelines (1997)

