

GATESHEAD METROPOLITAN BOROUGH COUNCIL

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE MEETING

Monday, 24 January 2022

PRESENT: Councillor John Eagle (Chair)

Councillor(s): D Burnett, J Wallace, R Beadle, D Bradford, B Clelland, D Duggan, T Graham, S Green, M Hall, R Mullen, I Patterson, S Ronchetti, J Simpson and J Turner

APOLOGIES: Councillor(s): L Caffrey, P Foy and K Wood

CR58 MINUTES

RESOLVED - That the minutes of the meeting held on 29 November 2021 be agreed as a correct record.

CR59 PERFORMANCE AND IMPROVEMENT SIX MONTH REPORT 2021/22

The Committee received a report and presentation to update on the performance on the delivery of Council priorities for the 6 months period April to October 2021.

The development of the new approach to performance management began in autumn 2020. Stages included engagement with councillors through Advisory Groups and Overview and Scrutiny Committees. Engagement with employees has taken place on a regular basis through employee workshops and Management Team discussions. Engagement with partners has taken place at the Health and Wellbeing Board with the Voluntary and Community Sector (Connected Voice).

The Performance Management and Improvement Framework is approved by Cabinet and Council. All of the Overview and Scrutiny Committees of the Council will consider performance assessments appropriate to the role and remit of each Committee on a six monthly basis.

There are some risks and limitations to highlight in relation to the six month reports. It is clear that the Council is still responding to the Covid-19 pandemic and that service disruptions have impacted on performance at the six month stage. The Council's Business Impact Assessment and Business Continuity Plan framework has enabled the Council to prioritise critical services to ensure that they can still be delivered.

The development of the Performance Management and Information Framework is ensure it remains a relevant tool for the Council to understand how well it is delivering against it agreed priorities.

The aims of the Performance Management and Information Framework are to

deliver Thrive, give clarity on Priorities, inform how resources are allocated and budget determination and measuring the impact to inform policy and resource decisions.

The framework is based on the 6 policy objectives of the HWB Strategy and an organisational health check.

The analysis has highlighted some area where improvements have been made as follows:

- More people are moving from Vulnerable to Coping according to LLoN data, although more assessment is needed to understand movement across the themes.
- External assessment from OFSTED rated as Good providing reassurance
- The Voluntary Undertaking with the Social Housing regulator has been successfully completed
- Budget savings are regularly monitored and 97.5% of savings are projected to be achieved in 2021/22

Some actions which have been identified as part of the response to improve performance:

- A new budget approach has been agreed in the context of the MTF5
- Business Impact Assessments and Business Continuity Planning is continuing to address service pressures and service disruption.
- Work is ongoing to develop and implement an effective employee engagement framework in response to new ways of working and improve employee morale.
- Work will continue to take forward the customer experience and digital improvements to service delivery whilst ensuring there is support for people who are unable to access services digitally.
- Development of Community Wealth Building

The next steps in the process are as follows;

- Align the Performance Management and Information Framework to the new budget approach agreed by Cabinet in December 2021 to inform cross council reviews and zero based budgeting.
- Further develop the priorities and actions as part of the iterative approach
- Take the six month performance reports to Cabinet for consideration in March
- Bring a year end report to Overview and Scrutiny Committees.

It was queried whether the locality based working is doing what it says is being done in this report as it doesn't seem to be and will officers in the field continue as they are currently. It was noted that locality working is identified as an action which needs to be developed. The action will be to work with councillors to develop.

It was suggested that commissioning a happiness survey should be something which should be done with caution as the responses can very much depend on how

someone is feeling on that particular day. It was noted that we have baseline information from residents surveys undertaken in 2016 and 2018 and that will be incorporate with some questions around satisfaction with Gateshead as a place to live.

It was noted that if our overwhelming policy is for everyone to Thrive the figures seem to show that we are a long way from thriving. It was noted that this is to be the policy direction going forward the stories from residents are that things are getting worse the inequality gap is worse and resources are limited. It was noted that this is why the categories have been identified as to where we prioritise resource.

It was noted that the point of the budget deliberations is where we put resources into those areas and target the areas where we have the biggest impact.

It was requested that with regards to locality working effort is made to include ward councillors, it is not a one size fits all and it feels like a top down process with very little input from local councillors. It was noted that there is a report but it is understood that it is about developing some principles and then lets talk to councillors about how its developed. It will be complex as it will be different for each locality.

It was queried whether businesses were being paid within the timescales and whether there was something which could be done to improve where they are not. It was noted that a new system has been put in place which will make sure businesses are paid more promptly, often the delays are due to an order number not being on the invoices.

It was queried whether when designing measures the no of bin collections missed was something which would be counted. There are the areas which residents base their replies on when completing the survey. It was noted that with regards to environmental type performance the framework wouldn't be everything there are still performance management measures in place.

RESOLVED - (i) That the comments of the Committee be noted.
(ii) That the Performance Management and Information report be presented to Cabinet for consideration in March 2022.

CR60 CORPORATE COMMISSIONING AND PROCUREMENT STRATEGY 2021/22 - 2026/27

The Committee received a report to provide an update on the Corporate Commissioning and Procurement Strategy. The draft version had previously been brought to Committee and the comments have been incorporated. The revised strategy has been circulated for consultation to partners and stakeholders and their views have been considered as part of the revised version.

One of the comments was about the development of an action plan and this has been developed separately and will be available to view.

- RESOLVED - (i) that any final comments be incorporated into the Revised Strategy
(ii) that the Strategy proceed to Cabinet for consideration.

CR61 COVID 19 PANDEMIC - KEY UPDATES (VERBAL)

The Committee received a verbal update on the current position with regards to Covid-19 in Gateshead.

It was noted that we came out of the New Year with a significant spike in cases. More recently there has been a rapid reduction in cases. Primary and Secondary care are still under pressure and whilst we are seeing 12% unoccupied beds it doesn't mean that they are available to use.

In regards to vaccinations 85% have received their first dose, boosters are at 60% across Gateshead of eligible adults.

There are 5 active vaccination sites across Gateshead. There is a recognition of emerging inequality across some ethnic minority groups. We are working closely with colleagues across the wider health system to address this.

We have taken vaccination hubs into the communities with a degree of success and will continue with this. National communications will change slightly and our communications will follow the same message.

Isolation measures will be reviewed and there may come a point when these are relaxed.

It was queried how many vaccinations had been delivered by the bus in Trinity Square. It was noted that prior to Christmas there was two sessions held in Trinity Square one was more successful than the other with 400 plus on one and only about 100 on the other day.

It was queried how we know we are comparing like for like with regards to testing now that we are not required to carry out a PCR. It was noted that there isn't a huge amount of change. The system is as robust as it can be at this point.

It was queried whether we have information on people who are refusing to have the vaccine who work for us in a capacity where we would be looking at terminating contract due to vaccine status and this would add pressure to the existing.

It was queried whether we have figures in specific areas and can identify whether there has been a low or high uptake. It was noted that Bridges ward as a whole has a low uptake.

RESOLVED - That the update presented in relation to Covid-19 be noted.

CR62 OLD TOWN HALL UPDATE

The Committee received a report to provide an update on the current position at the Old Town Hall Quarter. The Quarter comprises, Old Town Hall, Swinburne House, the Nelson Street Office Building, the former Police House, two surface car parks and vacant land.

In 2017 following a review of the property management and maintenance costs, the Council decided to dispose of the Old Town Hall and neighbouring buildings. The Council's objective was for the refurbishment of the historic buildings to ensure their long term sustainability whilst reducing the Council's property management costs, plus redevelopment of the vacant land/car parks to provide accommodation for town centre uses comprising retail, office, hotel, leisure (including cultural) and residential across the whole site. This was first outlined in Fit for a City (2008) and made explicit through the Urban Core Area Action Plan.

The Council appointed an external agent, Cushman & Wakefield (C&W) to market and assist with the disposal of the OTHQ. C&W prepared marketing particulars; contacted a long list of potential developers, investors, agents and end users; and conducted accompanied viewings. Adverts were also placed in the property press and a dedicated web page was prepared by the Council's Communications Team.

Marketing commenced on 27th March 2017 and closed on 26th June 2017 and was undertaken in accordance with the regulations contained in the Localism Act and Assets of Community Value.

Following receipt of bids, Officers worked with C&W to analyse the bids and draw up a recommendation for a preferred bidder. Consultation took place with Planning, Highways, Conservation, Urban Design, and Culture, as well as C&W leading on the financial deliverability of each bidder.

The conclusion of C&W and the project team was that the highest bidder, Tier One Capital / Dinosauria Ltd, should be invited to discuss terms of disposal because -

- Their bid would provide the highest financial receipt to the Council
- It posed the least risk to the Council in terms of the legal/development conditions requested by the bidder
- The mix of uses and particularly the Museum would best benefit the Town Centre in terms of regeneration, tourism and footfall
- They were confident in their ability to deliver on site and also within a shorter timescale than the other offers received, also benefitting the town centre.

Tier One Capital's Directors also had a track record of the refurbishment of similar buildings, for example:

- Town Hall Chambers, Wallsend (former North Tyneside Town Hall), Grade II Listed building converted into serviced office accommodation;
- Clervaux Exchange, Jarrow (former Jarrow Police Station) converted

- into serviced office accommodation; and
- Commerce House, Middlesbrough (former Teesside Chamber of Commerce) a Grade II Listed Building redesigned to provide serviced office and conference facilities.

The Tier One Capital / Dinosauria Ltd (“Dinosauria”) proposal was:

- operating the Old Town Hall and Old Police House as The Unnatural History Museum;
- Swinburne House to be refurbished for new business space;
- a new building located to the rear of the site for leisure/cultural uses was proposed to support the main uses on site;
- the car parking at the front of the Old Town Hall to be retained.
- The long term plan was to expand the Unnatural History Museum into Swinburne House. The project management team would relocate to Swinburne House during the refurbishment of both the Old Town Hall and Swinburne House.

In terms of job creation, Dinosauria envisaged that the Unnatural History Museum, with additional café/restaurant would create 86 permanent direct jobs (based on 7 days a week opening multiple shifts). Indirect jobs could total 143 overall, all of which were expected to be local labour. As the concept was further developed and attractions and supporting elements expanded, it was envisaged that the total jobs created could peak at 300.

Dinosauria estimated that the Unnatural History Museum would be ready to open within two years of the grant of the 250 year lease of the site, before moving on to refurbish Swinburne House as serviced office space. Investment phases were proposed as follows:

- Purchase of Old Town Hall Quarter for £650k
- Phase 1 – create Unnatural History Museum, investing approx. £7m - £12m
- Phase 2 – Remediation/supporting provision of serviced office space, investing approx. £1.5 - £2.0m
- Phase 3 – Development at rear of site/Nelson street, approx. £10 - £12.5m

Following portfolio briefings and a well-attended Members Seminar, in which Dinosauria’s directors presented their proposal and took questions, Cabinet approved in January 2018, the council granting Dinosauria a 250 year lease for the OTHQ.

Members made clear that this was to facilitate the protection and maintenance of the Old Town Hall building specifically, including public access, through redevelopment into the Unnatural History Museum.

In order to protect the Council’s aspirations for OTHQ, should the proposed timetable for redevelopment not be met, the lease provided the Council with a “buy-back” provision should a series of milestones not be achieved. Additionally, to ensure the Council retained an element of control over the future use of OTHQ any

change of use requires prior consent of the Council.

Following engagement with the investor market, Dinosauria subsequently approached the Council with a request to review the mechanism for determining the buy-back price. After an extensive officer review of Dinosauria's business model, it was recommended that a variation to the existing lease be granted as it would provide Dinosauria with the necessary flexibility to attract further investment for the Unnatural History Museum and to facilitate the development of the OTHQ. The variation was approved by Cabinet at its meeting of 15th October 2019.

1. Unfortunately, the global pandemic struck shortly after the variation to the Lease was agreed, which – according to Dinosauria – put off potential investors in the Unnatural History Museum due to ongoing uncertainty and restrictions having a devastating impact on the leisure and retail sectors worldwide. Specifically:
 - uncertainty and unpredictability of visitor numbers / viability of leisure attractions.
 - the impact of multiple and ongoing lockdowns or new variants, any prospective government enforced limits to the numbers of people gathering in any one place at any one time (or indeed in any one building at any given time)
 - smaller scale investors being cautious across all sectors
 - the natural and inevitable cautiousness of the general public in having confidence to go back to normal life / activities.
2. As a consequence, Dinosauria told the Council that due to the lack of confidence in the sector, they would not be able to use their preferred mechanism to raise funds to take forward their unique concept of the Unnatural History Museum as the first phase of development.
3. During this difficult period, however, Dinosauria continued to invest in the assets to keep them safe and secure despite limited progress on the redevelopment plans, including:
 - A dedicated IT line has been installed at the OTHQ, which will provide the critical superfast internet / Wi-Fi suitable for both the commercial market and for the leisure and entertainment sector.
 - Electrical and heating system upgrades in Swinburne House
 - Repair to exterior of Swinburne House following anti-social behaviour and attempted break-ins – including bringing in Orbis to secure ground floor windows and entrances after a spate of break-ins in the autumn.
 - Continuous monitoring and repair of the roof and roof slates.

The leaseholder remains committed to redevelopment of the OTHQ and is keen to identify a new route forward based on what can be delivered with confidence (within the short and longer term) whilst still subject to the impact and level of ongoing uncertainty caused by coronavirus – and crucially, with the support of the Council.

The company directors have acknowledged the need for a new development and phasing plan. The principles of this new plan have been presented as –

- Need to take a step back to properly appraise and construct a new, deliverable strategy.
- Sensitive renovation of the Old Town Hall and Swinburne House is the top priority. To make these buildings a centre piece of regeneration in Gateshead / Tyneside.
- Appraising development on the plots around the Old Town Hall, with surpluses being recycled into renovation of the listed buildings.
- Aspire to deliver a top destination / attraction, exploring other linked tourist opportunities.
- Want to work collaboratively with the Council, and optimise impacts on the wider aspirations for the surrounding area.

A new development team has been appointed, and they are having conversations with institutional funders about investing in the wider site. The Strategic Director and Major Projects Team are being kept informed of progress.

If the Council, acting as Landlord, is minded to agree to any revised proposal, variations to the lease would need to be agreed by the two parties, and then approved by the Council, to include:

- Any changes to the Permitted Use, e.g. to include residential use.
- Updated milestones and trigger dates for the Council to be able control and monitor the scheme, to ensure it will move forward quickly, etc.
- clarity on how and when this new proposal will secure/save the Old Town Hall asset – i.e when will it be redeveloped?

It is also important to note the Council cannot unilaterally end the lease at this point, should it not agree to a new proposal. The next point that the lease can be terminated, and the buyback option triggered, is 28 June 2022.

The Council awaits a revised proposal for the redevelopment of OTHQ, including confirmation that funding is available and the scheme is viable. The proposal will be reported to Members for consideration and approval, as per usual consultation and decision making procedures.

After the lease was signed there was an issue and the Cabinet agreed a variation, not long after that Covid Hit and the developer raised concerns about not being able to get investors and the viability of visitor numbers. They have since confirmed following multiple meetings with officers they won't be able to take the original scheme forward.

The developer has continued to invest and look after electrical and heating upgrades as well as roof repairs, they do appear to be committed to the re-development. They retain the aspiration for a top tourist attraction and invest in the area.

It was noted that the next point in terms of ending the lease would be 28 June 2022, however we are currently waiting for a proposal from them on how they will take this forward and we will update members accordingly. If insufficient progress has been made with the development then the council will have to consider its options including buying back , but at current market value.

It was queried as to what evidence we have that they have undertaken the maintenance they say they have and it was queried whether it would be possible to identify what costs they have laid out.

It was queried what the terms of the buy back option would be.

It was noted that the next provision in the lease for buy back is 28 June 2022 and that will be commenced if they haven't made any development on site. The rate of buy back would be at current market value.

Councillors expressed concern that it was stated that they would be ready to open within 2 years of the grant of lease and that the lease was signed in June 2018 with no evidence that anything had been done. It was acknowledged that they have not worked at the pace that we wanted them to.

It was suggested that we need to be talking to partners in Tyne and Wear Museums and in other Arts organisations for training such as Drama school. It was suggested that we put feelers out to look at National Bodies we might want to partner with.

It was suggested that we need to look at alternatives and think about moving back into the Town Hall and renting out this building.

It was noted that we are looking at options and are preparing an options appraisal.

It was queried what kind of cost would there be in buying back. It was noted that there would need to be a survey of the properties to consider the price, however, there is no planning application been submitted, which would have increased the value and there is no works been undertaken which would increase the value.

Concern was expressed about the current leaseholder and their ability to move the project forward and it was suggested that we should be playing hard ball.

RESOLVED - (i) that the update on the Old Town Hall Quarter be noted.
(ii) that the comments of the Committee with regards to the Old Town Hall Quarter be noted.

CR63 ANNUAL WORK PROGRAMME UPDATE REPORT

The Committee received the Annual Work Programme report and it was requested that as no business was scheduled for the 7 March meeting, that the meeting be postponed and the next meeting would take place on 4 April.

RESOLVED - (i) That the provisional work programme be noted.
(ii) That the Committee noted that future reports on the work programme would be brought to Committee.

Chair.....