



**Property Performance Report
2015 -2016**

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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 opportunities to benchmark with other directly comparable authorities has ceased.

The NaPPMI indicators are no longer collected and collated by CIPFA with the organisation relying on information obtained through the work CIPFA Property undertakes for local authorities in connection with the Value for Money Exercise.

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. It had been hoped that, in due course, it would be possible to progress to a position where data could be made available to make benchmarking an option.

However, since the last report was submitted to the Committee, officers from Gateshead have been working with officers from neighbouring authorities within the region on a more co-ordinated approach to shared services and use of assets. The outcome of these discussions has been the creation of the North of Tyne One Public Estate initiative. The partnership comprises Newcastle Council, Gateshead Council, North Tyneside Council and Northumberland Council together with other public sector organisations. It has been established to determine if there are opportunities for shared services and/or shared use of properties. The implementation of such opportunities could enable a reduction in the number of operational buildings, which will in turn reduce running costs and release sites/buildings for economic and housing development.

Since the North of Tyne One Public Estate was established discussions have subsequently taken place with Sunderland, South Tyneside and Durham local authorities to see if there was the potential for these local authorities to be part of the partnership. All three local authorities have now confirmed that they want to be members of the partnership and arrangements are in hand to formalise this. The inclusion of these three local authorities enables the North of Tyne One Public Estate to be expanded and become the North East One Public Estate and sit within the same boundary as that of the Combined Authority

As a result of this work the North East Property Group has been superseded by the North of Tyne OPE and with the expansion of this partnership to include all local

authorities and public sector organisations within the North East Combine Authority area there can be further development of benchmarking between the organisations

In 2015/16 the Council has again taken part in the Value for Money Exercise promoted by CIPFA. In this exercise the Council considered the current cost of managing its property portfolio and benchmarking it against other local authorities to determine whether or not the current arrangements represent value for money and are the most beneficial for the Council. The outcome of the exercise which covered the period 2014/2015 is set out in the report at paragraph 3.1.11

Although there was some improvement nationally during 2015 -2016 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:

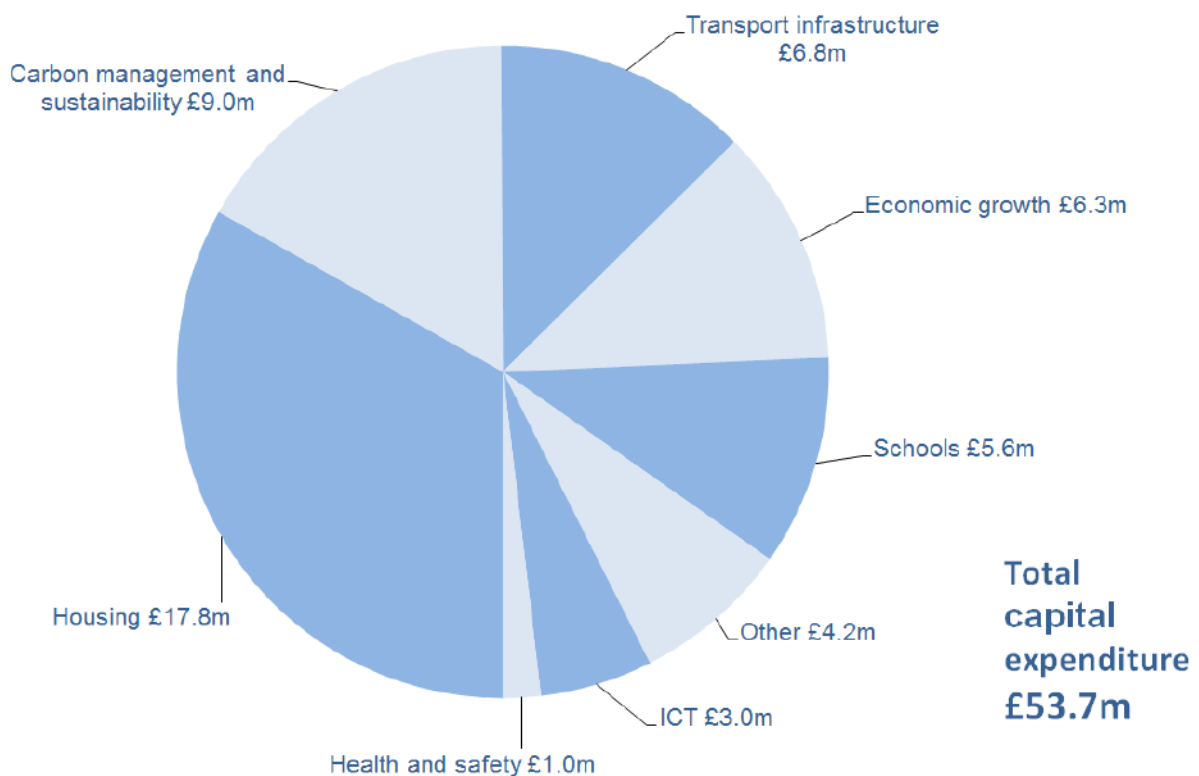
- investing in its fabric to ensure its properties are fit for purpose;
- identifying and implementing energy efficiency initiatives;
- ensuring that it is used efficiently and effectively; and
- driving value out of its tenanted non-residential portfolio.

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
 - high degree of satisfaction in the suitability of property for service delivery.
- identifying and implementing energy efficiency initiatives:
 - year on year improvement in terms of electricity usage;
 - in 2015/16 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
 - 76% of council buildings now meet the Disability Equality strand of the Equality Act standards (local Indicator 7a) up from 70% in 2014/2015.
- 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 2016 was approximately £473m (excluding housing stock). The 2015/16 Capital Programme invested a total of £54m in capital schemes, £51m of which was 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:



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.

3. Our Six Key Property Objectives that support this were reconfirmed in the 2014 Update of the CASMP 2012 – 2015 and have been agreed as still relevant 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.**
4. 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, this year's report does not include returns against national performance indicators and comparison with other local authorities. As such the focus of the report is on the Council's own year on year performance.

Gp2

5. The Council has continued to make progress in developing the corporate property data base: Gp2. The data base, which holds information on the Council's property portfolios, 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.
6. Gp2 now supports Property Services in its management function with all but the low value asset data having been entered onto the system. A rolling programme has been established to add the outstanding information relating to low value assets, such as allotments.
7. To accord with the government's transparency agenda, the Council's operational buildings, surplus properties and development sites were aligned with the compulsory 'key attributes specified within the regulations. In addition, 8 of the 10 recommended key attributes identified by the government were also aligned and the data released. A rolling programme of further property types has been established for alignment and release.
8. The Help Desk module on Gp2 which became live in 14/15 is used by Facilities Management to monitor service delivery of reactive maintenance. In addition a link to Gp2 has been provided on the schools portal which enables individual schools to use the Helpdesk module for reporting repairs and monitoring progress. This link also enables the schools to have direct access to the reports relating to net capacity, condition survey data and statutory compliance reports relating to their schools.
9. Further development work has been undertaken in connection with the Planned Programme Module and as a result Facilities Management (FM), together with Service managers who are responsible for buildings, can now run inspection programmes for such items as Display Energy Certificates (DEC), Asbestos Risk Assessments and Water Hygiene Risk assessments. It is also used by FM for statutory compliance checks.
10. Work has also progressed on the corporate use of the system to programme insurance valuations, condition surveys and asbestos risk assessments.

11. Work continues on aligning the finance asset register and records on Gp2 this will address the issue of multiple names/entries for the same property.
12. The upload of the schools' asbestos data is now 65% complete.
13. The List facility on Gp2 has been developed for Economic and Housing Growth to assist in the monitoring of performance in relation to housing growth and co-ordination of the release programme for Council owned sites.
14. Gp2 has also been used to prepare the property data for inclusion on ePims - the government's property data base. The use of the ePims database enables all the local authorities involved in the North of Tyne One Public Estate to have sight of property information across the various estates, which is useful when trying to identify potential opportunities for shared services/shared use of buildings.

PART 1: Key Achievements.

1.1 Property Projects Completed between April 2015 and March 2016

- 1.1.1. The investment in the Civic Centre as part of the Workspace Strategy was completed during the year. Proposals 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.
- 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. This ongoing review will enable the Council to consider the further consolidation of staff within the building or consider options for offering surplus accommodation to other public sector and/or partner organisations.
- 1.1.3. During 2015/2016 the school estate across Gateshead saw further capital investment with a range of works implemented across a number of school sites.
- 1.1.4. The new protocols which were initially introduced during 2013/2014 for the commissioning and delivery of schemes across the borough have now been fully integrated across the Council to ensure both the corporate procurement and health and safety issues are fully considered, thus offering compliance with legislative requirements and Council policies.
- 1.1.5. 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 £250,000 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.
- 1.1.6. The Council continues to promote energy saving measures across its portfolio both through its own resources and SALIX and SEELS finance, including major LED lighting upgrades at leisure facilities during 2015/16.
- 1.1.7. From June 2015, construction of a district heat and power network across Gateshead Town Centre commenced, to provide low carbon heat and power to homes, public buildings as well as commercial customers, including hotels and offices. The scheme should be operational by winter 2016.
- 1.1.8. The Council also completed £2.8m installation of solar PV panels across 34 Council buildings, schools and third party buildings, to reduce both carbon emissions and energy costs.

- 1.1.9. 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 In 2015 -2016 two further applications were received, both of which were in relation to public houses in private ownership. The applications were submitted by community interest groups: one related to the Sun Inn at Swalwell and the other the Black Bull at Blaydon. Both applications were successful and the properties have been added to the Council's list of Assets of Community. This brings the total of listed Assets of Community Value to 5.

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, 19 former community centres have been transferred to Charitable Incorporated Organisations or Sports Clubs of which a further one (Swalwell Community Centre) was completed in 2015/16. There are a number of others in the process of transfer and these will be reported in a future report.

PART 2: An Efficient Property Portfolio

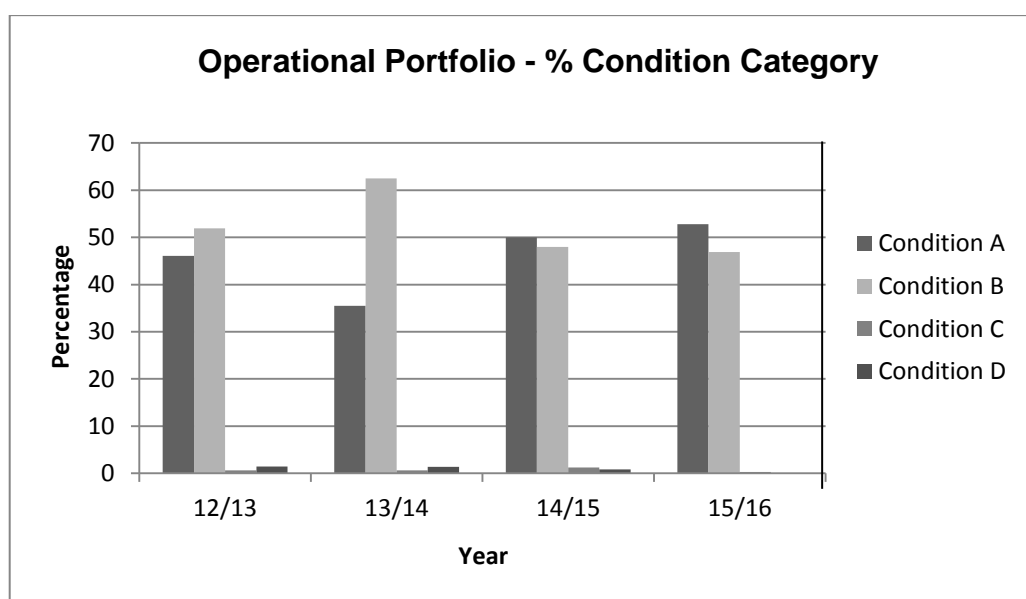
2.1 Objectives

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:

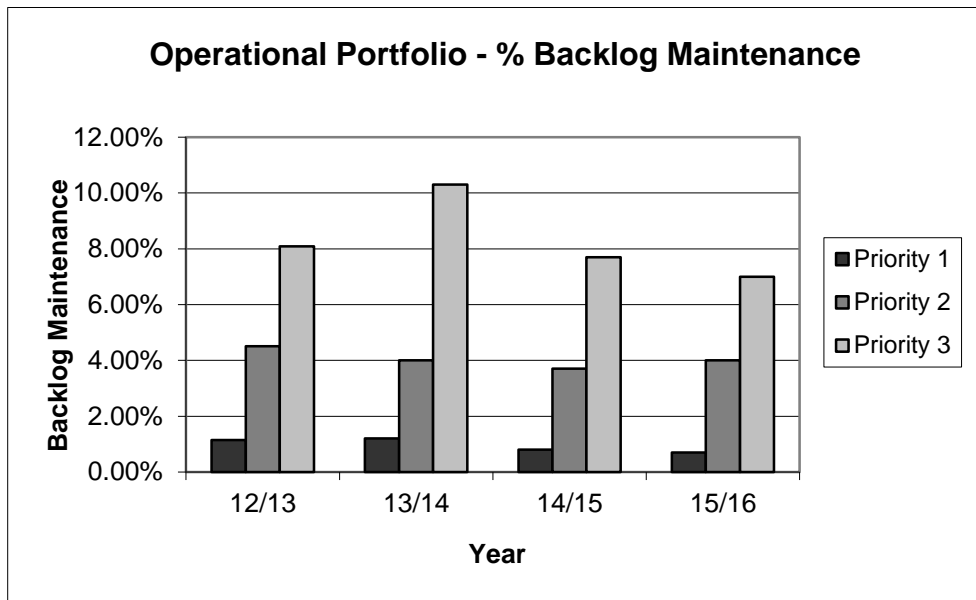
- A: Good – Performing as intended and operating efficiently.
- B: Satisfactory – Performing as intended but showing minor deterioration.
- C: Poor – Showing major defects and/or not operating as intended.
- D: Bad – Life expired and/or serious risk of imminent failure.

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 no longer any buildings in category D the last building to sit within this category being the old Campground Depot which was demolished in 2014/15 it being replaced by a state of the art waste facility.

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.

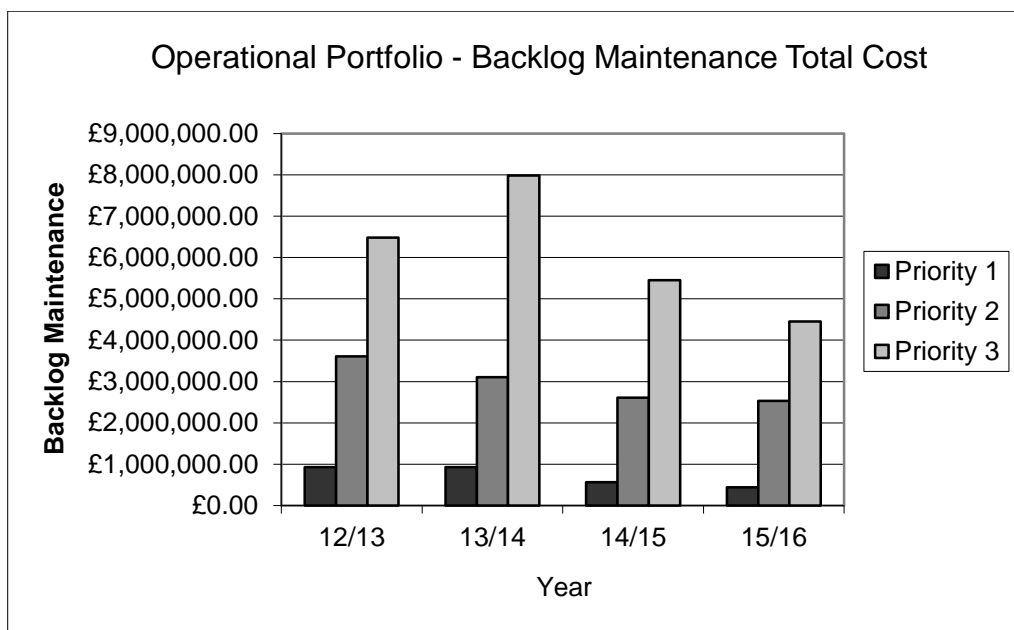
Performance

During 2015/16 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 a further reduction in the cost of works in priorities 1-3; with costs falling from £8,600,00 in 2014/15 to £7,425,103 although less than in the previous years it still continues the downward trend.

This is as a result of targeted spend and a reduction in the number of properties in the portfolio, through disposal by way of sale or lease, including Community Asset Transfer. The Council will continue the process of targeting spend and rationalising the operational portfolio.

Overall performance

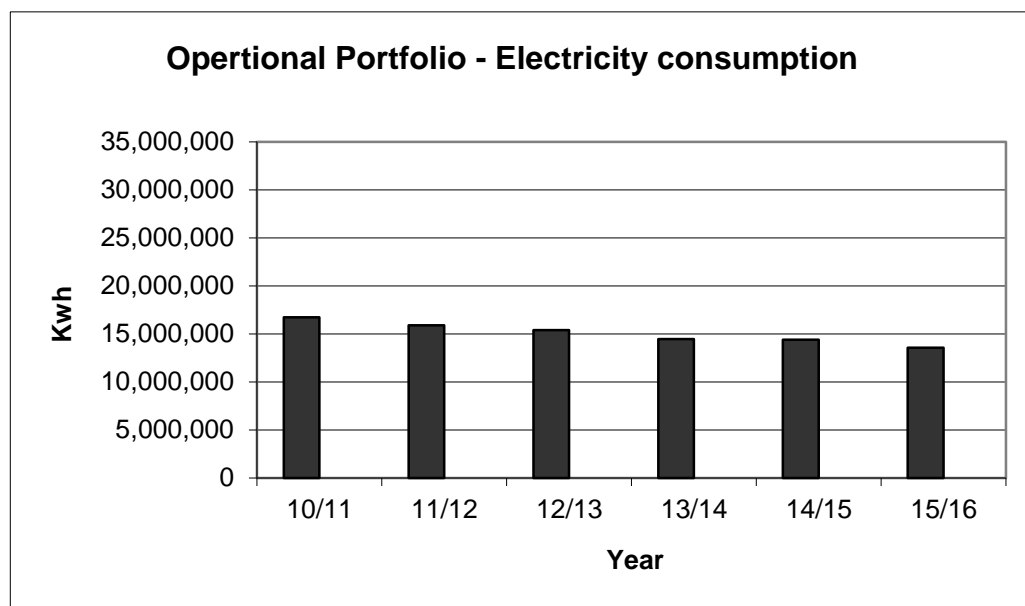
Gateshead Council continues to allocate funding for strategic maintenance which differs from many other local authorities who, because of budgetary pressures, are now only undertaking statutory repairs.

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

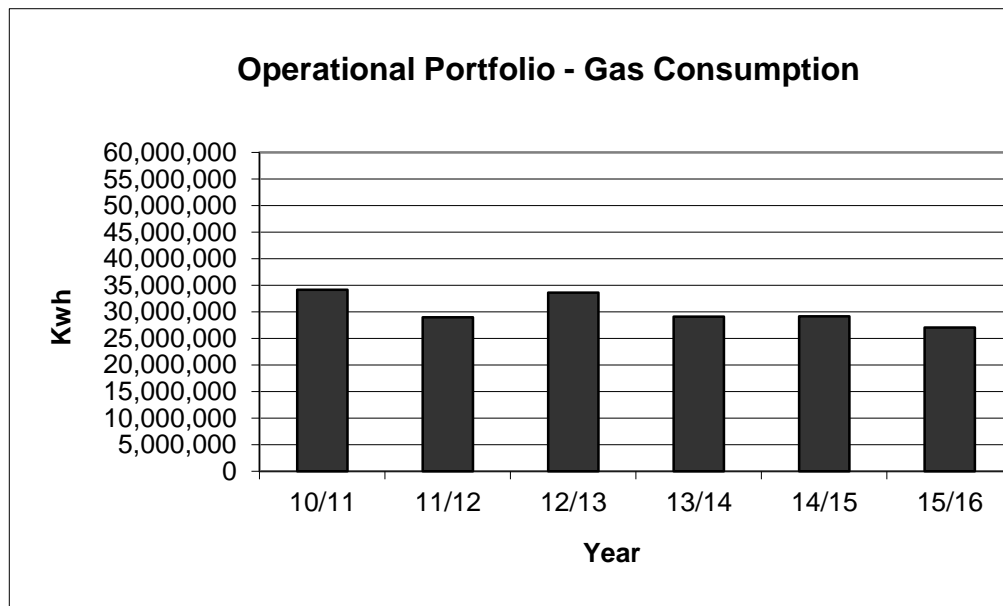
- 2.3.1 The figures used to produce the annual comparison are taken straight from the councils' Energy Management data base. They are imported into the data base straight from supplier EDI (electronic billing) files. The bills are almost completely supported by smart meter readings to ensure accuracy,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

Electricity Consumption



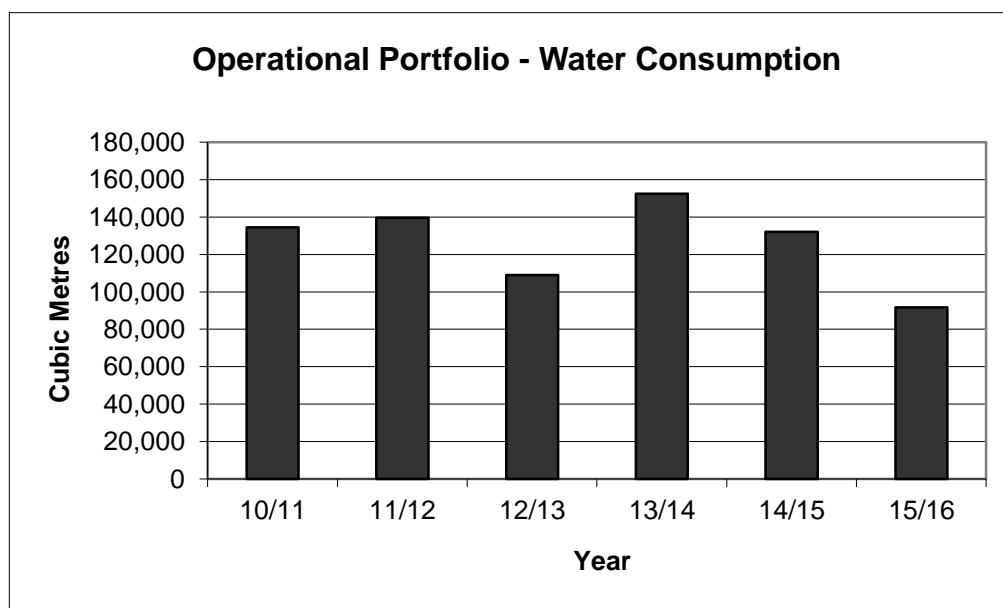
- 2.3.2 Electricity consumption continues to fall and is down another 5.7% on 2014/15 figures and by almost 19% since 2010/11. Consumption reductions in 2015/16 are due in the main to the highly successful Solar Panel installation programme across the borough. This programme has helped in achieving a reduction of almost 800,000 kWh of electricity. The ongoing investment in other energy saving measures to lighting, pumps and motors, is also reflected in this figure.

Gas Consumption



2.3.3 2015/16 saw gas consumption drop noticeably to 21% below the 2010/11 level. Another mild winter aided this drop in consumption but colder spring slightly suppressed the reduction which was still 7%. This was helped by correct billing throughout the year and no repeat of the errors that distorted last years figures. The recent improvements are due to new boiler and pump installations. The district energy scheme is due to start providing heat and electricity towards the end of the calendar year 2016, so a noticeable reduction should be further achieved.

Water Consumption



2.3.4 Water consumption in 2015/16 appears to have reduced by around 30%. A number of billing errors having been corrected and resulting in large

credits is largely responsible for this. Water accounts are increasingly difficult to monitor accurately due to the large amount of estimated bills. 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 2016 the total actual and weather corrected, carbon emissions for property and street lighting have decreased by 30% since 2007. This represents a reduction of 12% on the previous year and is largely attributable to the completion of 3 phases of the Solar PV programme, fitting solar panels to 34 of the councils buildings, schools and academies 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 40% 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	2014/15	2015/16	%change since 07/08 the baseline date
Actual	21,692	17,838	15,226	-29.9%
Weather corrected	22,184	18,723	15,302	-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 2015/16 commissioned an additional £258,000 of energy efficiency projects both in relation to the Council's property portfolio and street lighting.

2.3.9 Key projects delivered in 2015/16 include:

- Replacement LED lighting throughout at Gateshead Leisure Centre commenced (completion due December 2016)
- Replacement LED lighting installed in Blaydon and Heworth Leisure Centre gyms, coordinated with the lease renewal for gym equipment

2.3.10 In addition, the Council continued to access SEELS funding, to offer projects to schools and academies.

- Schemes at Windy Nook Primary School and Brandling Primary School to install LED light, and improve heating controls were completed
- The Council secured and delivered £450k energy efficiency scheme for Joseph Swan Academy. Furthermore, the Council made a successful bid to the Condition Improvement Fund for a further £490k to fund asbestos cleaning, which will allow the final LED Lighting works to be installed during summer 2016/17

2.3.11 The Council also completed the installation of its Solar Panel Programme and now boasts over 2MW of solar PV systems on 34 Council buildings, schools and academies. The installation of the panels is anticipated to save 650 tonnes of carbon emissions and cut electricity use of operational buildings by a further 4% (not including savings to schools and academies). Early indications show that these savings are achievable and a full year's data will support this further.

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. The last suitability survey was undertaken during the latter part of 2013.

2.4.2 An assessment of suitability of a property for service delivery is undertaken by way of a survey completed by the users of the buildings. In 2013 a 71% response was received and it identified that:

- 83.08% of the council's operational buildings fell into category A*
- 13.24% of the council's operational buildings fell in to category B*
- 3.68% of the council's operational buildings fell in to category C*
- No buildings were identified in category D*

2.4.3 The 5 buildings falling in category C which were considered to be showing major problems and/or not operating optimally included: Blaydon's Children's Home and The Sound Room. Since the survey was undertaken refurbishment works have been undertaken at the Children's Home and as such when the next survey is undertaken in 2016 the improvements should be reflected in the score. The Sound Room is no longer being used for service delivery, having been the subject of a community asset transfer.

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 Suitability surveys are usually undertaken on a three yearly basis a new survey is currently underway and the results will be reported in the 2017 report.

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 The Council's programme of works to meet its duties under the Equality Act 2010 continued during 2015/16. Schemes have been completed at: Civic Centre Quiet Room (contribution), Civic Centre meeting rooms (induction loops phase3), Credit Union move to West Street (contribution), Stadium external works, Easy Access Routes at Lowery's Lane Car Park, installation of dropped kerbs at Low Fell and Upgrade of Stitling Lane Car Park at Rowlands Gill South.
- 2.5.3 As a result of this work 76% of the Council's buildings now meet the Disability Equality strand of the Equality Act standards (Local Indicator 7a) which compared with 70% being compliant as at 2014/2015.

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 2015/16 from £500,000 to £250,000. The budget will reduce further in 2016/17 to £200,000. The proposed reduction will impact on the provision of a dedicated Equalities Act fund to implement physical changes. As a result those involved in future major schemes will need to ensure that implications of the Equality Act are considered and provision made within the scheme cost as it will no longer be possible for the Equality Act fund to cover such items. Although the budget is reducing the Council is still in a much better position than many other local authorities who have cut their budgets for such works completely.
- 2.5.5 The Council successfully completed its programme of priority schemes during 2015/2016. In light of the continuing reduction in funding, the focus for 2016/2017 will be to build on existing facilities to provide best practice inclusive facilities. A scheme is being developed to improve changing and

swimming pool access at Heworth Pool in a warm water environment. A scheme to provide automated doors at Gateshead Central Library is also being programmed.

2.5.6 Throughout 2015/2016 Council Housing, Design and Technical Services continued to use a robust scoring matrix which has been used to identify priority schemes for the 2016/2017 programme. The scoring matrix records the results of consultations with Corporate Asset Strategy Team, Disability Service User Involvement Forum (DESUIF), Development Management, Learning and Children Accessibility Strategy Group and individual client groups.

2.5.7 As in previous years the Council has continued to work with Gateshead Access Panel, which provides service user involvement advice and consultancy regarding inclusive design issues on most Council led projects and policies.

2.5.8 The Gateshead Access Panel is also responsible for facilitating attendance at the Disability Equality Service User Involvement Forum. This enables the Council to consult with as wide a range of disabled people and people with impairments as possible about inclusive design issues on its projects and policies.

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 148 shops supplemented with allotments, grazing sites, garages and ground leases. The rent roll over the last 3 years was as follows:

- £3,298,279 in 2013/14
- £3,574,034 in 2014/15
- £3,174,408 in 2015/16

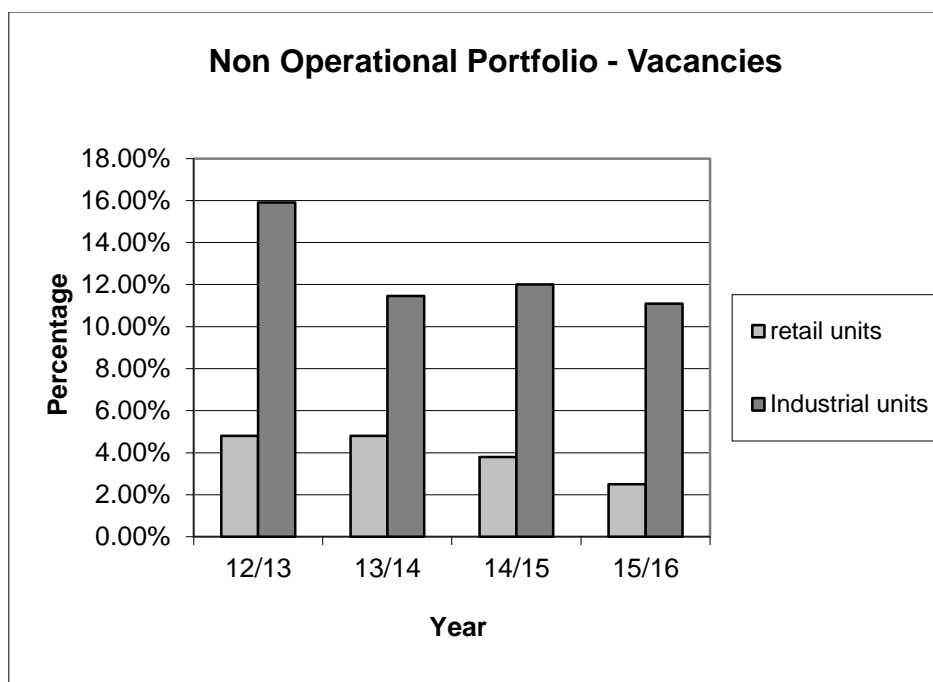
3.1.2 The reduction in the rental income in 2015/16 as against 2014/15 is as a result of a windfall payment received in 2014/15. However the cost of managing the portfolio at £1,138,295 (which covered maintenance and void costs such as rates and service charges) decreased in 2015/2016 and as such the net income from the non-operational portfolio of £2,036,111 was higher than in 2015/205 (£1,916,701). This revenue income contributed to the Council's General Fund. A further sum of £506,602 was spent on the maintenance and security of the surplus properties.

3.1.3 Between 2014/15 and 2015/16 the level of voids for industrial units has fallen from 19 to 17 whilst the level of retail units standing empty has fallen from 6 to 2 These indicate an ongoing improvement in relation to the level of voids in both the industrial retail portfolio.

3.1.4 This reflects a reduction in the vacancy rate across the industrial portfolio from 12% in 2014/15 to 11.1% in 2015/16 and from 3.8% to 2.5% across the retail portfolio in the same period.

3.1.5 The above figures include the properties which were transferred to the Council in 2013/2014 from Tyne and Wear Economic Development Company.

3.1.6 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 were agreed. The full report was provided to the Corporate Property Officer in July 2016, the highlights of the report being:

- The deficit between the budget target and net income of £102,369 (this being a further improvement on the previous year when the deficit was £127,162)
- Income was boosted by £248,520 as a result of 23 new lettings, 10 lease renewals and 8 rent reviews
- As at 31st March 2016 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 2015/16 money from this fund was allocated to undertake structural repairs at Cowen Road Industrial Estate and the installation of new access doors at the Interchange Centre.

3.1.10 The Council completed the CIPFA value for money benchmarking exercise in 2015 which covered the period 2014/15. This exercise was in relation to both the management of its tenanted non-operational portfolio and operational property. Twenty two local authorities took part in the exercise.

3.1.11 The outcome of this exercise highlighted that in 2014/15 Gateshead Council:

- had one of the lowest number recorded training days
- had the second highest average sickness days per FTE
- had the highest average cost of management per asset
- had one of the lowest average cost of a works order
- had the second lowest external spend

3.1.12 The results from the benchmarking exercise are being reviewed but information gleaned to date indicates that:

- not all training is recorded on the Council's system as officers are recording the details of their training on their own professional web sites as they are required to do;
- there are variances across Services with regard to sickness days with some Services recording lower than average sickness days per FTE. Further enquires are to be made to try and determine the reason for the variances
- The Council has a greater number of assets than the other local authorities who took part in the exercise but the size of the portfolio was smaller (350,000 sq. m. as compared to 427,000 sq. m.). The cost of managing low value small sized assets is greater than managing fewer large sized assets as managing the smaller sized assets is overall more intensive.

3.1.13 During the course of 2015/16 officers entered into preliminary discussions with Public Sector Plc (PSP). The Company had approached the Council as it was interested in working with the Council because of Gateshead's pro-active and innovative approach, and profile in the North East.

3.1.14 PSP was developed in 1997, encouraged by the then Government, 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. In its 2013 publication “Relational Partnering”, PSP say that “it delivers funding to enhance the value of public services and its property portfolios and can and does reduce the costs of maintenance of council land and buildings. PSP also affords the additional opportunity for public sector staff from council workforces to supply resources to unlock this value”.

3.1.15 PSP is a funding joint venture underwritten and supported by William Pears and Winston investment groups. 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.

3.1.16 The initial discussion identified potential opportunities for the Council, working with PSP, to drive additional value from its Tenanted Non-Residential Portfolio.

3.1.17 Discussions have continued throughout 2016/17 with PSP also making a presentation to Cabinet Members and a report submitted to Cabinet. An update on progress will be provided in the 2017 Property Performance Report.

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 2016 there were 6 properties, valued at £154,877 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 as there were 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 2015/16 as compared to 2014/15. Details of the capital receipts received over the last three years are as follows:

- 2013/14 - £3,534,290
- 2014/15 - £3,108,131
- 2015/16 - £1,363,436

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 channel 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, with membership comprising officers from, amongst others, Housing and Economic Growth, Property Services and Development, Transport and Public Protection.
- 3.2.5 A number of development sites have been included in the Council's Joint Venture Vehicle (JVV), whilst the 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 JV 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 JV 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 315 homes (including 55 affordable homes). Progress is as follows:
- 16 affordable homes have been built and occupied in Deckham
 - Birtley Phase 1 comprising 47 units is nearing completion with all units having been sold
 - The planning application for Birtley Phase 2 which comprises 147 units has been approved and preliminary works are now progressing
 - The first phase in Saltwell comprises 99 new homes which will all be built out by summer 2017. Of those that have already been completed the 23 affordable homes are all occupied and 32 homes available by way of open market sale are either purchased or reserved.
 - The second phase in Saltwell will begin with the submission of a planning application for 50 units at the end of this year.
- 3.2.9 The Partnership is currently considering which of the remaining 16 sites will make up the second bundle and once finalised planning applications will be submitted with the first coming forward by the end of 2016.
- 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 2015/16

- Felling Town Centre (£664,300)
- Blaydon Housing Office (£381,500)
- Former Alexander Road Infant School (£210,00)
- Garden House Cemetery Lodge (£170,000)

Surplus Asset Declarations

The following are a few of the properties declared surplus to the Council's needs during 2015/16:

- Whickham Thorns Outdoor Activity Centre
- 11/12 Gladstone Terrace
- Former Chopwell Library

Surplus Asset Demolitions

The following are a few of the properties demolished during 2015/16:

- Corbitt Street, Demolition and site clearance
- Brandling phase 2
- The Shipcote Centre

Estate Regeneration Demolitions

- Clasper Village Phases 1, 2 and 4
- Bensham Saltwell
- Bleach Green Phases 1 and 2
-

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 will continue 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. This ongoing review will enable the Council to consider the further consolidation of staff within the building or consider options for offering surplus accommodation to other public sector and/or partner organisations

- 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 2015/16 the following outcomes were achieved:
- One further community asset transfer has been completed to a community association with a number of others being processed and will be included in the report covering the period 2016/2017;
 - 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;
 - Chopwell Library was co-located with the Chopwell Children's Centre at Chopwell Primary School.
- 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 2015/16, 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. Works at Hill Top School were completed October 2014 and works at Thorp Academy are on-going, with an anticipated completion date of December 2016
- 4.2.7 In addition, Roman Road Primary, Lingey House Primary School and Front Street Primary School have been rebuilt using private finance via the Priority Schools Building Programme. As part of the project, Lingey House Primary School has been increased from 1.5 FE (form of entry) into 2 FE which has created 105 additional pupil places.
- 4.2.8 In May 2014, the Department for Education (DfE) announced a further phase of the Priority School Building Programme to undertake major rebuilding and refurbishment projects to address the needs of those schools in the very worst condition. Gateshead has been 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.
- 4.2.9 The Council has also been successful in its bid for Targeted Basic Need Funding from the Government. This has enabled two schools to be extended to meet increased demand for pupil places. The two successful schools are: Gibside School (25 additional places) and Riverside Academy (210 additional places). These works were completed in the summer 2015.
- 4.2.10 In addition, 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 May 2017. Options for the future of the existing school are currently being considered.
- 4.2.11 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.

4.2.12 During 2015/16, Gateshead was also successful in bidding for further kitchen capital funding at for improvements at Oakfield Infant School (£144,000), Parkhead Primary School (£45,000) and St. Joseph's Infant School (£98,700). These works were completed in August 2015.

4.3 Area Reviews

4.3.1 Work on the area reviews has continued throughout 2015/16 which has identified opportunities to work with other public sector organisations such as the Northumbria Police, NHS Property Services and the Clinical Commissioning Group (CCG) for more efficient use of the estate. The CCG has taken office accommodation within the Civic Centre, health services are being provided at the Birtley Children Centre (Chirpody) and drop in desks have been provided at Wrekenton hub and Gateshead@ Blaydon for Northumbria Police. It is anticipated that further opportunities will be identified through the OPE Partnership

4.3.2 The use of buildings and the range of services offered within Chopwell have been reviewed. The proposal coming out of this review led to the co-location of the library and children's services within the existing Children Centre which occupies space within Chopwell School.

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.
- Continue to engage with other north east authorities to try to find a set of indicators which can be used for benchmarking purposes;
- 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;
- In relation to the Equality Act 2010, the Council will continue, albeit with reduced funding, to roll out the upgrade works during the forthcoming year; and
- Identify development opportunities for both housing and commercial schemes to assist in driving forward the Council's housing and economic growth agenda.
- Progress discussions with PSP.

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)

