

The Corporate Asset Strategy and Management Plan

2015 - 2020

IN UNITY, PROGRESS



Foreword

Executive Summary

Introduction

Part 1: Context

- 1.1. Purpose
- 1.2 External Influences
- 1.3 Internal Influences

Part 2: An Efficient Property Portfolio

- 2.1. Asset value
- 2.2 Objectives
- 2.3. Benchmarking
- 2.4. The Current Estate

Part 3: Vision for the Future

- 3.1 Land and Buildings
- 3.2 Tenanted Non-operational Portfolio
- 3.3 Operational Portfolio

Part 4: Organisational Arrangement

- 4.1 Meeting Structure
- 4.2 Management of the Portfolio

Appendices

- Appendix 1 Summary of the Value of the Council's Property Portfolio**
- Appendix 2 Schedule of the Council's Operational Portfolio by Service**
- Appendix 3 Property Performance**
- Appendix 4 Action Plan**
- Appendix 5 Highlights from the CIPFA Value for Money Exercise**

Foreword

Local government is going through a significant period of change as a result of the fiscal gap and statutory changes. In response to these changes local government is having to consider transformational changes to enable it to continue to balance the budget and to meet the needs of its residents.

Gateshead Council has always been recognised as an innovative council whether in driving regeneration through culture-led initiatives or meeting the needs of its residents in terms of service provision. Such innovation will continue through the Council's Fit for the Future transformational programme to ensure that even during this period of restrained funding and increased demand the Council will continue to provide an exceptional service to residents.

To deliver such a level of service the Council needs to ensure that all its resources are used as efficiently and effectively as possible and that it has clear priorities.

Property is a key resource which has a value but also a cost. It is vital for service delivery but when not maintained and used efficiently and effectively it can become a financial burden.

The Council needs a clear strategy to ensure that the use of its property portfolio is maximised and supports effective service delivery, being fit for purpose and sustainable. This is achieved by having a corporate approach to the management of assets. The Corporate Asset Strategy and Management Plan 2015 - 2020 sets out the Council's asset management policy and practice. It is a 'live' document which will be reviewed, at least, annually.

Executive Summary

The Corporate Asset Strategy and Management Plan 2015 - 2020 is one of the key corporate documents which underpin Vision 2030 and the Council Plan. It sets out the strategic direction for the Council's property portfolio to ensure that these assets are optimised to meet the Council's policy priorities and ambitions over the next 5 years.

With the likelihood that public sector finance and local government finance in particular will be greatly stretched for the foreseeable future, it is essential that the Council's land and property assets are used as efficiently and effectively as possible both to support service delivery and ensure that opportunities to rationalise provision or increase income are identified and maximised. This means that the portfolio must be subject to ongoing review thereby ensuring that: the properties are fit for purpose; running costs are minimised; opportunities for consolidation are maximised; income is generated; and land identified and released in a timely manner to enable the Council to drive economic and housing growth.

Property assets are also key in contributing to economic and housing growth with the non-operational property portfolio generating a sustainable income stream.

The emphasis for the Council for the next five years in respect of the use of its land and property will be:

- The use of its assets to drive economic growth
- Facilitate housing development
- To drive greater value from the Tenanted Non-residential Property Portfolio
- Creating the environment for transformational working and the use of new delivery models
- Supporting the delivery of the Core Strategy

In addition the Corporate Asset Strategy and Management Plan 2015 - 2020 will build on the previous work in:

- Aligning its operational property to support service delivery
- Rationalisation of the portfolio through Service and Area Reviews
- Supporting investment in properties that have a long-term future
- Identifying opportunities for reducing building costs
- Ensuring properties are used as effectively and efficiently as possible
- Continuing to support Community Asset Transfer
- Providing accommodation at affordable rents to volunteer groups

Introduction

The Borough has developed a 20 year community strategy, Vision 2030, which is 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 new Council Plan is effectively the Council's delivery plan for the Community Strategy, Vision 2030 and sets out the direction of the Council for the next five years 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 2015 - 2018
- 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 2015 - 2020 (CASMP) provides the framework within which the Council can ensure that its property assets are fully utilised in terms of:

- Service delivery
- Income generation
- Regeneration to include employment opportunities and homes
- Operational costs minimised

In this way the Council can be assured that its property portfolio will contribute to the delivery of its strategic priorities as identified in Vision 2030 and the Council Plan.

Part 1: Context

1.1 Purpose

The new Council Plan developed in early 2015 establishes the framework for the Council's priorities until 2020. It includes a five year master business plan. It is an evidence based strategy thus enabling the Council to target its actions and resources effectively to achieve the agreed outcomes. The outcomes which can be effectively supported by the Corporate Asset Strategy and Management Plan 2015 - 2020 includes:

- Growing the economy (jobs) and providing housing choices
- Maximising the benefit of all our assets (including in communities)
- Collaboration
- Financial sustainability

The purpose of the CASMP is therefore to ensure that the Council's property assets contribute to the delivery of the strategic priorities identified in the Council Plan. The Council must demonstrate its estate is performing well in terms of support for service delivery, generating income, is as efficient as possible in terms of outgoings, and its land and surplus buildings are used to support its planning policies and housing and economic growth. The CASMP also provides the basis for determining what improvements and changes will be necessary to the estate into the future.

In considering the Council's strategic approach to asset management regard must be given to the Council's overall ambition and its budgetary position. Both of these elements impact on the Council in terms of its policy priorities and ultimately service need and the resources it has to deliver them.

The matching of the Council's property portfolio to changing policy priorities and service needs must, therefore, be considered in light of these challenges, statutory duties and the need to meet the sustainability agenda through the development of a more environmentally efficient and sustainable estate. Effective management of the estate over the medium to long term is crucial if the Council is to meet service need and maximise income generation.

Matching the Council's land and property to the outcomes identified in the Plan and ultimately service need should ensure that services are delivered in a co-ordinated way across Gateshead, taking advantage of synergies between services and other organisations wherever possible.

The Council's vision is for an effective, appropriate land and property asset portfolio which supports Vision 2030 and the Council Plan: one that supports effective service delivery, is sustainable, and provides value for money which is delivered through systematic challenge of the assets and flexible asset management.

As a consequence the Council takes a strategic approach to investment in its land, buildings and infrastructure to ensure that it gets the best value from the resources available.

The Council needs accurate data on which to base its property decisions and continues to make substantial progress in developing the corporate property data base: Gp2. Once complete this will hold detailed information on the Council's property portfolio and will be the system which is used across the Council for property management purposes.

1.2 External Influences

- **Economy - Financial**

The national pressure on reducing the public debt has had a major impact on local government finances. The continuing requirement and scale of budget savings, coming on top of the £110m already delivered since 2010, presents an increasing challenge for the Council. It is also the case that there is even greater financial uncertainty over the medium term. The Queen's Speech delivered on 27 May 2015 stated that the government will "continue the work of bringing the public finances under control and reducing the deficit, so Britain lives within its means". This is likely to mean significant financial reductions particularly over the next two years until the government achieves its aim of running a budget surplus by 2018/19.

The Council, along with other local authorities, has faced unprecedented reductions in government funding since the Comprehensive Spending Review 2010. In addition, service pressures and increasing demand for services, particularly from the most vulnerable, has meant the Council has had to make significant budget savings in response to the government's austerity measures. This position has been exacerbated by the introduction of fundamental changes to the way local authorities are funded.

The Council's Medium Term Financial Strategy (MTFS) covers the period from 2016/17 to 2020/21 and is a key part of the Council's Budget and Policy framework, giving financial direction over a five year period and ensuring that financial resources are directed towards the delivery of the Council Plan and Vision 2030. Whilst the government has not provided indicative funding beyond the Local Government Financial Settlement covering 2015/16, overall it is now estimated that the Council will need to close a funding gap of £77.7m over the five financial years 2016/17 to 2020/21 with a significant element of front loading in the first two years.

- **Economy - Service Need**

Demand for services is increasing year on year due in part to increasing expectations, changes in technology and an increasing population over the age of 65. This puts pressure on both the nature of services available as well as the speed and accessibility that people expect.

There is increasing pressure for more services to be accessed electronically both to increase self-service/availability and reduce costs. Opportunities for people without access to computers still needs to be made available but there is an expectation that this will reduce as digital routes become more widespread.

The incorporation of public health services within the remit of the Council has also impacted on access to services.

- **Statutory Changes**

A number of significant changes have taken place and are taking place which will impact on the Council's approach to use of its property assets. These include:

- Integration of public health responsibilities.
- The Localism Act 2011.
- Introduction of the Combined Authority which seeks to increase the pace of economic growth on a broader geographical base: i.e. across the Tyne and Wear, Northumberland and County Durham areas.

- **Changes in Central Government Funding**

Alongside the reductions in funding referred to above, the government has implemented major changes in the way councils are funded through, in part, the Finance Act 2012. This Act enables Councils to retain 50% of business rates with the remainder going to central government to be redistributed based on need. The Act also contains measures to establish localised tax benefit and allows councils to borrow against forecast business rate growth through Tax Increment Finance (TIF).

In addition, the legislation supports Accelerated Development Zones which enable local authorities to borrow for capital schemes against projected growth in business rate income. This will benefit Gateshead as the NewcastleGateshead Accelerated Development Zone has been created which includes Gateshead Quays and Baltic Business Quarter. The Council is able to retain 100% of the business rates generated within this area to support the initial development costs and is currently developing proposals as part of the Economic Growth Acceleration Plan to maximise economic growth and increase future business rate income.

- **National Planning Policy**

There have been major changes to the planning system, with the introduction of the Localism Act 2011 and the National Planning Policy Framework. Changes were also made in the Growth and Infrastructure Act 2013, and in the Infrastructure Act 2015, aimed at speeding up the planning system.

New legislation announced in the May 2015 Queen's Speech pledges further changes. The Housing Bill will bring changes to planning legislation to support housing growth. The Bill will introduce a statutory register for brownfield land "to help achieve the target of getting Local Development Orders (LDOs) on 90 per cent of suitable brownfield sites by 2020". An LDO is made by local planning authorities that give a grant of planning permission to specific types of development within a defined area. This will represent a significant pressure on Gateshead as a planning authority and landowner of brownfield sites. The Bill will also require authorities to support custom and self-builders registered in their area in "identifying suitable plots of land to build or commission their own home": a 'Right to Build'. The Bill will also make changes to neighbourhood planning law.

- **Transparency Agenda**

The government is continuing to promote the Transparency Agenda with one of the latest proposals requiring local authorities to provide details of their property portfolio online to enable residents to see how the Council is making best use of its assets in terms of service delivery and economic development.

1.3 Internal Influences

- **Advanced ICT capability**

There have been significant advances in technology since the last iteration of the Corporate Asset Strategy and Management Plan 2010 – 2015 and this has resulted in changes in how people access services and the speed/accessibility that is now expected. These pressures have led to widespread reassessment of how services should be provided.

- **Workforce Strategy 2015-20**

The aim of the Workforce Strategy is to support delivery of the sustained transformation necessary to achieve faster, fitter, more flexible, citizen and customer focussed services. It complements and supports delivery of Vision 2030 and the Council Plan. During a time of considerable change and uncertainty it is vital to the achievement of success to have arrangements in place which show how the workforce will be supported and developed. Improvement comes when the right people, with the right skills are deployed in the right place. This is achieved by analysing the current workforce and then identifying future requirements, skills and competencies which are needed to deliver new, different or improved services.

- **Transformational Change**

The Council's 'Fit for the Future' programme is looking in detail at all aspects of the Council's activities, with the key objective of providing more efficient and effective services.

The changing nature of services' interactions and transactions with their customers will be reflected in the choices made in relation to the types of property needed, its location and flexibility to meet future challenges.

In advance of this work the Council reviewed how it used the Civic Centre and moved from modular office layouts to open plan offices and electronic filing. As a result it has been able to adopt modern space standards which has enabled an additional 700 people to be accommodated in the Civic Centre. In addition it has meant a number of office buildings have been sold, thus reducing office overheads.

- **Gateshead Economic Growth Acceleration Plan 2014 – 2018**

The Council has developed the Gateshead Economic Growth Acceleration Plan 2014 - 2018 which set out its aims and objectives in terms of housing and economic growth to include opportunities for employment, connectivity and sustainability together with a detailed action plan to deliver these objectives.

The six objectives are:

- Place economic growth at the heart of the Council
- Make Gateshead's urban core a premier business and visitor destination
- Create an environment that allows businesses to thrive and create jobs
- Stimulate development through investment in next generation infrastructure
- Drive economic growth by redressing imbalance in the labour market

The Acceleration Plan makes provision for the use of the Council's property assets, both land and buildings, to bring forward key sites for regeneration to stimulate private sector investment and development. It identifies the following interventions relevant to the CASMP:

- Maximise the impact of Council owned assets and bring key sites forward for development
 - Ensure there is the right type and quality of premises to meet accommodation needs of growing firms and inward investors
 - Improve the quality, condition and management of housing so that all residents benefit from safe healthy and well managed homes
 - Invest in next-generation infrastructure and encourage renewable and low energy schemes.
- **Gateshead Council Volunteers Plan**

The Council and its partners continue to promote community development and empowerment through Vision 2030, and in particular the Gateshead Volunteers Big Idea.

The Volunteers Plan supports the development of volunteering within Gateshead. The overall purpose of the Plan is to ensure that the current significant benefit and contribution of volunteering in Gateshead is further expanded, developed and supported in a structured and strategic way.

- **Culture Strategy 2014 -2017**

"Creative Gateshead" is Gateshead's Culture Strategy, developed with partners, stakeholders and residents. As well as providing a framework for making strategic investment decisions, the strategy sets a direction for everyone who contributes to the cultural offer in Gateshead and the North East. The strategy identifies a number of ambitious goals, across two themes: Creative Economy, and Creative Communities.

By working together Gateshead will continue to demonstrate the vital role that culture can play in improving the lives of residents and building a stronger economy and stronger communities.

- **Gateshead Local Plan**

Work on producing a local plan for Gateshead that meets the National Planning Policy Framework (NPPF) guidance is progressing. The first stage of the Local Plan has been jointly prepared with Newcastle City Council and is the Core Strategy and Urban Core Plan for Gateshead and Newcastle upon Tyne (the Core Strategy), which was adopted by the Council in March 2015. The Core Strategy ensures that the Council has the tools to shape how land use and places will change and develop in the future to deliver its strategic ambitions.

Due to the number of houses assessed as being necessary to support economic and population growth and the lack of suitable and viable sites within the urban areas, land that was previously in the Green Belt has been included for development.

The Council, as a landowner, can support the delivery this review, as a number of sites within its ownership have been included in the Core Strategy. However, there will also be implications for the Council as a service provider: e.g. the identification and subsequent development of residential sites will give rise to a requirement for nursery and school provision for which land will need to be identified.

The adoption of the Core Strategy is a significant milestone in preparing Gateshead Local Plan. The Council is currently preparing a Development and Allocations Local Development Document (LDD), 'Making Spaces for Growing Places', which will become part of Gateshead's Local Plan and which will supersede the saved policies of the UDP. The Development and Allocations LDD will be a more detailed and locally specific planning document for Gateshead. The document will allocate and designate land to ensure its future protection and include robust policies for the management of development.

The Council will continue to identify opportunities to use its land holdings to promote regeneration initiatives.

Part 2: An efficient Property Portfolio

2.1 Asset Value

The total value of the Council's property assets as at March 2015 was approximately £417.4m (excluding housing stock). A breakdown of this figure across all the assets is set out in Appendix 1.

The valuations are undertaken for accounting purposes and reflect the Council's use of the property and as such the values do not necessarily represent the achievable open market value.

The 2014/15 Capital Programme invested a total of £63m in capital schemes, over 85% of which was invested directly in the Council's assets. The capital investment utilised over £20m of prudential borrowing, with the remainder being a combination of capital grants and contributions, HRA resources and the use of capital receipts.

2.2 Objectives

The Council must ensure that its property assets contribute to the delivery of its strategic priorities, improving services, and delivering efficiencies. The CASMP provides the framework for the property assets to be integrated into this strategic approach.

As previously, the framework will be based on six key property objectives as they continue to be as relevant now. The six key property objectives are:

- a. A strategic approach to management of Council assets;**
- b. Justification of holding assets based on business need;**
- c. Continuous improvement of the sustainability of Council assets;**
- d. Using Council property assets for economic development and regeneration purposes and encouraging community development;**
- e. To provide properties that meet service need by being fit for purpose; and**
- f. To generate a sustainable revenue stream from the tenanted non-operation portfolio and maximise capital receipts from surplus assets**

a) A strategic approach to management of Council assets;

With the level of revenue support expected to reduce further over the next five years it is essential that the Council continues to ensure that its property portfolio is managed in the most co-ordinated, efficient and effective way. This can include initiatives such as:

- the rationalisation of the property portfolio to maximise annual revenue savings, generate capital receipts and maintain necessary service provision;
- raising/maximising income from the non-operational portfolio;
- reviewing the Council's assets to ensure the Council encourages housing and economic growth and promotes sustainable business rate growth across Gateshead, and in particular the Accelerated Development Zone area; and
- ensuring that the Council considers opportunities to work in collaboration with others where there is the potential to reduce costs and/or improve the service offer.

The majority of property owned in the public sector is owned by local government, and central government continues to promote the view that substantial savings can be made by local government through the better use of its property. The Council is committed to ensure that it has measures in place to continually review its portfolio both to maximise income and ensure it uses its assets in a way that best meets customer needs.

The Council continues to progress a programme of rationalisation of its portfolio enabling revenue savings. This has generated some £2m of savings between 2011 - 2014. Officers will continue to identify opportunities for further rationalisation as the programme of rationalisation and transformation evolves.

The opportunities for savings in relation to properties which the Council leases (i.e. is the tenant) are reducing as they become fewer. Some of those that do remain are ground leases with many years remaining. However, where an opportunity arises to further reduce the portfolio it will be taken. Any future savings will be reported in future updates of the CASMP.

The CASMP identifies strategies for the various parts of the property portfolio to achieve future savings. These strategies will enable the Council to continue to reduce the overall size of the operational estate, in the short to medium term, and by better property management will achieve a more cost effective and efficient use of the estate long term, thus achieving a reduction in running costs of the retained estate. The approach needs to have an eye on the longer term to ensure that short term imperatives do not unintentionally hinder longer term opportunities and there is a need to ensure the Council's overall approach can facilitate greater co-ordination and alignment with other organisations. Current proposed strategies for Council assets are set out in section 2.4

b) Justification of holding assets based on business need;

The CASMP provides the framework to enable the Council to consider its property corporately. This strategy has enabled the Council to look across its assets to ensure that properties are fully utilised and as such provide value for money. By looking at property as a corporate resource, the Council is able to identify opportunities for the co-location of services which reduces the size of the overall portfolio and subsequently minimises the operational costs. It also assists in identifying opportunities to share the use of Council assets with partners.

Services must now identify future property need as part of their longer term business planning work and this will inform the overarching approach to ensure that decisions are taken with the best available information for the Council as a whole.

Once Service needs are identified the Corporate Asset Strategy Team consider property need on an area basis. The Area Review approach enables the Council to identify: what services are being delivered within an area and from which buildings; the effectiveness and current cost of use of those buildings; assess future need and alternative buildings and/or methods of delivery.

By looking at properties at an area level, the Corporate Property Officer can identify opportunities for better use of the portfolio including working with partner organisations, through shared use of accommodation. An example of this is the new Wrekenton Hub which provides accommodation for both service delivery and community use. As further opportunities are identified these will be highlighted in the annual updates of the CASMP.

It is anticipated that there will be further changes to the workforce which may impact on the accommodation required to deliver services.

The Council will therefore continue to monitor the level of staffing required to deliver the core services throughout the period of the CASMP. This will enable a planned and prioritised rationalisation of the estate to help deliver significant efficiencies and

more effective asset management. Every effort is taken to minimise vacant properties which are an overall cost to the Council.

c) Continuous improvement of the sustainability of the Council's assets;

The Council continues to strive towards a sustainable estate which will deliver both economic and environmental efficiencies. The Carbon Reduction Commitment (CRC) has increased the pressure for a more sustainable approach to the way the Council's property is held and managed. Forthcoming regulation and targets will put a greater emphasis on sustainability.

In 2009, the Council committed to reduce its carbon emissions by 35-40% within 5 years. This was subsequently re-profiled and, as a result, the timeline was extended to 2016. The Council's carbon emissions continue to fall, and in 2013/14 were 15.7% less than in 2007/8, the baseline year.

This reduction has been achieved through a combination of actions:

- Improvements to building energy management systems;
- Installation of smart meters at over 80% of sites;
- Property rationalisation and more efficient use of property; and
- Capital investment in energy efficiency improvements.

Capital investment has been made via several streams:

- Use of the Council's 'invest to save' fund, established with SALIX funding; and
- Interest free loans to extend energy efficiency works to Gateshead schools, to fund a further £0.25m of heating, lighting and insulation improvements to four schools.

With this investment alone, carbon emissions are projected to be reduced by more than 20% by the end of 2014/15. And investment in schools energy efficiency works is a priority going forward.

The Council is also developing its response to the Energy Act 2011. The Act compels landlords to achieve and maintain a specified level of energy efficiency for their property as set out in energy performance certificates (EPC), which if not met, can prevent the letting or sale of property. A review of the energy performance of the Council's Tenanted Non-Operational Portfolio is ongoing and where minimum standards are not met, appropriate investment options will be developed.

In addition to measures within its own estate, the Council is also exploring the development of community-scale heat and power generation schemes. These will enable the Council to continue reducing costs and carbon emissions of energy in its own buildings, while also extending these benefits to commercial and domestic properties in the vicinity of the schemes.

Two schemes are currently in development:

- A district energy scheme in Gateshead Town Centre is currently being procured to be developed adjacent to Baltic Business Quarter. The scheme will initially supply heat to six public buildings and four hundred homes, and power to four large public users. Opportunities to expand the scheme further are being explored; and.
- An energy efficiency retrofit and district energy scheme to provide low carbon, low cost heat to 500 homes across five high rise blocks managed by the Gateshead Housing Company.

The majority of the Council's shared buildings are now managed centrally through the Facilities Management Service. In addition a number of buildings occupied by a single service have also been transferred to Facilities Management including Children's Centres and the intention is that all Council operational buildings will be transferred to this form of management going forward. This will ensure that the Council's property is corporately managed and will assist in reducing energy consumption, carbon emissions and waste, with the result that services will be delivered at lower operational costs.

d) Using the Council's property assets for economic development and regeneration purposes and to encourage community development;

As a result of its land holdings, the Council has been able to facilitate a number of retail-led regeneration initiatives in district centres at:

- **Blaydon**
- **Birtley**
- **Felling**

These are in addition to the major regeneration scheme which has recently been completed in Gateshead Town Centre.

The redevelopments at Blaydon and Birtley are now complete, whilst the development at Felling is well underway.

The Council continues to work with Keelman Homes Limited (Keelman), a Social Housing Provider established through The Gateshead Housing Company, to identify opportunities for the two organisations to work together. This partnership has resulted in five sites being identified for development which delivered thirty one new homes during 2014/2015. Keelman made an application to the Homes and Communities Agency (HCA) for funding from its 2015/2018 Affordable Housing Programme which secured funding to deliver new social housing schemes at sites across the borough including Malton Green and Heddon View.

Keelman have also secured additional grant funding to provide further affordable housing at the Runhead Estate, Ryton, and have also been awarded grant to support the purchase and repair of up to 18 empty homes across the borough, which will be returned to use as affordable accommodation. The bid was made in partnership with the Council and will include a number of long term empty properties.

The Council is also working with its joint venture partner, Evolution Gateshead, to provide a mixed housing offer over 19 sites across Gateshead. This 15 year partnership will provide job opportunities during construction, sustainable homes on completion through a variety of tenures, and a direct financial benefit to the Council by way of New Homes Bonus in addition to an increase in council tax receipts. The partnership is already building 350 new homes including 55 for affordable occupation on sites at Deckham, Bensham and Saltwell, and Birtley.

There is demand for Council land from Registered Providers (RPs) who can access funding from other sources, such as the HCA, to construct affordable housing. However, there is an expectation from the HCA that the Council will transfer the land to RPs at minimum consideration to facilitate the development of new housing.

The Council has recently procured a new development partner for its site at Gateshead Quays. This site is to be brought forward for mixed use development.

The Council has throughout 2014/15 operated a very proactive approach to Community Asset Transfer, partly as a result of the work done in connection with the Community Centre Review and the Library Review. However, requests under the Right to Bid, arising from the implementation of the Localism Act, have to date been few in number in Gateshead.

In total there have been three applications for properties to be listed as Assets of Community Value during 2014/15, all of which have been successful. One of the buildings is in Council ownership: Swinburne House, Swinburne Street Gateshead.

e) To provide properties that meet service need by being fit for purpose;

The Council's portfolio comprises buildings of various ages and construction type, ranging from pre-1900 properties to modern purpose-built accommodation. As a consequence, improvement in property performance across the portfolio is challenging.

The Council has also assessed its properties in terms of suitability for service delivery and condition¹, whereby the users of the buildings complete a survey. This suitability survey was undertaken during the latter part of 2013 with a 71% response received which identified that:

- 83.08% of the Council operational buildings fell into category A
- 13.24% of the Councils operational buildings fell in to category B
- 3.68% of the Councils operational buildings fell in to category C
- No buildings were identified in category D

¹ **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

The 5 buildings falling in category C which were considered to have major problems and/or not operating optimally are:

- Felling Community Base: this is a leased in property and as a result of a Service review will be surrendered
- Blaydon's Children's Home: refurbishment works have now been undertaken which have rectified the issues highlighted.
- The Sound Room: this is no longer used for direct service delivery and is in the process of being Community Asset Transferred
- Stargate Lane Pavilion: this is no longer used for direct service delivery and has been the subject of a Community Asset Transfer
- Gateshead @Blaydon: the internal arrangement within the building does not reflect the Council's aspirations in terms of accommodation for both Service users and employees.

The next survey will be undertaken in 2016 and the outcome will form part of a future update of this CASMP.

Officers are undertaking condition surveys across all the operational properties. To date surveys for community centres, leisure buildings, libraries and children's centres have been completed and, of these, the majority of properties fall within categories A and B. This information is held in Gp2, the Council's corporate property database.

The Council also takes a corporate view in relation to strategic maintenance with an annual sum allocated within the capital programme, which is currently £750,000. Taking a strategic approach ensures that work is targeted to those buildings which are to be retained by the Council in the long term.

In addition, the Council also allocates a sum to carry out work to meet its statutory requirements in relation to its properties. This is currently £409,000 and covers for example, water hygiene and gas appliance testing.

The Council has undertaken access audits in respect of its operational building and currently 69% of the portfolio meets the requirements of the legislation. It will not be possible to make every building Equality Act compliant due to the age and nature of some of the buildings.

f) To generate sustainable revenue stream from the tenanted non-operation portfolio and maximise capital receipts from surplus assets.

The Council's tenanted non-residential property portfolio generates a gross rental income in the order of £3,000,000 p.a. It also provides economic benefit in terms of providing employment opportunities and access to accommodation on favourable terms for new start up organisations.

The Council has a three-year rolling programme of asset disposals which is used to identify the level of capital receipts likely to be available to support future capital investment. During 2014/15 the property market continued to improve and, as such,

the Council has been able to dispose of a number of its surplus assets which has generated capital receipts and reduced holding costs.

The opportunity to generate capital receipts reduces year on year as there are fewer buildings being declared surplus unless new opportunities are identified and become available. This tension highlights the difficulty of balancing short to medium term financial pressures with long term opportunities which may not yet be realisable.

Revisions to the Right to Buy, which included an increase in the level of discount available to the tenant, has resulted in an increase in the number of Council dwellings being sold. The ability for the Council to construct replacement affordable housing is, however, limited due to resource constraints, placing further pressure on the supply of affordable housing within Gateshead.

2.3 Benchmarking

Benchmarking enables the Council to determine how its property is performing against an agreed set of performance indicators. Unfortunately, the opportunity to benchmark with other local authorities continues to be an issue as budget savings have resulted in resources available to collect performance indicators being reduced. The Council has, therefore, looked at year on year performance of its own portfolio in terms of energy efficiency, condition and income generation in terms of its non-operational portfolio. Appendix 3 sets out the performance data.

Officers will continue to identify ways to measure performance in order to make informed decisions and obtain value for money from the estate: for example, the Council completed a Value for Money exercise at the end of 2014 which was undertaken by Chartered Institute of Public Finance and Accountancy. The focus of the exercise was to look at the delivery of property service across the Council to determine whether it represented value for money. The highlights of the report are set out in Appendix 5.

The Council continues to work with all public sector partners to map public assets to fully understand what they do and whether they are needed for the future.

The North East Property Group brings together all local authorities in the region together with other key public sector organisations, including the NHS Foundation Trust and the Police and Fire and Rescue Services, to ensure that opportunities to share premises and deliver joint services are considered.

2.4 The Current Estate - Operational

Whilst the context that shapes the Council's decisions on its property portfolio will continue to change, it is critical that there is a short to medium term strategy in place to ensure that decisions are made on the basis of solid and rounded evidence.

As a result of rationalisation of the portfolio, the Council has been able to reduce the number of buildings from which it operates. During 2014/15 a further 23 buildings were declared surplus to requirements. The Council currently occupies 297 buildings

for the purpose of service delivery, of which seven are leased in from private providers.

As can be seen from the properties listed in Appendix 2, operational assets are held for specific purposes, some of which are key to service delivery. Properties that are currently delivering key Council services include two offices, seventeen libraries (twelve of which are core libraries with six of these forming part of mixed-use sites including the Gateshead@ hubs; and five of which are run by volunteers), nine community and youth centres, 29 depots and stores, 58 schools and 56 residential buildings (excluding the main housing stock and sheltered housing accommodation). It is important, therefore, that the Council continues to understand, and challenge, the use of property to ensure it is being used to maximum effect for both customer service and financial impact.

2.4.1 Offices

The vision for the Council's office accommodation is to have 21st century efficient office space to meet Council and staff aspirations, which delivers a flexible, productive and healthy working environment.

The Council has, over the last few years, been able to provide such accommodation through the implementation of the Workspace Strategy. The resulting benefit is that the majority of the Council's office based staff are now located within the Civic Centre. This has enabled the Council to rationalise its office accommodation and vacate poor quality buildings.

Through the Fit for the Future Transformation Programme, the Council is seeking to identify new ways of working to increase productivity whilst protecting, or enhancing, the welfare of staff. This includes the better use of technology and opportunities for agile working, which, in turn, will impact on how the Council uses its buildings to deliver services.

In progressing such options the Council will need to consider, and manage, what are often conflicting constraints including:

- Physical constraints – the age of the building, floor size, space configuration, listed building status, accessibility, utilities etc.
- Operational constraints – desk sharing, requirements for public access, meeting spaces and specialist functions, data requirements, storage privacy, partnership working.
- Cultural constraints – the development of a performance management culture which rewards performance and achievement of outcomes rather than 'presenteeism'
- Financial constraints – the availability of capital for upfront investment to upgrade office environments and IT.

Work is currently in hand to review the use of the public spaces in buildings to include a review of reception services.

2.4.2 Libraries

Public libraries are a statutory service required by the Public Libraries and Museums Act 1964. The legislation requires a local authority to provide a comprehensive and efficient service to meet the needs of the local population. The requirements are very broad and the legislation does not specify how the service should be delivered.

The Council undertook a Library Review during 2012/2013 which was presented to Cabinet in February 2013 and consequently the Library Service now operates from twelve Council run core libraries and five voluntary run libraries. In addition the 'Readers at Home Service' was transferred to the voluntary sector to be run by volunteers.

The Council undertook a further review of the Library Service during 2014/15, the outcome of which was reported to Cabinet on the 24 February 2015 and it was agreed that during 2015/16:

- **Felling Library:** Partner organisations are to be sought to become more involved in the operation of the library. It is also proposed that opening hours are reduced by 6 hours which would mean that the library is open 32 hours a week.
- **Chopwell Library:** It is proposed that the option to relocate and co-locate the library with Chopwell Sure Start in the Chopwell Primary School is pursued and that the library's opening hours are reviewed along with single staffing. This could result in a reduction in opening hours of 10 hours in a week (30%) and would mean that the library is open 25 hours a week.
- **Rowlands Gill Library:** It is proposed that opening hours are reduced along with single staffing. This could result in a reduction in opening hours of 14 hours in a week (35% and would mean that the library is open 25 hours a week).
- **Wrekenton Library:** The library is relocating to the newly renovated Wrekenton Hub and the proposal is that the library Service will become integrated within the Gateshead Housing Company (TGHC) supported by a service agreement between the Council and TGHC. With this proposal library service costs will be reduced and library staff would be integrated with and managed by the Gateshead Housing Company. This proposal will release the existing Wrekenton Library building which will be demolished and the land incorporated in a larger residential development site.
- **Dunston Library:** Currently located within the Dunston Activity Centre which is subject to the Leisure Review, it is proposed that the Council continues to work with organisations who have expressed an interest in operating from the building and/or, who are interested in asset transfer. Discussions will take place over the next 6 months and will include progressing options for the library to be part of the Community and Council Library network

- **Pelaw Library:** It is proposed that the Council works with partner organisations over the next 12 months to progress options for the library to be part of the Community and Council Library network, through greater partner and community involvement in the operation of the library.
- **Current volunteer run libraries:** It is proposed that a revised Service Level Agreement is developed for two years from June 2015 based on a 50% reduction in funding in year 1. The Council will work with the Volunteer Library Associations to build capacity, develop a collaborative approach and explore more joint opportunities with partners.

The property implications arising from this review include:

- the proposed co-location of the Chopwell library with Chopwell SureStart, which if viable, will result in the current library premises being declared surplus to the Council's requirements. This will result in a reduction in the Council's operational portfolio and the potential for the Council to secure a capital receipt;
- the retention of a library offer within Dunston Activity Centre will need to be addressed as part of the future proposals for the building.

2.4.3 Community Centres

Cabinet agreed the proposals for Phase 3 of the Community Centre Review at its meeting on 18 March 2014 which relates to the remaining 23 community centres that the Council currently supports.

The options for the buildings were as follows

1. Transfer the building to the existing management committee through community asset transfer in the form of a lease
2. Transfer the building to another interested organisation through asset transfer in the form of a lease
3. Retain a community centre where there is a viable business case and strategic need as part of a greatly reduced network of community centres, the level of financial and development support will be reviewed with this option
4. A community centre without a business case or no interest from the community will be closed and declared surplus to the Council's requirements
5. Where the Council does not own or has leased the building but provides financial and development support, review and ultimately reduce the level of funding and support.
6. The property implications arising from the options are as follows:
 - Leam Lane Community Centre – The Council needs to clarify the occupational arrangements for the community association with the intention of formalising the occupation by way of a lease.

- Barley Mow Village Hall – A possible transfer to the existing management committee through community asset transfer in the form of a lease or transfer to another interested organisation through asset transfer in the form of a lease.
- Springwell Community Centre – The future options for the management of the building are still being considered.
- Emmaville Community Centre – A new management committee has been established and officers are working with it with the intention that it will take a lease of the building in due course.
- Winlton Community Centre – A possible transfer to the existing management committee through community asset transfer in the form of a lease or similar transfer to another interested organisation.
- Wrekenton Community Centre has been refurbished and now provides a Council Service hub which includes community accommodation.
- The Whitehouse Lane changing rooms and have been demolished as they were no longer fit for purpose having suffered two arson attacks. The building was demolished as the cost of refurbishment did not offer value for money.

The remaining community centres are either already leased to community groups or are in private ownership.

2.4.4 Depots and Stores

A recent review of the Council's operational depots resulted in the depot at Heddon View being declared surplus to requirements with a number of others under consideration. The Council will continue to monitor its requirements and, where possible, will consolidate services into the larger depots in order to realise revenue savings, maximise capital receipt and deliver a customer focussed service.

The new Waste Transfer Site (WTS) at Campground, Wrekenton, delivered through the Tyne and Wear Waste Management Partnership, is now in use as is the new state of the art Visitor and Education Centre.

Adjacent to the WTS, the Household Waste and Recycling Centre has been upgraded to incorporate a split level site and a covered area for domestic waste disposal and is now open to the public. The temporary Household Waste and Recycling Centre, which had been created to the rear of Shearlegs Road depot, has now been closed.

2.4.5 Schools

During 2014/15, Charles Thorp Comprehensive School in Ryton converted to academy status.

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 Charles Thorp Academy have started on site with an anticipated completion date of December 2016.

In addition, Roman Road Primary, Lingey House Primary School and Front Street Primary School will be rebuilt using private finance via the Priority Schools Building Programme. Contracts for the rebuilding work have been awarded and construction will begin in this year with completion by March 2016. As part of the project, Lingey House Primary School will be increased from 1.5 FE (form of entry) into 2 FE which will create 105 additional pupil places.

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 will contact the school directly during 2015 to arrange a site visit 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.

The Council has also been successful in its bid for Targeted Basic Need Funding from the Government. This will enable three schools to be extended to meet increased demand for pupil places. The three successful schools are: Gibside School (25 additional places), Ravensworth Terrace Primary School (227 additional places) and Riverside Academy (210 additional places). Gibside and Riverside Academy will be completed by August 2015. The expansion of Ravensworth Terrace Primary School on its existing site was refused at planning committee due to the restrictions of the site. The Council is proposing to rebuild Ravensworth Terrace Primary School as a new two form entry school on an alternative site within its catchment and this is due to be completed by September 2016.

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.

All state-funded schools in England, including academies and free schools, now have a legal duty to offer free school meals for all four to seven-year-olds under the Universal Infant Free School Meals policy. The introduction of free school meals to all pupils in reception, year 1 and year 2, that comply with the government's School Food Standards means 2,000 extra meals will be cooked every day in Gateshead. This initiative will also mean that over 70% of our primary school children in Gateshead will be taking a school meal.

£375,000 of Council capital funding has already been spent on schools which needed to improve the kitchen or dining facilities to offer a free hot meal at lunchtime. In addition, Gateshead was successful in bidding for further 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 are scheduled to be complete by the end August 2015.

2.4.6 Residential Property

In accordance with the Cabinet decision for Clasper Village (2011 Minute No C68) work is progressing on re-housing and demolition of the existing Council housing stock. In addition a full planning brief has now been approved by Cabinet in readiness for marketing the site once vacant and cleared.

A similar exercise is currently being undertaken at Bleach Green in accordance with the Cabinet approval (2011 Minute No C135). Re-housing of tenants, private tenants and owner occupiers is ongoing and a planning brief is currently being prepared. Demolition of the vacated buildings is underway.

The redevelopment of the former council housing site at Ravensworth Road, Dunston is progressing with Keepmoat Homes Limited as the developer. The new Aldi supermarket is now complete and open for trading and a 47 unit older persons' block for Tristar Homes. Negotiations have now been concluded with the doctors' practice and the intention is that a new medical centre will also be constructed. Following the demolition of Tower Court in 2015/2016, 45 new energy efficient family homes will be built for sale.

The demolition of the former Chandless Estate is now complete with only some remediation works still to be undertaken. The site will ultimately be developed to provide new housing for sale and for rent.

On the 16 July 2013, Cabinet approved Supplementary Planning Guidance for the wider area of the Town Centre totalling 100 hectares called the Exemplar Neighbourhood which sets out the vision for this area [Minute no. C57 2013].

During 2013 the Council developed a new Housing Strategy which provides a single reference document for all of the Council's housing related activity. It replaced a number of strategies and incorporates all the statutory housing documents the Council has to produce.

The Housing Strategy extends to 2018 and intends to find deliverable solutions that work for local people.

The Housing Strategy is structured around three linked objectives:

- Support – to help residents access and sustain a home which promotes their wellbeing. Preventing homelessness is a key element of this objective.
- Standards – to improve the quality, condition and management of housing so that all residents benefit from safe, healthy and well managed homes.

- Supply – to ensure use of the existing stock and supply of new housing best meets current and future needs and aspirations.

Ten key challenges have been identified under these three objectives: for each challenge a clearly defined guiding approach is proposed with a supporting set of coherent actions. The Housing Strategy identifies how the Council's land, property and financial resources need to be used to overcome these challenges. It clarifies roles, responsibilities and partnership arrangements and sets out measures to be used to judge success.

The Housing Revenue Account Business Plan provides the platform for setting the strategic direction for the Council's housing stock. To help inform the strategic decision making process consultants have been instructed to undertake a condition survey of the existing housing stock. The outcome of the survey and the developing strategy will be included in the annual update of the CASMP.

2.4.7 Disability Day Service

Elements of the Adult Social Care Service are currently being reviewed in order to continue to meet client need. Officers from the Corporate Asset Strategy Team will liaise with the Service Director, Adult Social Care and Independent Living and the Service Manager to assess the property implications arising out of the review.

2.4.8 Leisure Services

The Leisure Service offer has recently been subject to review. The review considered options for budget savings and income generation and alternative business models.

The budget savings proposals for 2015/16 included changes in opening hours at a number of buildings and the removal of Council subsidy at Dunston Activity Centre, Gateshead Indoor Bowling Centre and Whickham Thorns Outdoor Activity Centre.

The property implications arising from the changes outlined above will result in a community asset transfer, a partnership, acquisition by a private company, or as a final resort, the closure of the Centres, during the course of the year.

The outcome of whichever option is eventually progressed will result in a reduction in the Council's operational portfolio and the potential to generate an income or capital receipt.

The Council is currently undertaking a review of the Gateshead Playing Pitch Strategy – Management of Playing Pitches as part of the evidence base to inform the Local Plan. The review of the Gateshead Playing Pitch Strategy is due for completion in 2016. The outcome of the review will be reported in the annual update of the CASMP in 2016.

2.4.9 Business Centres

The Council has commissioned consultants to undertake a review of the business centres portfolio. The report has recently been received and is being considered by officers within Housing and Economic Growth. Any proposals for change will be highlighted in the 2016 annual update of the CASMP.

2.4.10 The Current Estate – Non-Operational

The Council holds land for specific purposes one of which is the ‘benefit, improvement or development’ of the Borough, which encourages regeneration, housing and economic development. As a result of development on land held for this purpose the Council has generated employment and business opportunities, a retail offer within district centres, and housing (both social and private).

By holding commercial land for the long term, the Council can benefit from the rental income from the retail and industrial units which have been developed on the land.

Income is also being generated from letting the various small plots of land that lie at the edge of housing estates which have been used to provide garden plots and garage sites, usually at a net cost to the Council.

The Council also has a statutory requirement to provide allotment sites and there are a number located across the borough.

At a time of reducing government funding, the rental income provides an important revenue stream which the Council uses to support service delivery. The Council must, therefore, ensure that it manages the non-operational portfolio to ensure that income is maximised and costs are minimised.

This is achieved by proactively managing the portfolio to ensure that vacancies are minimised and rent reviews are undertaken in a timely manner.

The non-operational portfolio currently generates an annual rental income to the Council of £3,200,000 (gross)/£2,000,000 (net)

It is made up as follows:

- 171 industrial Units
- 121 retail units
- 278 ground rents
- 11 Community centres
- 3 advertising hoardings
- 526 garage plots
- 100 garden plots
- 54 grazing plots
- 27 offices
- 20 aerials
- 78 allotment sites

- Easements, wayleaves and miscellaneous interests

Approximately 90% of income is generated from around 30% of the portfolio.

In some instances, such as the allotment sites, the cost of management is in excess of the income achieved. However, it is acknowledged that in some cases it is not always possible to achieve full cost recovery but officers strive to ensure that the cost is minimised through efficient and effective operational practice.

2.4.11 Land

The Council owns land across the borough which is allocated for housing and commercial use. Some of the sites are strategic -being either large sites or occupying a strategic location or in some instances both - whilst others are small infill sites.

In addition, as detailed in 2.3.6 above, the Council is also releasing land for residential development arising from the demolition of poor quality and low demand council housing.

Part 3: Vision for the future

The emphasis for the coming five years is for the Council to use its asset base to:

- drive economic and housing growth;
- secure greater value from the Tenanted Non-operational Portfolio;
- establish asset strategies across a range of public sector partners;
- create the environment for transformational working and the use of new delivery models; and
- support the delivery of the Core Strategy

3.1 Land and Buildings

The Council will work with the private sector and other public sector organisations to bring forward its land for both private and public sector development.

The Land Development Group has been established within the Council. This is an officer working group which will review the options for the development of the Council's sites and will ultimately put forward recommendations as to the most appropriate method of disposal to achieve the Council's policy priorities. Any recommendation will also have regard to the Core Strategy and the Gateshead Local Plan.

The Council has allocated £20m in the capital programme to support development within the Accelerated Development Zone (ADZ) which includes Gateshead Quays. Once the development partner has been appointed for Gateshead Quays, options for using some of this money will be considered and agreed. Funding from this capital allocation may also be allocated for schemes within Baltic Business Quarter which also sits within the ADZ.

The Council is also looking at direct investment where market conditions are such that developers are not willing to take development forward at this time as they are unable to achieve their required developer's profit.

The Council will, through the Land Development Group, consider the potential for the inclusion of further sites into the Gateshead Regeneration Partnership.

The Council will continue to work with Registered Providers to ensure that the Council can provide a mix of tenures to meet the needs of its residents

The Council needs to be seen to work with a range of private developers and registered providers and as such needs to take a balanced approach when considering disposal options.

The Council will progress the disposal of the sites released from the Green Belt and look to identify further sites that have the potential to be released from the Green Belt in answer to the 'further call out' for sites.

The Council is also looking at opportunities for supporting the creative sector through the development of appropriate accommodation.

Officers are continuing to develop relationships with other public sector organisations who own and occupy property in Gateshead to try and drive efficiencies through the shared use of buildings.

Officers in the Corporate Asset Strategy Team are currently working with representatives from NHS Property Services to develop a joint database and thereafter map the buildings owned and leased by the NHS property Services for use by the various sectors of NHS sector and the Council for delivery of its services across the borough.

The Council is also looking at the potential opportunity for direct housing development. Progress on this proposal will be highlighted in the 2016 update of the CASMP.

3.2 Tenanted Non-operational Portfolio (TNRP)

The Council is reviewing the TNRP to determine whether or not it continues to deliver an acceptable return in terms of income generation and economic benefits, such as job creation opportunities.

Where costs exceed income, officers are working across services to identify opportunities to reduce costs, increase income, where possible (even if it is only marginally), and consider alternative management models.

A strategic investment plan has been developed which sets out opportunities to grow sustainable income from the TNRP, including new build and refurbishment. The Council has identified £1m within the three year capital programme to fund such projects.

The Council is also in discussion with external organisations to explore partnership opportunities which could deliver improved income generation.

The Council will also look at opportunities to expand the portfolio by purchasing suitable investment properties where there is a business case for doing so.

3.3 Operational Portfolio

Assets are a corporate resource and, as such, should be managed corporately. There has been some work undertaken to move the day-to-day management of properties, and subsequently property decisions, away from individual services, so that such decisions are made corporately to ensure that the management is in the best interest of the Council overall. Day-to-day management is gradually being transferred to Facilities Management and this exercise needs to continue going forward until all operational buildings are managed centrally by Facilities Management. In this way the Council can move towards the Corporate Landlord Model which will ensure that property is seen and dealt with as a corporate resource.

In recognising the Council's land and property as a corporate resource, decisions to rationalise, invest or acquire property can be made with the best possible information. This will ensure that opportunities for rationalisation and shared use are not missed and investment decisions are considered in the round and with an eye to the future.

The Council has developed an Occupancy Protocol which sets out the obligations of Services in terms of their use and occupation of a building. This is to be rolled out to Service Directors.

Work on the Council's corporate property data base (Gp2) will continue with additional information added to include asbestos surveys, asset valuations and utility costs. This information will help inform strategic property decisions.

The Corporate Asset Strategy Team will work across the Council to ensure that the asset strategy for each Service is maintained. The strategy will be revised in light of any review or reshaping of service need.

Progress will continue on undertaking the condition surveys and work to make the Council's properties more sustainable in terms of utilities.

Opportunities for further building rationalisation will be taken as they are identified through Service and Area Reviews.

As stated earlier in the CASMP the Council has developed the Housing Revenue Account Business Plan. This has identified that there is an element of low demand stock within the portfolio which will need to be addressed. A number of options are currently being considered. The proposed course of action which is ultimately determined will be highlighted in the 2016 Update of the CASMP.

4. Organisational Arrangements for Asset Management.

4.1 Meeting Structure

The Strategic Director, Corporate Services and Governance in his role as Corporate Property Officer is the strategic lead for Asset Management and is responsible for the implementation of the CASMP in partnership with the other Strategic Directors.

The implementation of this strategy is currently overseen by the Corporate Asset Management Group. The role of this Group is to be reviewed and if found not to be an appropriate forum to deal with strategic property issues then an alternative model will be developed.

A report is submitted annually to the Corporate Resources Overview and Scrutiny Committee detailing the property performance an extract of which is detailed at Appendix 3.

4.2: Management of the Portfolio

The non-operational portfolio is managed by Property Services whilst the operational property is in the main currently managed by Facilities Management. The intention is for the remaining properties currently managed by individual Service Directors to be transferred to Facilities Management.

The Council is currently proposing to review the overall arrangements for where and how the various property functions currently operate. The intention is to appoint an external consultant to undertake the review. The outcome of the review will be reported in the annual update of the CASMP in 2016.

Appendix 1

Summary of the Value of the Council's property portfolio

The Council's operational estate is valued at £417.4m. Further information is summarised in the table below:

	31 March 2013	31 March 2014	31 March 2015
	£m	£m	£m
Assets Held For Sale	2.0	4.0	2.0
Community Assets	4.7	4.9	4.8
Council Dwellings	671.4	630.7	621.9
Investment Property	0.4	0.3	0.1
Land and Buildings	411.0	422.5	417.4
Surplus Assets	87.4	48.7	48.5
Total Property	1,176.9	1,111.1	1,094.7
Infrastructure	108.9	111.2	118.8
Total Infrastructure	108.9	111.2	118.8

Within the Land and Buildings category, the Council currently holds the following types of assets:

Asset	£m	
Significant Assets	111.9	Includes Civic Centre, SAGE and Baltic
Primary Schools	58.7	
Sports Centres & Swimming Pools	55.2	Includes Stadium
Secondary Schools	25.5	
Offices	25.0	
Ground Leases	24.5	
Community Centres	14.9	
Residential Homes	14.0	
Factories and Workshops	13.6	
Other Land and Buildings	13.6	
Special Schools	12.1	
Children Centres	11.5	
Depots	9.3	
Shops	8.9	
Libraries	7.2	
Park Buildings	3.6	
Cemetery & Crematorium	4.5	
Car Parks	3.4	
Total Land and Buildings	417.4	

Appendix 2

Schedule of the Council's Operational Portfolio by Group and Service

This Appendix sets out an overview of the generic building types that make up the Council's Operational Buildings: which is the property it uses to deliver its services. In the period March 2014 to March 2015 the portfolio has been reduced by 23 properties. This builds on the 159 properties which were removed from the portfolio between October 2010 and March 2015.

Care Wellbeing and Learning	Adult Social Care and Independent Living	Learning Difficulties Centre	3
		Mental Health Centre	1
		Older Peoples Centre	4
		Respite Care for Adults	1
		Vulnerable Persons Accommodation	20
		Total	29
	Children and Family Support	Children Centres	6
		Community Centres	3
		Total	9
	Learning and Schools	Life Long Learning Centre	1
		School Infant	2
		School Junior	2
		School Nursery	1
		School Primary	44
		School Secondary	2
		School Special PRU	2
School Special SEN		5	
Training Centre Other		1	
Caretaker Accommodation		12	
Total	72		
Social Work Children and Families	Children Centres	1	
	Children Homes	2	
	Family Centre	2	
	Respite Care for Children with Disabilities	1	
	Total	6	
Communities and Environment	Construction Services	Depot Central	1
		Total	1

Communities and Environment	Culture Communities and Volunteering	Art Gallery	1
		Community Centres	6
		Library	7
		Library (Volunteer)	4
		Visitor Centre/heritage Centre	1
		Caretaker Accommodation	1
		Total	20
	Development and Public Protection	Travellers	1
		Laboratory	1
		Total	2
	Facilities Management Leisure and Transport Services	Indoor Bowling Centre	1
		Leisure Centre	6
		Outdoor Activity Centre	2
		Pavilion	1
		Stadium	1
		Store	1
		Swimming Pool	1
Office other		1	
	Total	14	
Waste Services and Grounds Maintenance	Animal House	1	
	Aviary	3	
	Cemetery Other	4	
	Changing Room	13	
	Chapel	4	
	Crematorium	2	
	Depot Central	1	
	Depot Others	14	
	Outdoor Activity Centre	2	
	Pavilion	27	
	Public Conveniences (Non-auto)	10	
	Residential	3	
	Store	13	
	Visitor Centre	1	
	Total		
Corporate Resources	Customer and Financial Services	Customer Services Centre	3
		Office Head	1
		Total	4

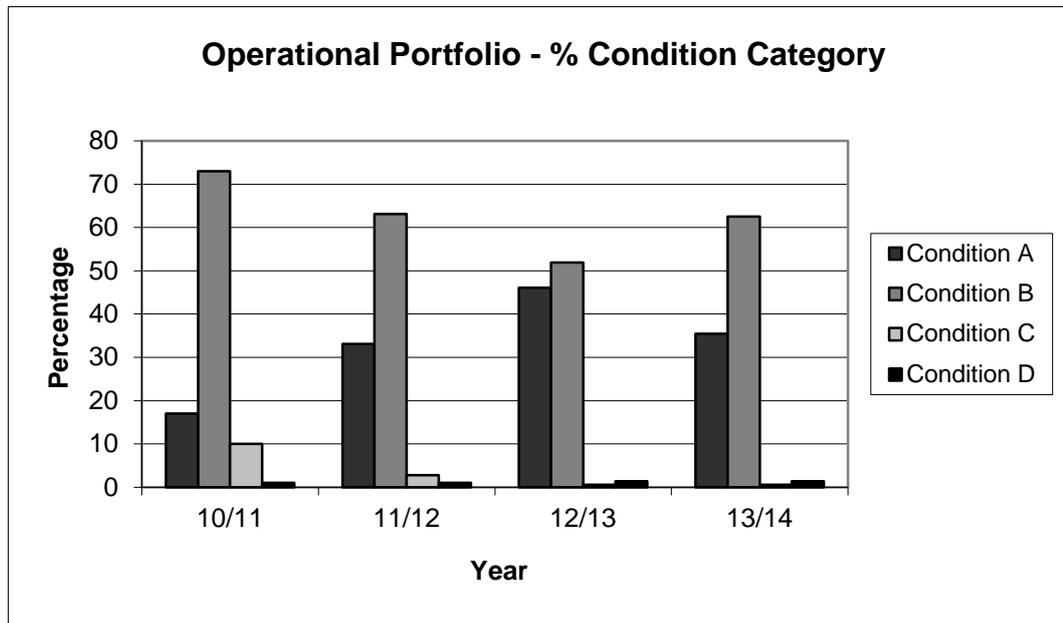
Policy Economic Growth and Transformation	Economic and Housing Growth	Business Centres	5
		Total	5

Property Performance

The figures relate to the last full year figures which are 2013/2014 and are based on the Council’s own year on year figures as the NAAPMI benchmarking figures have not been available for the last few years. When they are released again the Council will use these to benchmark against other similar local authorities

Condition and Required Maintenance

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



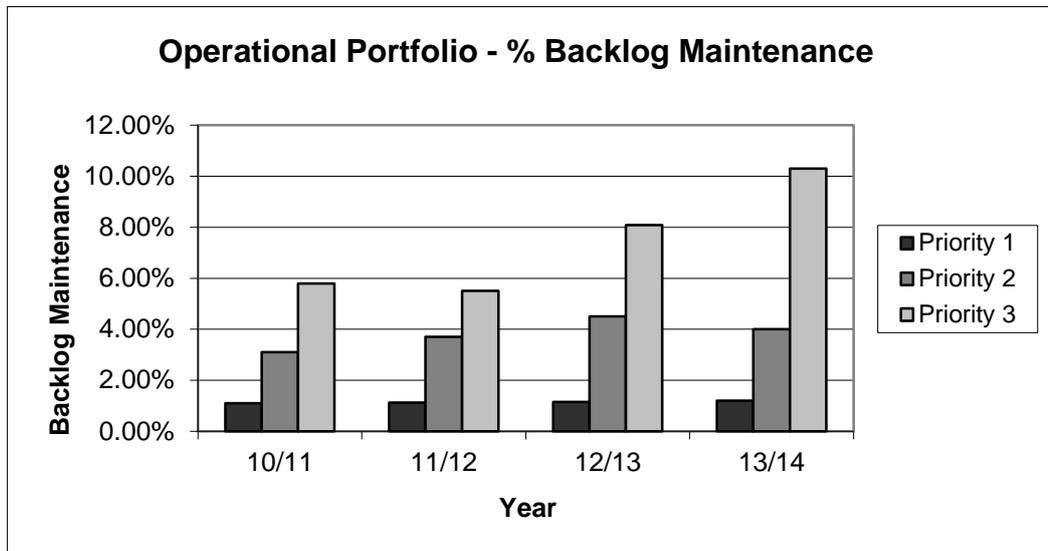
Definition of condition categories:

- 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.

**Percentage of Backlog Maintenance in Priority Levels 1 – 3
(excluding housing)**



Definition of priority levels:

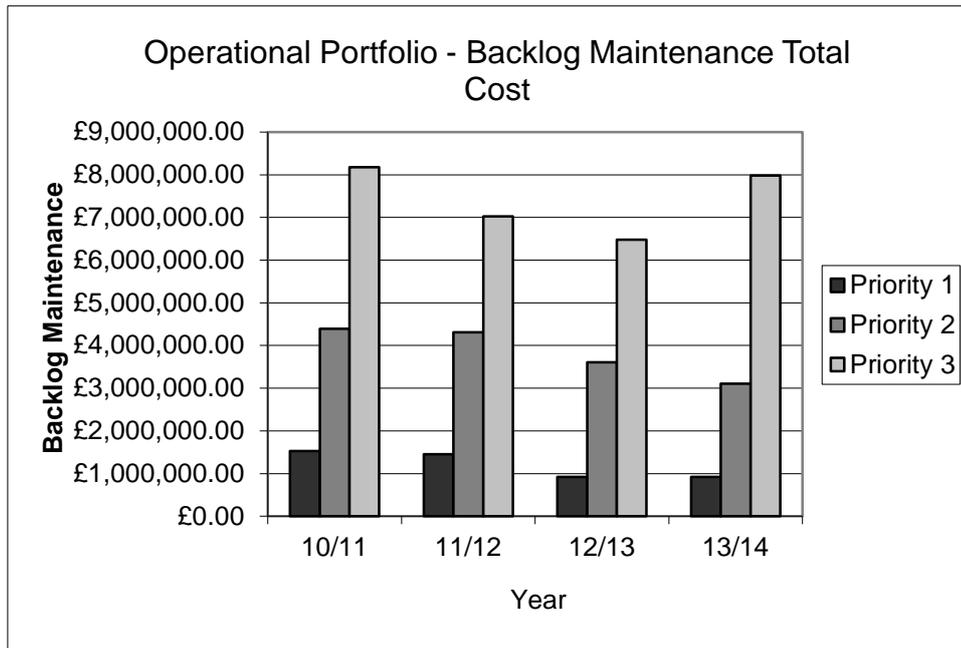
- 1. Urgent -** works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.
- 2. Essential -** work required within two years that will prevent serious deterioration of the fabric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

As well as targeting Priority 1 work the Council has undertaken a number of schemes within Priority 2 and 3 as part of its prioritisation of the strategic maintenance budget. The amount of work identified as Priority 3 has increased but it should be borne in mind that Priority 3 work is desirable rather than essential and does not need to be carried out in the immediate future. The figures have also been assisted by disposing of a number 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. However, in the longer term, care will need to be taken to ensure the higher amount of Priority 3 work is addressed in a timely fashion to avoid it falling into Priority 2 or 1.

Total Cost of Required Maintenance £/m2



Performance

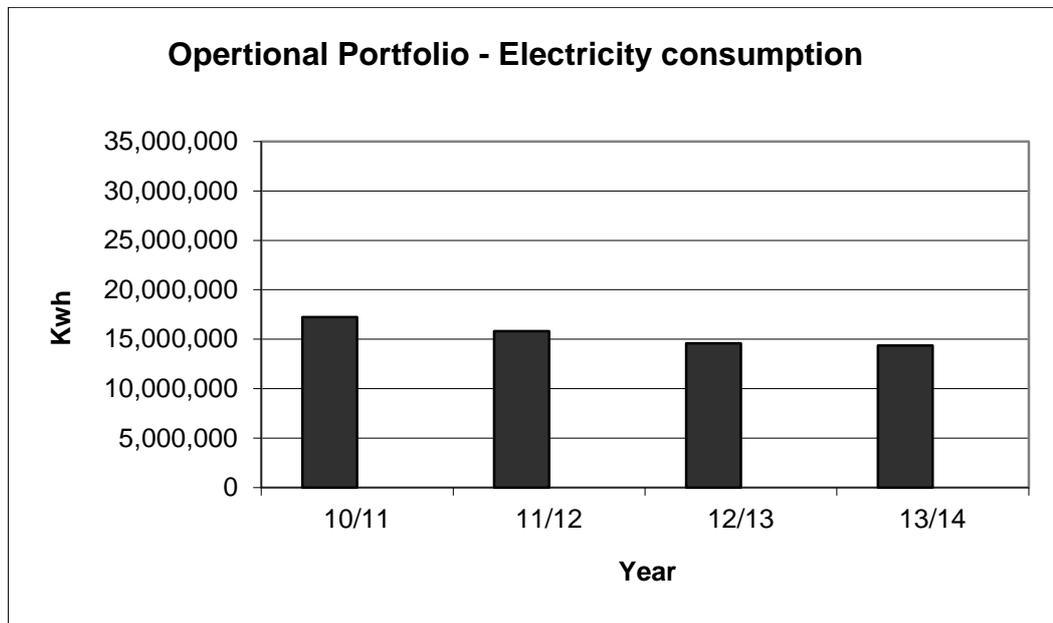
By continuing the process of targeting spend and disposing of poor quality buildings the Council has been able to reduce the number of buildings in Priority 2 and prevent an increase in the more costly (and damaging) Priority 1 backlog.

Overall performance

The 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 in the longer term.

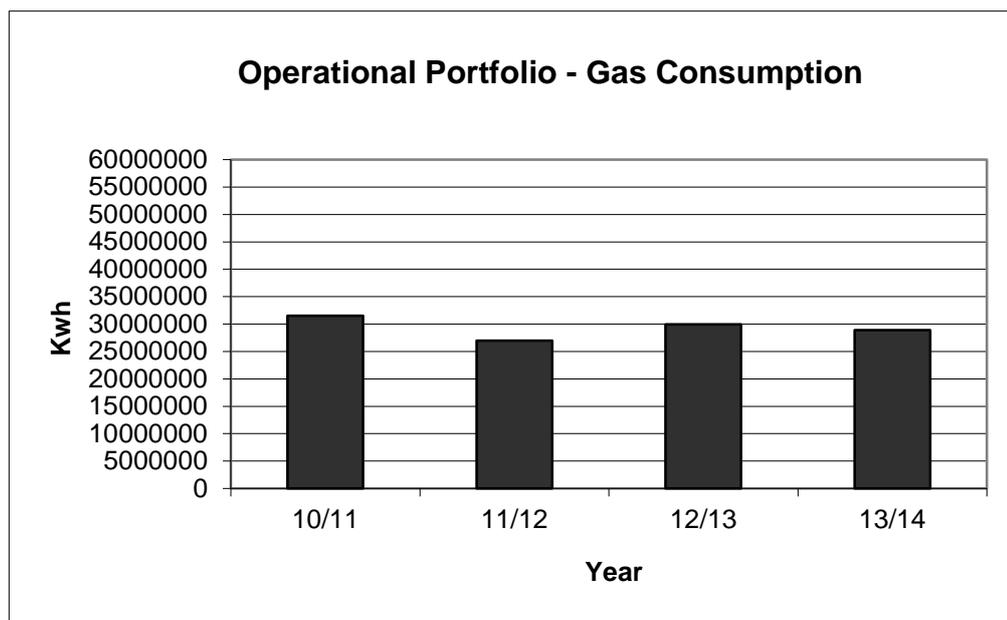
Environmental Property Issues

Electricity Consumption



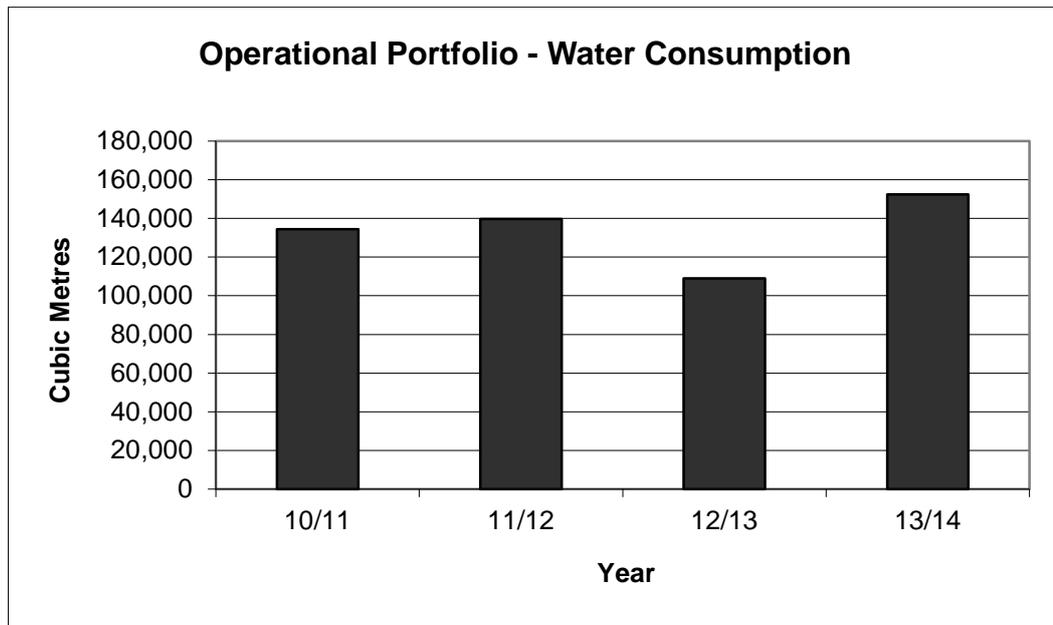
Electricity consumption is down 1.5% on the previous year. The investment in energy saving measures to lighting, pumps and motors continues to reduce consumption, particularly in leisure centres, where the majority of investment has been this year. In addition, 2 of the 5 combined heat and power plants at leisure centres are now running 24 hours each day, increasing self-generation of electricity

Gas Consumption



2013/14 saw a 17% drop in gas consumption which is largely due to that year being considerably milder than the previous year. Weather correcting for winter conditions shows that gas consumption still decreased slightly in 2013/14, even though gas usage did increase in leisure centres due to extending running times of CHP units in those properties.

Water Consumption



2.3.6 Water consumption in 2013/14 increased by some 40% on the previous year, which was largely due to 3 water leaks at small sites that did not have automatic meter reading and leak monitoring. The leaks have now been repaired, but it emphasises the importance of regular monitoring on all water supplies, large and small.

Carbon Emissions

2.3.7 In 2009 the Council committed to reducing its carbon emissions by 34 – 40% over the following 5 years. Council carbon emissions were 7% less in 11/12 than in 2007/8 the baseline year. This figure was somewhat lower than had been anticipated. The savings were therefore re-profiled and as a result the timeline extended to 2016. This change will enable the effects of recently undertaken projects such as changes to street lighting to be taken into account.

2.3.8 As at 2013/14 the total carbon emissions for property and street lighting have decreased by 20% since 2007/8; however, once weather conditions are taken into account the overall decrease is 15.7%.

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

Carbon emissions Tonnes/yr.	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	%change since 07/08 the baseline date
Actual	37,578	40,441	38,882	39,372	34,687	35,714	32,327	-20.1%
Weather corrected	38,739	39,450	38,625	38,486	36,565	34,433	33,260	-15.7%

Action Plan

To fully understand changing demands on service provision and align new service delivery models with property requirements.	Work with Service Directors to enable a corporate perspective to be taken across the portfolio which may give rise to opportunities for co-location whilst still meeting their property needs as identified in their Business Plans.	Ongoing Update on progress 2016
To manage property assets in partnership with other public bodies and voluntary sector organisations.	Continue working with our property holding partners through the North East Property Forum. Engage with the voluntary sector and third sector partners to identify opportunities for community asset transfers and shared use of buildings.	Ongoing Update on progress in 2016
To reduce occupied space to generate efficiency savings.	Utilise suitability and sufficiency data to target inefficiencies in the asset portfolio. Using the Transformation programme to introduce new ways of working to achieve further property rationalisation. Reduce reliance on leased property to enable the Council to have flexibility in managing its property assets.	Ongoing Update on progress in 2016
To ensure the development of an estate strategy which is environmentally efficient and sustainable.	Reduce carbon emissions through good management and low cost green solutions.	Ongoing Annual update to form part of the property performance report to OSC December 2015
To identify and ensure prompt disposal of surplus property assets thereby reducing the size and cost of the estate.	Work closely with Service Directors to ensure the Surplus Property Procedure is implemented thereby ensuring that surplus accommodation is identified at the earliest opportunity. Deal promptly with buildings being vacated. Prioritise disposal of vacant buildings.	Ongoing Update on progress in 2016
To provide accurate data to allow informed decision making.	Prioritise management of data through utilisation of Gp2 (the Council's Corporate Property	Ongoing

	database) capability which will support strategic decision making.	
To progress the opportunities identified in the Strategic Investment Plan	Prepare business cases to support the opportunities identified and complete projects to deliver the additional income	Ongoing
To progress the Service property implications arising out of budget savings and alternative delivery models	Work with Service Directors and managers to deliver the changes in property need in a timely manner to achieve the budget savings and the alternative delivery models meet	Ongoing
To ensure that the council's properties are adequately insured	Commission insurance valuations and put in place a 5 year rolling programme for future years	To be completed March 2016

Highlights from the CIPFA Value for Money Exercise

- the lowest sickness/training days,
- the highest sq m owned /occupied /managed,
- the highest sq. m per head of population,
- 98% of assets are classed Condition A or B and only 2% in C or D,
- the lowest cost of Strategic Asset Management (average cost per sq. m/per annum),
- total number of valuations carried out – third highest at 500,
- lowest average cost per sq. m of Condition Surveys undertaken,
- lowest total cost of management of maintenance programme,
- lowest number of staff engaged on management of maintenance,
- lowest average cost of a Works Order, and
- lowest average spend per sq. m on maintenance.