



Northumberland

County Council

CABINET

10 September 2019

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Neil Bradley, Service Director, Strategic Commissioning and Finance

Cabinet Member: Councillor Peter Jackson, Leader of the Council

1. Purpose of report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group at its meeting held on 09 August 2019.

2. Recommendations

Cabinet is recommended to:

2.1. **Blyth Sports Centre – NALS Relocation:** Approve the proposal to refurbish space in Blyth Leisure Centre to provide a 'fit for purpose' facility for NALS at a cost of £527,800. The funding requirement will be met from the existing Leisure Buildings Remedials provision within the 2020-21 approved Capital Programme.

2.2. Car Parking Improvements Programme:

- Approve a total allocation of £207,000 from the £10 million capital provision in the approved capital programme for parking improvements at Morpeth Railway Station (£157,000) – subject to agreement with Network Rail to purchase the land - and in Ashington (£50,000); and
- approve a re-profiling of the Car Parking Improvements programme budget from 2020-21 to 2019-20 to accommodate the budget requirements in 2019-20.

2.3. Grant to Morpeth Town Council:

- Approve a capital grant of £350,000 to Morpeth Town Council to support the Community Asset Transfer of the Pavilion, St James Centre – to be met from the Property Stewardship Fund; and,
- approve a re-profiling of the Property Stewardship Fund budget from 2020-21 to 2019-20 to accommodate the £350,000 budget requirement in 2019-20.

- 2.4. **Kyloe House Grant Awards:** Approve an increase in the Council's 2019-20 Capital programme to include the grant awards from the DfE and associated budgets, totalling £133,210, for 3 elements of work at Kyloe House as detailed in paragraph 9.1.
- 2.5. **Alwick Juniors FC – Other External Grants:** Approve an increase in the project's budget to reflect the other external contributions totalling £599,000, and therefore an overall budget provision of £1,144,000.

3. **Links to Corporate Plan**

The Council's Capital Programme is consistent with the priorities in the Corporate Plan 2018-2021; in particular the 'Living', 'Enjoying' and 'Thriving' priorities.

4. **Key Issues**

The report outlines proposed amendments to the previously approved Medium Term Capital Programme.

5. **Background**

The Medium Term Financial Plan and Capital Programme for 2019-20 to 2021-22 were approved by Council on 20 February 2019.

This paper summarises reports considered by the officer Capital Strategy Group on proposed amendments to the Plan.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP MEETING HELD ON 09 AUGUST 2019

6. BLYTH SPORTS CENTRE – NALS RELOCATION

- 6.1. The Group received a report on a proposal to refurbish an area within Blyth Sports Centre in order to enable relocation of Northumberland Adult Learning Service (NALS) from their leased premises in the Brunel Building, Blyth.
- 6.2. To locate NALS services into safe, suitable and fit for purpose premises, which the Brunel building is progressively unable to provide due to growing student numbers, an increased number of learners with additional needs, and spaces not being designed to meet the demands of adult skills and T Level education.
- 6.3. An option exists to relocate the NALS service into the Sports Centre following the same model as that which has been carried out in the Wentworth Leisure Centre in Hexham. This aligns well with the intended strategy of Active Northumberland and NALS co-delivering programmes for SEND and vulnerable learners. In addition, joint collaborative working would be possible for the teams working within Blyth Sports Centre across the wellbeing agenda.

Background

- 6.4. The refurbishment proposal for Blyth Sports Centre approved by Cabinet in March 2019 identified a space that could be used for Education purposes in the future. However the cost of fitting out this space was not included in the Blyth Sports Centre refurbishment proposal.
- 6.5. The NALS facility for Blyth is currently located in the Brunel Building in Blyth alongside the Virtual Schools Team. Annual running costs for the building, which is occupied under a tenancy at will agreement with a private landlord, are currently £93,440 pa but the landlord is looking for a significant increase in return for entering a formal lease arrangement.
- 6.6. The proposed rent and service costs are £130,000 pa which would be split 50:50 between NALS and the Virtual Schools Team. This annual cost is not sustainable for either team and therefore alternative accommodation solutions are being explored for both teams.
- 6.7. The Virtual Schools Team could potentially move into Northumbria House in Cramlington or County Hall but the NALS facility needs to remain in Blyth to service their local customer base.
- 6.8. Rather than leaving the space for future development, there is now an opportunity to incorporate the design of a purpose-built facility for NALS on the first floor of the Blyth

Sports Centre. Design work for Blyth Sports Centre is currently at RIBA Stage 3 with a planned start on site in the Spring of 2020 and completion in May 2021.

Proposal

- 6.9. It is proposed that the Blyth NALS operation is relocated from the leased Brunel Building into purpose built facilities within the refurbished Blyth Sports Centre at an additional project cost of £527,800 (based on 406m² @ £1,300/m²). The proposed facilities will contain 4 class-rooms including, a STEM lab and a catering class-room, together with break out spaces, toilets, reception area, storage and office space.
- 6.10. The NALS operation which is externally funded, will no longer incur the external lease and building costs. Instead NALS will pay a market rent of £35,000 pa to Active towards their operational costs for the Blyth Sports Centre; this is in line with a similar arrangement between NALS and Active for use of the building at Wentworth Leisure Centre, Hexham.
- 6.11. It should be noted that the annual cost of capital to fund the additional project cost, estimated at £30,310 pa (£527,800 @3% over 25 years), would in effect be met by the Council - as with all other Leisure Centre Investment. The revenue impact is however already provided for as the Leisure Buildings Remedials budget provision is already within the existing capital programme.

Options Analysis

- 6.12. **Do nothing:** The landlord of the Brunel Building is unwilling to agree to a long-term lease arrangement that is affordable for NALS.
- 6.13. **Move NALS to alternative premises in Blyth:** There are no other Council owned buildings in Blyth that could be used by NALS apart from the Blyth Civic Centre. The Civic Centre which is currently ear-marked for disposal once no longer required for County Hall decant purposes, would require a refurbishment budget estimated at £1.7m to meet corporate accommodation standards with modern facilities. No other suitable town centre premises have been identified which meet the space and budget requirements of NALS.
- 6.14. **Incorporate a NALS training facility within the existing Blyth Sports Centre:** This is as already done in the Wentworth Leisure Centre in Hexham, and as proposed for the new Morpeth Leisure Centre.

Conclusion

- 6.15. Option 3 is the recommended option as an extension of the model being rolled out at other Leisure Centre sites, with the funding requirement being met from the existing Leisure Buildings Remedials provision within the Capital Programme.

CSG Recommendation:

- 6.16. The Group accepted the proposals and recommends Cabinet to approve the proposal to refurbish the space in Blyth Leisure Centre to provide a 'fit for purpose' facility for NALS at a cost of £527,800. The funding requirement will be met from the existing Leisure Buildings Remedials provision within the 2020-21 approved Capital Programme.

7. CAR PARKING IMPROVEMENTS PROGRAMME

- 7.1. The Group received a report seeking approval to release further funding from the provision in the Capital Programme to allow the continued implementation of the detailed parking action plans that have been developed; specifically, for additional car parking at Morpeth Railway Station and for car park improvements in Ashington.
- 7.2. This is the fifth report relating to the £10 million allocation for parking. To date £5.219 million has been committed to support parking improvement schemes.

Morpeth Railway Station

- 7.3. £20,000 was previously allocated to Morpeth Railway Station as a first phase of activity to enable the design and detailed costing for the provision of a new 27 space car park at the railway station to be progressed and to develop the planning application. Planning permission has since been secured and additional funding of £147,000 is now required to move to the construction phase.
- 7.4. A further opportunity has been identified to extend the County Council's existing car park at the station by utilising adjacent derelict land. It is expected that this area could result in an additional 12 parking spaces. An allocation of £10,000 is therefore required to enable design and planning to be undertaken, including discussions with the landowner, Network Rail. It should be noted that consent for the land acquisition has not yet been given, and therefore the work will be subject to agreement being reached with Network Rail. A further allocation will be sought for the implementation phase.

Ashington

- 7.5. A parking study has previously been undertaken as part of the work to support the regeneration of Ashington and, with the recent announcements regarding the development of the Portland Park site, it is now considered appropriate to progress some of the actions identified in parking study to support the town centre economy.
- 7.6. The Ashington Parking Study contains a number of recommendations to improve parking in the town centre.
- 7.7. Specifically, the study recommends that Station Yard car park be reorganised to increase its capacity. It is estimated that this could yield up to 37 extra spaces,

increasing its capacity from 113 to 150. An allocation of £10,000 is requested for design and implementation.

- 7.8. It also recommends that the surface of the parking area in John Street is resurfaced and bays marked to maximise capacity, and that the pedestrian route to it is made safer by the addition of a footway link so that people do not have to walk in the carriageway. An allocation of £40,000 is requested for these works.

Summary

- 7.9. Approval is sought for the release of £207,000 from the £10 million overall provision within the Capital Programme to enable the above projects to proceed.

CSG Recommendation:

- 7.10. The Group accepted the proposal and recommends Cabinet to approve a total allocation of £207,000 from the £10m overall provision in the approved Capital Programme, for parking improvements to enable:

- the construction of a new 27 space car park at Morpeth Railway Station (£147,000), the design and submission of a planning application to extend the existing car park at Morpeth Railway Station making use of an area of derelict land to secure a further 12 spaces (£10,000) – subject to agreement with Network Rail; and,
- improvements to the layout of two town centre car parks in Ashington to deliver an estimated 37 additional spaces and improved safety for pedestrians (£50,000).

The Group also recommends Cabinet to approve a re-profiling of the Car Parking Improvements programme budget from 2020-21 to 2019-20 to accommodate the budget requirements in 2019-20.

8. GRANT TO MORPETH TOWN COUNCIL

- 8.1. The Group received a report on a proposal to transfer Storey Park, St James Community Centre and the Carlisle Park Pavilion to Morpeth Town Council through a Community Asset Transfer and to provide a capital grant of £350,000 to enable the Town Council to carry out backlog maintenance and refurbishment work.

Background

- 8.2. The Town Council currently has responsibility for the management and operation of Storey Park and St James Community Centres both under a 30-year lease. The

Centres are owned by the County Council but Morpeth Town Council would like to take the St James Centre and the playing field attached to Storey Park Community Centre on freehold under a Community Asset Transfer. Under the proposal, activities currently undertaken at Storey Park Community Centre would move to St James Centre and the Storey Park building would be demolished by the County Council. As part of the transfer, the Town Council would also like to acquire the Pavilion in Carlisle Park and undertake a significant remodelling of this building. The Pavilion is currently leased by the County Council to Active Northumberland but this lease expires in 2020.

- 8.3. The current community facilities are in poor condition and require significant work to bring them up to a modern standard which would enable them to be run more efficiently. The Town Council are therefore requesting funding of £350,000 towards the necessary improvement works as a condition of the Community Asset Transfer.
- 8.4. The primary motivation behind the Town Council's ambition to continue managing the centres under freehold ownership is its wish to retain and develop top quality, thriving community centres which will improve the quality of life for the whole local community. They will seek to promote the principles of personal development, healthy lifestyle, well-being, community engagement, empowerment and social inclusion.
- 8.5. Freehold ownership of the buildings will enable the Town Council to facilitate much-needed redevelopment and improvement of the sites providing additional facilities to better meet the current and future needs of the community. The Town Council will actively seek strategic partnerships and opportunities for joint working with other stakeholders and interested parties and will directly involve the wider community in the future direction of the community facilities provided.

Proposal

- 8.6. Based on a condition survey carried out by Faithful and Gould in June 2019, the St James Centre requires investment of £167,670 within the next 5 years to bring it up to a modern standard. This does not include removing the stage and installing a dividing wall to maximise the space and increase revenue. It is estimated that this work would cost an additional £30,000, taking the total refurbishment costs up to £200,000.
- 8.7. The Town Council has commissioned Crawford and Higgins to undertake an options appraisal for the Pavilion Building. A full refurbishment of the Pavilion including the change of use will cost approximately £300,000.
- 8.8. The Town Council is seeking funding as a condition of the Community Asset Transfer towards this cost of refurbishment. The Town Council has submitted a full business case in support of its Community Asset Transfer request.

- 8.9. It is proposed that £350,000 is provided as a capital grant to enable the Community Asset Transfer to proceed.
- 8.10. There has been public consultation and, whilst there have been some objections, overall agreement has been reached with the local community (Morpeth Forum) on the proposals.
- 8.11. A condition of the transfer will be that the Town Council provide appropriate facilities to enable the use of the playing pitch to continue.

Options Appraisal Analysis

8.12. Retain buildings in Council ownership

Carlisle Park is currently leased by NCC to Active Northumberland and the recent condition survey identified that capital investment of £94,000 would be required in the next 5 years.

The St James Centre is leased to the Town Council but under the lease the Council is only responsible for the fabric of the building. The condition survey as referenced in the Town Council's Business Plan identifies investment of £45,000 is required to the fabric of the building within the next 5 years plus £20,000 to remedy the damp problem.

Storey Park Community Centre is in poor condition and requires £234,000 of immediate work. It is not considered economical to refurbish Storey Park but activities could be transferred to the St James Centre and the building demolished.

Under this option, the Council would only need to invest £159,000 to remedy any immediate issues for which it is responsible. However the building internal layouts and services would remain dated and not attract high community use. The Council would continue to be responsible for future building costs and the landlord liability for Storey Park backlog maintenance would remain.

8.13. Transfer the St James Centre, Storey Park Field and Carlisle Park Pavilion with a capital grant of £350,000.

Under this option the Council would have no future liability for any of the buildings and the Town Council could effectively use the funds saved by the Council on repairing Storey Park Community Centre to fully refurbish the other community buildings.

8.14. Transfer the Carlisle Park Pavilion with a capital grant of £250,000 and refurbish the St James Centre prior to transferring it and the Storey Park playing field at a later date.

Under this option the Council would pick up the cost of replacing all services as well as the building fabric work for St James Centre and would spend £418,000 of capital in total. The Council would also be liable for any unforeseen works during the refurbishment.

Conclusion

- 8.15. Option 2 is the preferred option as this option will ensure the Council has no future liability for the buildings and will provide sufficient funding to support the Town Council in enhancing their community assets. The grant will be funded from the Property Stewardship Fund Allocation within the Council's approved Capital Programme

CSG Recommendation:

- 8.16. The Group accepted the reports and recommends Cabinet to
- Approve option 2 - to provide a capital grant of £350,000 to Morpeth Town Council to support the Community Asset Transfer of the Pavilion, St James Centre and the Storey Park playing field; and,
 - approve a re-profiling of the Property Stewardship Fund budget from 2020-21 to 2019-20 to accommodate the £350,000 budget requirement in 2019-20.

9. KYLOE HOUSE GRANT AWARDS

- 9.1. The Group received information on 3 new capital grant awards, totalling £133,210 from the Department for Education (DfE) for a further series of improvement works at Kyloe House. The Cabinet is recommended to approve an increase in the capital programme to reflect the grant awards in accordance with the Chapter 2 Budget & Policy Framework, Paragraph 5 (1) a – In year changes, which allow for variations to the budget for fully funded schemes from external sources.

Background

- 9.2. The Kyloe House offers secure accommodation for 12 young people aged 10 – 17 years on a traded basis to Local Authorities for some of the most difficult and challenging young people in England. Due to the nature of the service provision, quality of accommodation and security is of the utmost importance and is required to ensure the Home is marketable to attract placements from other LA's, (allowing the service to trade profitably and ensure the service is self-sufficient) as well as being a fundamental requirement of the Home's Ofsted registration, meeting Requirements and National Minimum Standards.
- 9.3. The DfE allocates grant funding to provide for the capital development of secure children's homes in England. This includes grants for major rebuilding work alongside grants for minor works to maintain the quality and security of the secure children's home's estate. Kyloe House has successfully bid for capital funding for the development of the above works. The grants and works are as follows:

Installation of New Perimeter Fence - £56,150

- 9.4. The land that lies to the east of Kylloe House is being sold for housing development. This land is currently vacant and is occupied by derelict buildings. As such its use is currently confined to people walking, exercising dogs and sometimes horse riding. Immediately to the edge of the northern boundary lies a road that provides access to the houses that face Kylloe House. This will become the main access to the new housing development. This can be problematic in that the lounge Windows to Alder Unit face this area and there have been instances of members of the public walking up to windows and acquaintances of young people residing in the unit banging on the windows to gain their attention. There is a major concern that once demolition and construction works commence on the site area there is a risk of this problem being exacerbated. There is also a longer term risk that once the housing is complete the area will be perceived as being more accessible, that residents will use the driveway as a cut through and that the land in front of Kylloe House will be used for recreational purposes.
- 9.5. The erection of a demarcation fence around the perimeter of the site will prevent the Kylloe drive being used as a cut through and will prevent people from walking across the site and discourage the area being used by residents. The proposal is to erect a 2.4 metre high paladin style fence. This will identify the driveway as the entrance to Kylloe House and will highlight that unauthorised access is not permitted.

Design Development for Sports Courtyard - £18,440

- 9.6. The existing secure yard to Willow unit consists of a black rubberised play surface, areas of Asphalt & small areas of soft landscaping. The play surface is starting to degrade and has come to the end of its life. The area is drab and lacking in vitality and colour. It does not encourage Children to exercise, participate in sports or simply spend time outside. This can impact on the potential to develop a child's physical fitness and their general well-being. If the work is not undertaken the surface will degrade to the point where it is unsafe and use of the yard will be restricted. It will be harder for staff to encourage children to go outside and take part in external activities.

Installation of Key Tracker System - £58,620

- 9.7. Staff arriving at Kylloe House currently collect keys, alarms and sign in via a manual operation in the main secure lobby. This involves administration staff handing out keys and staff returning keys to administration staff at either end of their shifts. This can lead to delays if several staff members arrive or depart simultaneously. There have also been occurrences when staff have inadvertently left the building with keys in their possession. Keys are also stored in offices in Alder and Willow units, Hadrian unit, and the forthcoming administration and maintenance building. Keys from these locations are removed in response to specific incidents or requirements. There is an

enhanced potential for these keys being mislaid in that their use does not follow a routine pattern.

- 9.8. The proposal is to fit a main Key Tracker in the main staff admittance area and 6 satellite trackers for the individual locations outlined above. These will ease the procedure for collecting and depositing keys but will also enhance security in that exit loops will provide an audible alarm if anybody is leaving site without depositing keys prior to leaving

CSG Recommendation:

- 9.9. The Group accepted the proposals and recommends Cabinet to approve an increase in the Council’s Capital programme to include the 3 new grant awards from the DfE, and associated budget requirements, totalling £133,210, for 3 elements of work at Kyloe House as detailed in paragraphs 9.4 to 9.8.

10. ALNWICK JUNIORS FC – OTHER EXTERNAL GRANTS / CONTRIBUTIONS

- 10.1. In November 2016 and June 2018, Cabinet approved a Council contribution totalling £545,000 towards the Alnwick Town Juniors 3G pitch and clubhouse project.
- 10.2. At present the budget in the programme only reflects the Council’s contribution towards the scheme. However, the Football Foundation grant was subsequently awarded jointly to Northumberland County Council and Alnwick Juniors Football Club, and was conditional upon the Council being the accountable body.
- 10.3. As a result all expenditure will now be defrayed by NCC. It is therefore recommended that, in accordance with the Chapter 2 Budget & Policy Framework, Paragraph 5 (1) which allows for variations to the budget for fully funded schemes from external sources, the budget is increased to reflect the other external contributions towards the project totalling £599,000:

Summary of Overall Funding	(£)
Football Foundation	£409,000
Alnwick Town Council Loan / Contribution	£190,000
NCC Contribution (£200k original Alnwick DC allocation, £345k additional)	£545,000
TOTAL	£1,144,000

CSG Recommendation:

- 10.4. The Group recommends Cabinet to approve an increase in the project's budget to reflect the other external contributions to the project totalling £599,000, and therefore an overall budget provision of £1,144,000.

Implications

Policy	The capital programme is part of the Medium Term Financial Plan 2019-2022. The plan supports the Corporate Plan.
Finance and value for money	The report outlines proposed amendments to the previously approved Capital programme. The financial implications of these proposals are outlined in the main body of the report.
Legal	There are no direct legal implications.
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
Risk Assessment	The risks associated with the proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the proposals.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	None
Wards	All wards

Background papers:

Medium Term Financial Plan 2019-2022 and Budget 2019-2020 - County Council 20 February 2019.

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

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