



Northumberland

County Council

CABINET

8 October 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 13 September 2019.

2. Recommendations

Cabinet is recommended to:

- 2.1. **Morpeth Leisure Centre: Recommend County Council** approve the proposal to increase funding for the new Morpeth Leisure Centre currently included in the Medium Term Financial Plan at £18m to £21m. Additional funding is required to cover flood mitigation work and to incorporate a community services hub consisting of customer services, library and adult learning.
- 2.2. **Children's Social Care LIFT software module:** Approve the acquisition of LIFT software licences at a cost of £55,000 to be funded from the Person Centred Care Information Provision within the current capital programme.
- 2.3. **Rural Growth Network programme:** Approve an increase in the Council's Capital programme to include an additional £1m of Regional Growth Fund (RGF) grant from the North East Local Enterprise Partnership (NELEP), which will enable the Rural Growth Network programme to be extended from March 2020 to April 2021.
- 2.4. **Contracts in Excess of Delegated Limits:** Approve the award of a contract for the refurbishment of Blyth Sports Centre, at an estimated cost of £5,500,000.

2.5. 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.

3. Key Issues

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

4. 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 13 SEPTEMBER 2019

5. Morpeth Leisure Centre

- 5.1 The proposal is to complete the design and construction of a new Leisure Centre and Community Services Hub on the Terrace site in Morpeth. The site off Gas House Lane is in the ownership of Northumberland County Council and previously housed the town's library.
- 5.2 This report is based upon the RIBA Stage 2 Design Report that was presented to the Morpeth Leisure Centre Project Board in May 2019, updated where possible to provide the most up to date design information.
- 5.3 A planning application is anticipated to be submitted in October 2019 with construction works expected to commence in April 2020 and a projected completion in October 2021.
- 5.4 The project has a budget allocation of £18m within the Council's Medium Term Financial Plan (MTFP). Currently, the estimated project cost is £21m. The £18m budget allocation was based on a high-level cost estimate for a new Leisure Centre following discussions and advice from Sport England. This cost had to be estimated prior to a functional brief being available or a feasibility study undertaken against both the requirements and any site constraints, and was instead used to enable an initial budgetary allocation in the MTFP.
- 5.5 Subsequent design work has established a total internal area for the leisure centre and community services hub of 5,730m² against the existing leisure centre facility of 3,150m². The difference in area is due to the inclusion of community services into the building i.e. Library, Customer Services and Adult Learning and increase in facilities such as a 6 lane pool, learner pool and significantly larger fitness suite and studio spaces.
- 5.6 During the design process, engagement has been made with the Environment Agency (EA) to consider the flood mitigation strategy for the site given the site's proximity to the River Wansbeck. Discussions with the EA are still ongoing, however the design team have recently gained a steer on the proposed flood mitigation strategy which is estimated at £1.18m.
- 5.7 The breakdown of the £21m cost estimate for the new leisure centre and community services hub is shown below:

Leisure (inclusive of contingency, fees, surveys etc.)	£17.51m
Proposed flood mitigation strategy	£1.18m
Library and Customer Services	£1.54m

Adult Learning

£0.77m

- 5.8 Value engineering will take place as part of the normal design and procurement process. However, the location of the building in the town centre, close to the river and on the outskirts of 2 conservation areas mean that there is an expectation to provide a high quality building thereby limiting significant cost reduction opportunities.

CSG Recommendation:

- 5.9 The Group accepted the proposals and recommends Cabinet to approve the increase in funding for the project from £18m to £21m and authorise the Council to procure a main contractor to construct the facility.

6. Children's Social Care Lift Software Module

- 6.1 LIFT is a module of ICS (Children's Social Care system) which has been developed by LiquidLogic who are looking to pilot the solution. It is being offered to a small number of Councils who use ICS at a reduced cost on an early adopter basis before being rolled out nationally.
- 6.2 Over the years individual teams have developed systems and processes that have allowed them to purchase and pay for services that support the care needs of children and young people. Although these systems have met the needs of individual teams, Children's Services as a whole has lacked a common financial system that would support a greater understanding of the care packages that are being purchased. Implementing the LIFT system would provide such a system, and at reduced cost.
- 6.3 The aim of implementing the LIFT module would be to create a mechanism to:
- Better understand the total cost of a package for an individual child or family, particularly where services are delivered or approved via a number of different teams or through differing providers.
 - Better understand the breakdown of expenditure with individual providers and identify opportunities for improved commissioning arrangements.
 - Better analyse trends in terms of the types of service being purchased to meet differing needs and the geographical location of spend for both provision and teams. This in turn will inform our Joint Strategic Needs Analysis (JSNA).
- 6.4 The cost to the Council of becoming an early adopter would be **£55,000** for initial licences **reduced from £100,000**. It is an invest to save scheme which will allow the service area to save £13,000 p.a. recurrently.

6.5 It is proposed that only expenditure relating to care packages would be in scope which would include:

- Social care payments e.g. taxi and other miscellaneous expenses incurred by locality teams
- Foster Care Payments
- Children's home invoices
- Supported Accommodation expenditure
- Support for disabled children via the DCT
- Direct Payments

The value and number of transactions within each area of work will be determined as part of the next phase of work. The Information Sharing and Development Manager is of the view that LIFT can be implemented with current resources.

CSG Recommendation:

6.6 The Group accepted the proposal and recommends Cabinet to approve the acquisition of LIFT software licences at a cost of £55,000 to be funded from the Person Centred Care Information Provision in the current capital programme.

7. Rural Growth Network Programme

7.1 The North East Rural Growth Network (RGN) is a well-established regional programme that provides capital grant support to businesses and other public and private organisations in the rural parts of Northumberland, Durham and Gateshead to help to grow the rural economy. The County Council is the applicant and accountable body for the programme funding and undertakes the financial management, appraisal monitoring and compliance functions. Advance Northumberland undertake the front facing delivery of the programme. The programme has been operational since April 2015 and was due to be financially completed by March 2020.

7.2 The key financial and deliverables are:

Funding Package

LGF Grants to Businesses	£ 5,527,680
LGF Programme Management	£ 472,320
Private Sector Match from Businesses (Grants)	£ 14,200,000
Public Sector Match	£ 11,000,000
RGN C'Fwd Programme Management	£ 180,000

Total Funding**£ 31,380,000****Deliverables as per LGF Funding Agreement 2015**

FTE Jobs created	321
Commercial Floorspace	23,445 m2
Area of site reclaimed/prepared	11ha
Organisations receiving grant	28

- 7.3 There are two grant schemes available from the programme – the Strategic Economic Infrastructure Fund (SEIF) and the Rural Business Growth Fund (RBGF).

SEIF has focussed on investment in the development of business infrastructure in key economic centres in rural areas, including the larger rural hub towns / market towns, industrial and commercial sites, and smaller rural towns and villages. The key aim has been to provide the infrastructure needed to enable businesses in rural areas to trade and grow, including premises for new micro enterprises, small firms needing move-on accommodation, and facilities for larger and growing businesses. This also includes enabling infrastructure needed to unlock business sites and premises for follow on private sector investment.

RBGF enables businesses in rural areas to access direct capital investment to expand productive capacity or diversify into new markets or products. The types of activities and investments supported include improvements of business premises; expansion of business premises; purchase of capital plant and equipment and new tourism accommodation projects.

Demand for both funds has been high, with closed calls typically generating grant requests totalling three times the size of the budget available.

- 7.4 The NELEP are pleased with the performance of the RGN Programme and invited the Council to submit a request for additional LGF grant funding. Under a delegated decision on 21st June 2019, The Leader of the Council and the Interim Executive Director of Place approved the submission of an application for an additional £1m grant to the NELEP, for the extension of the Strategic Economic Infrastructure Fund from March 2020 to March 2021.
- 7.5 At its meeting on 25th July 2019 the NELEP Board approved the £1m funding to provide capital grant support to eligible SEIF projects and extend the programme delivery to April 2021.
- 7.6 The Cabinet is recommended to approve an increase in the capital programme to reflect the grant award 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.

Grants will be available to applicants with 'de-risked' projects for:-

- The creation of multiple units to accommodate a number of businesses – these can be enterprise hubs, premises for new micro enterprises, small firms needing move-on accommodation, facilities for larger and growing businesses; and
- investment in key strategic tourism assets

7.7 The RGN programme has an agreed management and administration budget of £653,000 to support the Advance Northumberland delivery and accountable body functions of the programme from April 2015 to March 2020. This is funded by £473,000 LGF and £180,000 RGN Pilot funds which have been carried forward from a previous rural programme. As at 31st March 2019, £402,328 has been claimed, with the balance of £250,672 available to support programme management and delivery costs from April 2019 to April 2021. The average annual cost for programme costs is £100,582. Having considered the remaining forecast spend for the period to April 2021, the remaining budget of £250,672 is sufficient to cover this.

CSG Recommendation:

7.8 The Group recommends Cabinet to accept the £1m capital grant funding from the NELEP to be added to the Rural Growth Network Capital Programme, which will enable the Rural Growth Network programme to be extended from March 2020 to April 2021.

Future Contracts In Excess of Directors Delegated Limits

The following table summarises future capital commitments that are in excess of the delegated 'Limits for Corporate Directors' (as specified in Finance and Contract Rules) and therefore are required to be reported to Cabinet for approval.

Capital Project	Commitment Description	Amount (£)
Blyth Sports Centre Refurbishment	Award of Contract for the refurbishment of Blyth Sports Centre as originally approved by Cabinet in March 2019. and amended to include provision for Adult Learning in September 2019.	£5,500,000

CSG Recommendation: The Group recommends Cabinet to approve the contract award.

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.
Health and Wellbeing	There are no Health and Wellbeing 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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