



Northumberland

County Council

CABINET

10 December 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 08 November 2019.

2. Recommendations

Cabinet is recommended to:

- 2.1. **Ad Gefrin Distillery and Visitor Centre:** approve a grant award of £600,000, subject to the full funding package for the project being secured and confirmation of the State Aid solution. The grant will to be met from the Strategic Regeneration Projects provision within the 2020-21 capital programme.
- 2.2. **Hexham High Streets Heritage Action Zone (HSHAZ):**
 - approve the capital budget requirement of £1,011,501, to be met from the Strategic Regeneration Projects provision with the capital programme for 2020-21 to 2022-23;
 - agree the submission of the final Hexham HSHAZ scheme programme design to Historic England national office by the deadline of 20 December 2019, and;
 - delegate responsibility to the Interim Executive Director of Regeneration, Commercial and Economy to enter into a formalised agreement with Historic England for NCC to deliver the agreed scheme as the lead partner.

2.3. **Children's Home (New Build):**

- Approve the proposal to build 2 new children's homes at Pegswood and Hadston at a cost of £1,296,000, to be met through the Children's Homes Provision included in the medium term capital plan.
- Also, as the existing medium term programme only includes a provision of £1,200,000 for the project, it is recommended that Cabinet request that County Council approve the additional budget for the project of £96,000 when the Budget 2020-21 is agreed in February 2020.

2.4. **HRA Affordable Housing – New Builds:** approve the capital budget requirement of £10,202,000 for the 5 projects, to be met from the 'HRA Re-provision, Re-modelling and New Build' provision within the capital programme.

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 08 NOVEMBER 2019

6. AD GEFRIN DISTILLERY AND VISITOR CENTRE

- 6.1. The Group received a report seeking approval for a grant award of £600,000 from the Strategic Regeneration provision within the capital programme, to support the development of the Ad Gefrin Distillery and Visitor Centre at Wooler.

Background

- 6.2. Ad Gefrin will develop the first legal whisky distillery in Northumberland for 200 years. It will establish Wooler as a high-quality, all year round destination for visitors, creating a new cultural centre as an integral part of the distillery, offering tours, alongside exhibitions and displays showcasing Northumbrian heritage and local products.
- 6.3. It will help revitalise the rural community of Wooler, raising the profile of the area in national and international markets, establishing the town as a new destination on the Anglo-Scottish Whisky Trail, attracting more visitors year-round.
- 6.4. Ad Gefrin will be developed by the Ferguson family, whose long-established family business is based in Northumberland. Established in 1920, Redpaths, now part of the Ferguson Group, has been trading from Wooler, in the Glendale Valley for almost 100 years. The family is strongly committed to the area, and has identified an opportunity to bring the former Redpaths Haulage Yard and Mill complex, which has been unused since 1998, back into productive use. A new independent company (Ad Gefrin LLP) has been established to manage both the distillery and visitor experience.

Proposal

- 6.5. Inspired by the prehistoric and early medieval capital of the Kingdom of Northumbria 'Ad Gefrin', which is located four miles from the site, the project will:
- Regenerate 0.867 ha, prominent gateway derelict site in Wooler, located on one of the main arterial routes, bringing it back into productive use.
 - Open Northumberland's first whisky distillery in 200 years, alongside a high-quality cultural centre, showcasing Northumbrian heritage, and promoting diverse local products and produce. Establishing a new whisky distillery, at the heart of which will be the Whisky Stills, great copper vats that will be visible from the outside, due to the innovative architectural design.
 - Create an outstanding statement building which will reflect the original aesthetic and echo the great Anglo-Saxon halls of the past, combining this together with a state-of-the-art cultural centre designed to envelope the visitor in a unique

experience using the latest technological efficiencies and sustainable design practices.

- Create 50 new FTE posts.
- Offer distillery tours, creating an evocative culmination of all the ingredients that inspire the Ad Gefrin whisky, i.e. Anglo-Saxon heritage, the landscape of Northumberland, and the great produce of our land.
- Create an innovative, immersive Tasting Room experience where visitors can sample the Ad Gefrin range of spirits and learn of the flavour profiles and blends.
- Provide a multi-function event space, equipped for a variety of occasions. Incorporating open flow areas, alongside a high-quality bistro serving fresh locally sourced menus that celebrate the flavours of Northumberland producers, and an exclusive venue for afternoon tea and evening functions, set amongst the tops of the Stills, providing panoramic views of the Till basin.
- Provide a retail outlet for high quality art and craft products and local produce showcasing the best that Northumberland has to offer, and,
- By 2024 attract 49,000 visitors per annum, generating £5 million of annual visitor spend.

Funding Strategy

- 6.6. A private sector contribution of £5.759 million will be paid directly into the Ad Gefrin LLP bank account at the start of the project to facilitate cash flow and allow the project team to incur spend in advance of drawing down grant funding. The private sector funding is in the form of a bank loan, agreed against the sale of land owned by the Ferguson family.
- 6.7. Development of an outline business case is underway and will be submitted to Government shortly, as part of the ongoing Borderlands Inclusive Growth deal negotiations, with the ambition to have this secured by Spring 2020.
- 6.8. Expressions of interest for the Strategic Economic Infrastructure Fund (SEIF) have been submitted and an invitation to submit a full application received, and if successful, the funding will be identified by no later than March 2020.

FUNDING SOURCE	STATUS	AMOUNT (£)
Bank Loan (Private Sector Funding)	Offer in place	5,759,000
Borderlands Growth Deal	Subject to business case	3,000,000
NE Rural Growth Network SEIF	Expression of interest under consideration	1,000,000
Northumberland County Council	In discussion - subject to full funding package being secured	600,000
Total Funding		10,359,000

Delivery Risks

- 6.9. A risk register for both the capital build project and ongoing operation of Ad Gefrin has been developed. Responsibility for managing the project development risk register lies with the project manager and is discussed with the project delivery team at least once per month. The risk register groups risks into three broad areas:
- 6.10. **Project management risk:** Including e.g. Governance, compliance and construction risks. This will be mitigated through excellent project management. Specialist project and cost managers (Todd Milburn) have been appointed. Although this ambitious project is well advanced, with planning permission in place, the specialist nature of the project requires further design work to advance to RIBA Stage 4.
- 6.11. **Financial risk:** The combination of funding sources are vital to ensure the short and long term sustainability of the project. The full funding package is required to enable the project to proceed. Failure to secure any single element of the funding package would jeopardise the whole project.
- 6.12. **Operational risk:** Once open, Ad Gefrin is likely to face similar risks to those experienced by other food and drink producers, and visitor attractions e.g. changing market demands, and inability to attract the target visitor numbers (impacting on the liquidity of the operation), visitors experiencing a poor-quality service, an inability to attract and retain suitably skilled staff, and accidents, among others. Therefore, similar mitigation measures are envisaged such as stringent health and safety procedures, insurances and sound financial planning. To help ensure that Ad Gefrin attracts the anticipated 49,320 visitors per annum, a market analysis and communication plan has been developed to raise awareness of the attraction and to ramp up demand ahead of opening in 2021.

Options Appraisal

- 6.13. Work is continuing, with a view to finalising the Outline Business Case for submission to the UK Government by the end of 2019. As part of this process, an options analysis was undertaken to ensure the most sustainable project is development:
- **Option A - Do nothing** - there would be no investment in the site, the condition of the site would continue to deteriorate and have a negative impact on the perception of the town for both visitors and residents.
 - **Option B - Do the minimum** - clear the site and make it safe. This could be done from private funding and would not require any public monies.
 - **Option C - Develop the distillery but not the visitor centre** - The cost would be approximately £7 million which would require a level of public funding. It would create 14 FTEs but without the visitor centre to help build the brand and bring much needed initial cash flow into the organisation, the sustainability and potential of the project is limited.

- **Option D - Develop distillery and visitor centre.** The preferred option as it maximises the use of the site, whilst providing sustainable income in the short and long term. It is the option most likely to realise benefits for Wooler, Northumberland and across the Borderlands geography.
- **Option E - Develop on a smaller scale.** This would not be possible to run viably on site as a smaller distillery would require two shifts to operate per day incurring higher costs. The capacity of the visitor centre would be much reduced with impact on income generation.
- **Option F - Develop on a larger scale.** Due to the constraints of the site, a larger facility would not be possible. Nor is the private or public sector funding available on the scale required for a larger facility as this would involve land acquisition costs as well as higher capital build costs. However, Fergusons are committed to the local area. If Ad Gefrin is successful Fergusons may look to further invest in the area as opportunities arise, for example, if it is possible to acquire nearby sites to add to the offer.

Timeframe

- 6.14. The project must start on site in Spring 2020 in order to secure the full funding package needed to enable the development to go ahead. Ad Gefrin needs a total of £4.6 million in public funding, including £1 million from the North East Rural Growth Network (NERGN), in order to proceed. The opportunity to secure this vital funding is time limited as the NERGN programme is coming to an end, with the final Expression of Interest deadline closing in September 2019, and all NERGN grant funding must be spent by March 2021. An Expression of Interest for a £1 million grant has received indicative approval from the grant panel. NERGN intends to invite Ad Gefrin to submit a full application for the £1 million, subject to approval of a £3 million grant from the Borderlands and the £600,000 grant from Northumberland County Council.
- 6.15. Construction work can only begin when the full funding package is in place, but the NERGN grant must be spent in full by March 2021. The window of opportunity to secure and spend the NERGN grant means the full funding package must be in place, and the project must start on site by Spring 2020, which would enable the NERGN funding to be spent by March 2021, and the facility to open in June 2021. Opening in June 2021, early in the peak visitor season in Northumberland, is critical to the success of Ad Gefrin.
- 6.16. Maximising visitor numbers in the first few months of operation, particularly during the peak July to September visitor season, will enable Ad Gefrin to establish its position quickly as an attractive addition to the Northumberland visitor offer. Launching during the peak season will also help to generate valuable initial income which will help to sustain the business.
- 6.17. Until Ad Gefrin produces its first single malt whisky for sale in 2024, the successful operation of the business is dependent to a large extent on visitor income, and the

success of the visitor attraction. Therefore, opening in time to build a strong visitor audience and income base during the first visitor season will be critical to the future success and sustainability of Ad Gefrin.

- 6.18. The private sector investment of £5.759 million is contingent on the full public sector funding package being in place. The private sector funding will only be confirmed on approval of the full £4.600 million public sector funding. Without the private sector investment, the development of Ad Gefrin cannot go ahead.
- 6.19. Ad Gefrin is a well-developed project with potential to deliver significant economic benefits within a short timescale, realising the Council's ambition of economic growth throughout the county, along with the development of a unique tourist destination.
- 6.20. 2020 is a symbolic milestone for the Redpath / Ferguson family business, and for the community of Wooler, as it is the centenary of the family business as a key employer in the town. Starting the Ad Gefrin project on site early in 2020 will be a fitting celebration of the centenary year.

State Aid

- 6.21. The applicant is seeking external state aid advice to cover all of the public sector funding going into the project. This will be reviewed as part of the project appraisal, which we will undertake prior to the issue of any grant funding agreement.
- 6.22. Initial advice indicates that there is an acceptable State Aid solution.

CSG Recommendation:

- 6.23. The Group supported the proposals and recommends Cabinet to approve a grant award of £600,000, subject to the full funding package for the project being secured and confirmation of the State Aid solution. The grant will to be met from the Strategic Regeneration Projects provision within the 2020-21 capital programme.

7. HEXHAM HIGH STREETS HERIATGE ACTION ZONE

- 7.1. The Group received report outlining the proposals for the Hexham High Streets Heritage Action Zone project, and the Council's financial contribution of £1,011,501 - to be met from the Strategic Regeneration Projects provision.
- 7.2. The High Streets Heritage Action Zone (HSHAZ) is a national initiative designed to secure lasting improvements to historic high streets. Operating through Historic England (HE), its overall aim is to make high streets more attractive, engaging and vibrant places for people to live, work and visit.
- 7.3. The Hexham HSHAZ is a proposed new programme of interventions to deliver heritage-led regeneration with strategic investment through a whole place approach. It covers Hexham's Primary Shopping Area (PSA), with a specific focus on the main east - west axis of Priestpopple, Cattle Market and Battle Hill.

7.4. The HSHAZ is a partnership scheme fully supported by Hexham Town Council and Hexham Community Partnership through the 'Hexham Hub' Town Partnership. The proposal is further backed by a wide range of community and business stakeholders bringing knowledge and includes a comprehensive package of interventions including:

- **A heritage buildings improvement grant scheme** - aiming to help secure the future of buildings in the targeted heritage area by assisting owners to co-invest to deliver a range of works such as much needed physical improvements to enhance the architectural / historic significance, conversions and bringing vacant properties into use.
- **Major public realm and physical environment interventions** - specifically within the main corridor of Battle Hill / Cattle Market / Priestpopple.
- **A community engagement, animation and cultural heritage programme** - comprising activities in recognising the importance of effectively engaging the local community to ensure long term sustainability and added value, manifesting a whole place approach.

Objectives of the Scheme

7.5. The key HSHAZ objectives, as submitted in the Expression of Interest are set out below:

- Bring vacant historic properties and floor space back into use.
- Deliver improvements that will result in the removal of Hexham's Conservation Area being 'at risk'.
- Enable repurposing of target streets to enhance the environment.
- Communicate the town's historic significance and heritage.
- Utilise specialist knowledge and apply planning policy and guidance to seek quality solutions to conserving and enhancing heritage.
- Provide vision for strategic developments to ensure a collaborative approach for future-proofing the town centre.
- Deliver high quality public realm and streetscape improvements.
- Re-ignite commercial interest in target streets to deliver economic benefits.
- Encourage footfall and dwell time to drive spend across Hexham.

Scheme Costs

7.6. The total cost of Hexham HSHAZ scheme is £2,434,168 as detailed bellow:

Scheme Costs	2020-21	2021-22	2022-23	2023-24	TOTAL
Programme Management	£42,904	£44,904	£47,040	£49,320	£184,168

Accredited Historic Building Specialist	£30,000	£46,000	£37,600	£26,400	£140,000
Buildings Improvement Grants	£100,000	£500,000	£700,000	£130,000	£1,430,000
Public Realm and Physical Interventions	£60,000	£490,000	£50,000	£0	£600,000
Community Heritage Programme	£10,000	£27,000	£13,000	£30,000	£80,000
Total Cost	£242,904	£1,107,904	£847,640	£235,720	£2,434,168
Funding:					
HSHAZ Funding Request	£103,234	£470,859	£360,247	£39,327	£973,667
NCC Capital	£104,670	£482,045	£272,393	152,393	£1,011,501
Private Sector (Property Owners)	£30,000	£150,000	£210,000	£39,000	£429,000
Hexham Town Council	£5,000	£5,000	£5,000	£5,000	£20,000
Total Funding	£242,904	£1,107,904	£847,640	£235,720	£2,434,168

Revenue implications

- 7.7. The resources to develop the scheme have been identified from within NCC's Economy and Regeneration service from existing resources. The scheme's progression requires a concentrated period of development work in the programme design phase involving several officers from the Economy and Regeneration team working with the Conservation team, Local Services and Culture and Tourism as well as other officers and partners as appropriate in liaison with HE between September 2019 and January 2020.
- 7.8. Following approval in January 2020 the programme will need to be fully established in advance of starting in April 2020. A dedicated project officer will be appointed funded by the scheme as part of this process. This role will be supported by existing NCC staff as referred to above, providing for financial monitoring and management, delivery and operation of the buildings improvement grant scheme, conservation officer support, technical services support and cultural services.
- 7.9. HE required funding applications to identify an element of 'in kind' match funding throughout the four year duration and this NCC support has been identified as such to further demonstrate NCC's commitment to the scheme and added value. It should be noted that HE will not fund existing services / posts as part of the scheme.

Need for the Scheme

- 7.10. The scheme's rationale is based on increasing evidence of worsening decline in the town centre retail based environment, specifically relating to heritage assets. Key problems for the town centre include the Conservation Area being assessed as 'at risk' earlier in 2019 due to the increase in empty properties and poor condition of

buildings. Voids, poor maintenance, low market demand, vacancies, limited mix of occupiers, dead frontages and poor quality streetscape / public realm in the Priestpople, Cattle Market and Battle Hill area demonstrate deterioration.

- 7.11. A recent survey showed 23 properties currently vacant and/or in poor physical fabric, most of which are on these targeted streets and half of the vacant properties are listed buildings. Retail and leisure outlets have developed outside of the Primary Shopping Area in recent years causing leakage and displacement and key sites such as the former bus station remain currently undeveloped.
- 7.12. The need for the scheme is justified further with links to wider strategies and plans in recognition of the importance of partnership working with owners of development sites in and adjacent to the targeted HSHAZ area to deliver a transformative heritage-led regeneration initiative.
- 7.13. Redevelopment throughout the scheme's lifetime offers opportunities for new public realm, strengthening mix of occupiers and footfall, new housing, car parking and improved accessibility.
- 7.14. The HSHAZ scheme is part of a wider suite of interventions involving the Council and Advance which are of a commercial or sensitive nature. The integration of the HSHAZ with the below initiatives is key to a successful whole place approach:
 - **Strategic Sites:** Advance Northumberland is working with developers to ensure effective master planning of key sites including the former Beales store and the former bus station to ensure significant commercial investment supports the HSHAZ objectives to improve the town centre.
 - **Market place:** Alongside the HSHAZ public realm interventions, NCC identified in the Expression of Interest its commitment to deliver additional complementary public realm works specifically within the Market Place, an estimated budget of £1.1 million would be required to deliver this scheme in the same timeframe to deliver improvements such as new surfacing, better alignment of parking and improved event and civic space. A separate report to Cabinet will be needed to progress this scheme at a later stage.

Key Dates and Milestones

Submission of final Scheme Design to HE local contact officer	06 December 2019
Submission of final Scheme Design to HE's national team.....	20 December 2019
Confirmation of HE award and approval of Scheme	Expected January 2020
Start of the Hexham HSHAZ scheme	01 April 2020
Completion of the Hexham HSHAZ scheme	31 March 2024

Project Management and Monitoring Arrangements

- 7.15. NCC will be the accountable body acting as lead partner for project management and delivery.

CSG Recommendation:

- 7.16. The Group supported the proposals and recommends Cabinet to:
- approve the capital budget requirement of £1,011,501, to be met from the Strategic Regeneration Projects provision with the capital programme for 2020-21 to 2022-23;
 - agree the submission of the final Hexham HSHAZ scheme programme design to Historic England national office by the deadline of 20th December 2019, and;
 - delegate responsibility to the Interim Executive Director of Regeneration, Commercial and Economy to enter into a formalised agreement with Historic England for NCC to deliver the agreed scheme as the lead partner.

8. CHILDRENS HOMES

- 8.1. The proposal is to build 2 new four bedroom children's homes within Northumberland, which will provide medium to long term care for children aged 6 - 17 years old at a total cost of £1,296,000 to be funded from the Children's Homes Provision in the MTFP, which currently only totals £1,200,000.
- 8.2. The development of 2 four bedroom homes will offer a long term care solution and add to Northumberland's existing children's home capacity of 11 beds offered over 3 separate homes. (This excludes short break and secure provision).
- 8.3. The development of emergency care will offer an opportunity to better work with families towards reunification and/or family placements preventing children needing high cost packages of care.
- 8.4. Alternatively, where this is not appropriate, the Children Homes will provide safe, well managed and fit for purpose accommodation whilst the right care option is being considered and sourced. This will halt the increasing reliance upon bespoke packages of care created in emergency situations from temporary accommodation and agency staffing leading to improved outcomes for children.
- 8.5. There are currently 30 Northumberland children living in children's homes.
- 8.6. Of these, 11 live in accommodation operated by NCC and are located within the County. The remaining 19 children live in children's homes operated by private providers with only 4 of these placements located within Northumberland. This means that only 15 of the 30 children (50%) are located within County. The remaining 15 (50%) are located in a variety of commissioned placements spread across a wide geography.
- 8.7. The average cost of an "in house" placement is £134,462 per annum, compared to the average price of a private commissioned placement of £173,479, therefore the annual saving per placement is £39,017. Based on an increase of 8 beds then the annual cost saving to the authority is £312,136 per annum.

Proposal

- 8.8. The proposal is to build 2 new children's homes at sites agreed at Pegswood and Hadston. The properties will provide a mixture of living accommodation, 4 ensuite bedrooms and suitable office accommodation.

Project Costs

DESCRIPTION OF WORK	COST (£)
Building Works per unit	£498,765
External Works per unit	£34,864
Design (4%) and Construction (6%) Contingency per unit	£55,345
Total Construction Cost per unit	£588,974
Design Fees (10%) per unit	£58,897
Total Cost per home	£647,871
Total Project Cost – 2 Homes	£1,296,000

- 8.9. The cost of these developments are significantly above that of a normal four bedroom property, but the reasons are down to the fact that Children's Homes will require the following additional works over and above a standard domestic home:

Additional Accommodation:

- Downstairs accessible toilet.
- Games room (classed as second reception room).
- Dining space to accommodate 8 people.
- Larger than standard Laundry/Utility linked to cleaner's area with sluice sink.
- Manager's office.
- Staff Office (3 workstations) with secure door and vision panel through to hallway.
- En-suite shower wet-rooms to every bedroom.
- Wider than standard corridors and landing.
- Additional internal storage area.
- Overnight staff working room on first floor.
- Telephone room with high acoustic spec.

Robust detailing throughout including:

- Blockwork partitions (leading to additional concrete beam and structural steel costs).

- Double boarded partition walls with non-pick plaster.
- Additional sound-proofing between floors and bedrooms.
- Protected heating and water-supply plumbing at high level, with shut-off valves for each bedroom.
- Protection grills for all radiators.
- Restricted windows.
- A fully enclosed stairwell.
- Various anti-ligature furniture and hardware throughout, including showers.
- Open built-in wardrobe storage in bedrooms.

Additional M&E requirements:

- I.T. Cabling / server
- Security Cameras
- Suited locks, thumbturns on inside of bedrooms.
- Fully addressed - fire alarm system.
- Door alarm system on a number of doors.
- Option to isolate electrical supply to each bedroom.

Externals:

- Parking for additional 4 cars (assuming 2 car-spaces are required for a standard 4-bedroom house).
- Outside garden room is desired for external activities. Minimum required would be a large external store.

Additional Pegswood specific site factors to address:

- Forming new entrance with school
- Tree felling and additional foundation work to mitigate the effect of large tree routes.
- Grubbing up former demolished building's foundations.

Revenue Costs

- 8.10. Children Services will meet the running costs for the new homes from reallocating budget from elsewhere within children's services which reflects the fact that these services should save from existing costs they are incurring in out of county placements.

Options Appraisal

8.11. Option 1 - Purchase and Convert Detached Houses

This was the original proposal for the Children's Homes, however despite extensive searching, viable properties to be converted/refurbished could not be identified either due to the location requirements, the required scale of the property or the robustness of the construction.

8.12. Option 2 - Retain the current arrangements including outsourcing placements

Retaining the current arrangements will see the significant ongoing revenue cost to the Council continuing. In addition, placing children outside of Northumberland impacts and breakdowns relationship within the wider community for example, their extended family, their school, leisure links and friendships.

8.13. Option 3 - Build 2 New Children's Homes

This option will enable the service to place children within Northumberland in purpose-built property which will be fit for purpose. The homes will be built and operate efficiently with the running costs recovered on a sustainable basis. This option will generate estimated annual savings to the Council of £312,136 once all beds are fully utilised.

Conclusion

- 8.14. Option 3 is the preferred option on the basis that it meets the needs of the services. Furthermore it generates a considerable annual saving when compared to the current cost of retaining existing placement provision outside of the County.

Key Milestones

Design work and Contractor Procurement	Sept 19 - Mar 2020
Construction work commences	April 2020
Construction work completes	November 2020
Staff Training and Specialist Equipment Installation	December 2020
Project Complete	December 2020

CSG Recommendation:

- 8.15. The Group supported the proposals and recommends Cabinet to approve the proposal to build 2 new children's homes to provide 'fit for purpose' facilities for children ranging from 6-17 years old. The cost to build of £1,296,000 will be met through the Children's Homes Provision included in the MTFP.
- 8.16. As the existing medium term programme only includes a provision of £1,200,000 for the project, it is also recommended that County Council approve the additional budget for the project of £96,000.

9. HRA Affordable Housing – New Builds

- 9.1. The Group received business cases setting out proposals to acquire or build 67 new affordable housing units at 5 sites around the County. Once complete, the new provision will be retained and managed within the Housing Revenue Account (HRA), and let at affordable rent levels.
- 9.2. The schemes will contribute towards the Council's plans to provide up to an additional 1,000 additional homes for rent.
- 9.3. The sites concerned are at:
 - Seghill,
 - Klondyke, Cramlington,
 - New Hartley,
 - Wooler, and
 - Lyndon Walk, Blyth
- 9.4. Details of the proposed projects, totalling £10.202 million, are summarised in Appendix 1.

CSG Recommendation:

- 9.5. The Group supported the proposals and recommends Cabinet approves the capital budget requirement of £10,202,000 for the 5 projects, to be met from the 'HRA Re-provision, Re-modelling and New Build' provision within the capital programme.

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	There are no specific Carbon Reduction implications within this report.
Health & Wellbeing	There are no Health and Wellbeing implications.
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:

	Name
Monitoring Officer/Legal	Liam Henry
Service Director Finance and Interim S151 Officer	Alison Elsdon
Relevant Executive Director	Neil Bradley
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