



Northumberland

County Council

CABINET

11 February 2020

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 meetings held on 13 December 2019 and 10 January 2020.

2. Recommendations

Cabinet is recommended to:

- 2.1. **HRA Affordable Housing – New Builds:** approve the capital budget requirement of £3,693,600 for the 2 projects, to be met from the 'HRA Re-provision, Re-modelling and New Build provision within the capital programme.
- 2.2. **Parks Enhancement Programme – Astley Park Children's Play Area:** approve the £60,000 budget requirement, including a £30,000 contribution from the Park Enhancement Programme Provision within the 2020-21 capital programme.
- 2.3. **Solar PV:** approve the capital budget requirement of £722,000 for the installation of Solar PV panels at Blyth Sports Centre, Prudhoe Waterworld and Wentworth Leisure Centre, to be met from the renewable energy provision within the 2020-21 capital programme.
- 2.4. **Your Link Building, Cramlington:** approve;
 - the refurbishment of the Your Link building at a cost of £249,000; to be funded from the Property Stewardship provision within the 2020-21 capital programme, and;
 - the associated revenue implications of up to £95,000 per annum – to be met from the Council's contingency.

2.5. Bedlington Secondary Schools Additional Places:

- note the results of the consultation carried out with parents in relation to the growth of school places in secondary education in the Bedlington area, and;
- approve the budget and allocation of up to £2,500,000 of Basic Need grant funding to allow the construction of additional teaching accommodation on the St Benet Biscop High School site.

2.6. Future Contract in Excess of Delegated Limits: approve the contractual commitment of £35,100,000 in respect of the main construction contract for Hexham New Build Schools (for Hexham Learning Trust).

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 MEETINGS HELD ON 13 DECEMBER AND 10 JANUARY 2020

6. HRA AFFORDABLE HOUSING – NEW BUILDS

- 6.1. The Group received business cases setting out proposals to acquire a further 33 new affordable housing units at 2 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.
- 6.2. The schemes will contribute towards the Council's plans to provide up to an additional 1,000 additional homes for rent.
- 6.3. The sites concerned are at:
 - Pennine Way, Bellingham,
 - Whinney Hill, Choppington,
- 6.4. Details of the proposed projects, totalling £3,693,600, are summarised in Appendix 1.

CSG Recommendation:

- 6.5. The Group supported the proposals and recommends Cabinet approves the capital budget requirement of £3,693,600 for the 2 projects, to be met from the 'HRA Re-provision, Re-modelling and New Build' provision within the capital programme.

7. PARKS ENHANCEMENT PROGRAMME – ASTLEY PARK CHILDRENS PLAY AREA

- 7.1. The Group received a report on proposed improvements to the children's play facilities at Astley Park, Seaton Delaval, as part of the Parks Enhancement programme within the capital programme.
- 7.2. The Council has agreed an annual capital programme of £150,000 per annum over the three years 2018-19 to 2020-21 to invest in parks and green spaces to address identified community need as well as reduce the council's ongoing future maintenance costs.
- 7.3. During recent Green Flag park quality inspections Astley Park has attracted negative comments from the judges as a result of the poor quality of the children's play area. This has not yet resulted in the park losing its Green Flag status but the risk of this grows with each passing year.
- 7.4. Based on recent similar projects it is estimated that a minimum budget of £60,000 will be required to fund a project to significantly enhance the play area. The proposed funding for the budget is summarised below:

SUMMARY OF PROPOSED FUNDING	AMOUNT £
NCC Parks Enhancement Provision	30,000
NCC Members Small Schemes (Cllr L Bowman)	10,000
Seaton Valley Community Council	10,000
MHCLG Local Parks Improvement Fund (from revenue grant received in March 2019)	10,000
Total Funding	60,000

7.5. The work is anticipated to start in early 2020-21.

CSG Recommendation:

7.6. The Group supported the proposals and recommends Cabinet to approve the £60,000 budget requirement, including a £30,000 contribution from the Park Enhancement Programme Provision within the 2020-21 capital programme.

8. SOLAR PHOTOVOLTAIC INSTALLATIONS

8.1. The Group received business cases on 3 proposed installations of solar photovoltaic (PV) panels on Council properties, as part of the renewable energy programme provided for within the medium term capital plan.

8.2. The properties concerned are:

- Blyth Sports Centre
- Prudhoe Waterworld
- Wentworth Leisure Centre

8.3. Details of the proposals, including the initial installation costs (totalling £722,000) and revenue impacts are summarised in Appendix 2.

8.4. It should be noted that a Feed in Tariff is no longer available for solar installations. As such the business case for each site is predicated purely on the savings gained against grid connected electricity. The estimates for all 3 sites indicate that the savings achieved over the assumed 25 year life of the assets will more than offset the cost of the initial capital outlay (including interest) – in cash terms they are estimated to produce net savings of more than £415,000 (over their lifetime).

8.5. The business cases also take into account the need for maintenance over the 25 year life, as well as expected upgrade cost in year 15 to replace the inverter.

8.6. The installations will, on average, provide approximately 20% of the buildings' usage requirements. This would equate to approximately 68 tonnes of carbon saved per annum, which directly supports the council's commitment to carbon reduction as agreed at Cabinet 11 June 2019.

- 8.7. The energy savings benefit will be deducted from the Active Northumberland management fee in order to fund the borrowing and maintenance costs incurred by the Council.
- 8.8. Construction for the projects is expected to begin in May/June 2020 and be completed by August/September 2020.

CSG Recommendation:

- 8.9. The Group supported the proposals and recommends Cabinet to approve the capital budget requirement of £722,000 for the installations, to be met from the renewable energy provision within the 2020-21 capital programme.

9. YOUR LINK BUILDING, CRAMLINGTON

- 9.1. The Group received details of a proposal to relocate the Call Centre from Northumbria House and Customer Services, the Library and the Registrars from Concordia Leisure Centre into the vacant, council-owned, Your Link building at Cramlington. Cramlington Town Council has also expressed an interest in renting the ground floor annexe in the Your Link Building if the project proceeds.

Background

- 9.2. The Call Centre was previously based in the Your Link building, however it was relocated in 2015-16 when Northumbria House was acquired by the Council. As a result the Call Centre no longer has a dedicated space but instead shares an open plan area with other service departments. The Head of Customer Services has raised a number of issues regarding this space being used by contact centre staff. The main concerns relate to the noise levels which can be extremely disruptive to staff; particularly during break and lunch periods. The contact centre staff often deal with sensitive calls - for example dealing with bereaved families needing an appointment with the Registrar - and background noise can be difficult for both staff and customers.
- 9.3. Although several measures have been put into place to manage this more effectively, given the breakout space is adjacent to the contact centre environment, it is always going to present a challenge. In addition to this, contact centre staff are taking payments from customers for some services. In order to strictly comply with Payment Card Industry (PCI) standards, the environment should be closed off to enable enforcement of regulations surrounding mobile phone use etc. - this cannot be completely adhered to with the existing open plan set up.
- 9.4. As part of the refurbishment of Concordia Leisure Centre in 2015-16, space was created to the left of reception to house the library and Customer Services at a time when the Council was looking to consolidate its libraries into Leisure centres and utilise reception staff to cover both activities. The current library layout however is not appropriate. The Customer Services desks are located at the back of the library

which does not enable the Council to have an effective, visible, meet and greet service. Conversations can be overheard and there are insufficient interview rooms to provide a confidential and supportive environment for customers. This can lead to a poor customer services experience.

9.5. The Registrars currently occupy an office at the rear of the first floor of the Concordia Leisure Centre. Customers visiting the Registrars for a booked appointment to register a birth, death or marriage have to walk through a noisy Leisure Centre environment and during their appointment there is considerable noise from both the swimming pool and the centre activities which is not considered appropriate for registering births and deaths. The Council has received multiple complaints regarding the environment provided to residents for this service which is viewed to the lack of compassion, sensitivity and value afforded to residents at what can often be a difficult time.

9.6. The total estimated capital cost for the refurbishment project including IT cabling costs and additional Library shelving and furniture are as follows:

Description of Works	Cost £
Refurbishment Costs (including IT)	134,000
Design Fees	20,000
Additional Library Furniture	50,000
New Office Furniture	45,000
TOTAL	249,000

9.7. It is proposed that the total refurbishment costs would be funded from the Property Stewardship budget provision within the 2020-21 Capital programme.

Revenue Implications

9.8. Annual building running costs for the Your Link building are estimated at £237,000 per annum. This compares to an actual cost of £231,000 for 2014-15 which was the last year when it was fully occupied.

9.9. Currently neither the Call Centre nor the services in the Leisure Centre pay any building running costs. Northumbria House is on a peppercorn rent as the Council paid the capital cost of the original fit out with running costs funded centrally and Active Northumberland does not recharge for the Concordia space. However, Children's Services teams have been identified to move out of their existing premises (Brunel Building in Blyth and South View in Ashington) into the space in Northumbria House vacated by the Call Centre.

9.10. Vacating the Brunel Building in Blyth will save £65,000 per annum running costs. The saving from the Brunel Building will be realised against the ring fenced

Dedicated Schools Grant (DSG). The cost of occupying South View in Ashington is around £32,000 per annum.

- 9.11. It is also proposed that Cramlington Town Council will rent the annexe area on the ground floor at a cost of £14,000 per annum. The Town Council needs to formally approve this.
- 9.12. Active Northumberland could better utilise the vacated library area in Concordia. It is expected that they could either sub-let the space or extend their commercial offer and increase footfall and revenue for the facility overall and thereby reduce the need for support through the management fee from the Council. An estimated increase of £16,000 per annum in income for Active Northumberland has been calculated using equivalent discounted commercial rents in the area. However this proposal will still need to be reviewed and agreed with Active Northumberland management.
- 9.13. The Council is currently paying approximately £80,000 vacant building costs whilst the building still remains in NCC ownership. This cost can be offset against the total annual building running costs for Your Link.
- 9.14. The Table below summarises the net revenue impact of the proposal.

Net Revenue Impact	Annual Impact £
Annual Running Costs	237,000
Current vacant building cost for Your Link	(80,000)
Cost saving from exiting South View	(32,000)
Rent from Cramlington Town Council	(14,000)
Reduction in Active management fee	(16,000)
Annual General Fund Revenue Impact	95,000
Less	
DSG saving from exiting Brunel Building	(65,000)
Net impact	30,000

Options Appraisal

9.15. **Option 1 - Retain Services in current locations (Do Nothing)**

This option is the most cost effective, however it fails to address the current service issues around the existing locations.

9.16. **Option 2 - Retain Services in current locations but with improvement works**

Although not fully addressing all issues, the existing locations could be re-configured to improve the service environment without incurring additional ongoing revenue costs.

9.17. **Option 3 - Relocate Services to an alternative purpose-made building**

The Your Link Building was originally designed for the Call Centre and the Library and is therefore a much improved environment. However it does come at a significant additional annual revenue cost which would need to be funded. **Conclusion**

9.18. Option 3 is the preferred option for the Services provided the additional annual revenue cost can be funded by the Council.

Key Milestones

- February 2020 - Exec and Cabinet Approval to progress the project
- February 2020 - April 2020 - Detailed design work and Contractor Procurement
- May 2020 - Refurbishment work commences
- August 2020 - Call Centre relocates to Your Link
- September 2020 - Customer Services, Library and Registrars relocate to Your Link

CSG Recommendation:

- 9.19. The Group supported the proposals and recommends Cabinet to approve;
- the refurbishment of the Your Link building at a cost of £249,000; to be funded from the Property Stewardship provision with the 2020-21 capital programme, and;
 - the associated revenue implications of up to £95,000 per annum – to be met recurrently from the Council's contingency fund.

10. BEDLINGTON SECONDARY SCHOOLS ADDITIONAL PLACES

10.1. The Group received a report requesting approval to allocate part of the remaining balance of the Basic Need grant, which the Council receives from the Department of Education, towards the creation of extra school places within the Bedlington Partnership.

Background

- 10.2. Reorganisation of the Bedlington Partnership from 3-tier to 2-tier was carried out in a phased-way. As a result the two secondary academies in Bedlington (St Benet Biscop Catholic Academy and Bedlington Academy) currently operate two-points of entry system into their academies; one into Year 7 and another into Year 9.
- 10.3. Over time the two secondary academies have noted lower attainment levels in pupils joining their establishments in Year 9, compared to their peers who joined in Year 7. Furthermore, the last RC middle schools in the South East closed in 2017 and only the mini-Meadowdale Partnership (Meadowdale Middle, Whitley Memorial CE First

and Bedlington West End First) has remained organised as 3-tier within the Bedlington Partnership since 2014.

- 10.4. For these reasons, the two secondary academies decided to remove the Year 9 point of entry from September 2020, and instead only provide one year of entry into Year 7.
- 10.5. The action of the academies to remove the Year 9 entry point left Meadowdale Academy in a difficult position, as pupils leaving their school would no longer have a direct route into local secondary provision if it remained as a middle school. This actuated the decision of the Meadowdale Governing Body to become a primary school from September 2020. However, the consequence of this action meant that pupils leaving West End and Whitley Memorial CE First Schools would no longer have a direct route into middle school provision after Year 4. As a result, in September 2020, Whitley Memorial, West End and Meadowdale will now all become primary schools, therefore provision in Year 7 and 8 in Bedlington, that had previously been met by Meadowdale Academy, will now need to be re-provided in one of the secondary academies.
- 10.6. In making the decision to reorganise the remaining schools in the Bedlington partnership Cabinet were aware that they would be a requirement to increase secondary places across Bedlington
- 10.7. Council Officers have discussed with both secondary academies, the possibility of increasing places through additional accommodation at their establishments to meet the need for places in Years 7, 8 and 9 in the secondary phase in Bedlington.
- 10.8. Once the organisation of schools settles into the set pattern of primary and secondary, it is currently estimated that, in the medium term, an additional 2 forms of entry will be required in each of Years 7, 8 and 9. In the longer term, secondary pupil numbers in Bedlington are forecast to reduce to the point where only one additional form of entry will be required at secondary level:
- 10.9. To assist in informing any proposal to expand the capacity either Bedlington Academy or St Benet Biscop Catholic Academy, a survey of current and future parents of secondary age children was carried out.
- 10.10. The responses received - 125 (5%) from a potential 2,357 - were inconclusive, with views more or less split down the middle between both secondary schools, although a very small number of parents (5) had no preference.
- 10.11. Therefore, while a clear preference for either school was not able to be gleaned from the small number of parents that responded to the survey, there are other variables which indicate that investment in the buildings of St Benet Biscop Catholic Academy would create less risk to the Council. While St Benet Biscop is an academy, the Council leases the land surrounding the buildings to the Pax Christi Trust and therefore retains ownership of the site. In contrast, the buildings occupied by Bedlington Academy are under a PFI contract which would require a potentially

lengthy and costly process to be undertaken to secure agreement and terms of any additional accommodation to be added to the existing provision.

- 10.12. Furthermore, while St Benet Biscop is currently rated as Requires Improvement by Ofsted, this is in contrast to an Inadequate Ofsted rating at Bedlington Academy. It is expected that DfE would prefer that for this reason additional places are created at St Benet Biscop rather than Bedlington Academy, as evidenced by the decision of the School's Adjudicator in 2018 who overturned the Council's decision to close Bellingham Middle School (rated Require Improvement at that time) rather than have displaced children from the closing school redirected to Haydon Bridge High School, which remains Inadequate. Improvement was made under the former Executive Headteacher, and a new Headteacher has been appointed recently at St Benet Biscop and therefore it is expected that progress will continue to be made with a view to the academy becoming 'Good' at its next inspection.

Proposal

- 10.13. It is therefore proposed that the additional places are provided at St Benet Biscop. The Headteacher of Bedlington Bedlington Academy is also in agreement with this is the most appropriate solution.
- 10.14. To expedite the capital project, it is anticipated that a modular construction method will be used to deliver the scheme. This approach has been tested and will ensure best value for the Council. The cost of providing the additional accommodation is estimated at up to £2,500,000. It is proposed that this met from the Basic Need capital grant that the Council receives from the Department for Education.
- 10.15. Basic Need Capital grant is provided to local authorities to enable them to fulfil their duty to make sure there are sufficient school places for children in their local area by expanding existing maintained schools, free schools or academies and by establishing new schools. Northumberland's total allocation for the period of 2011-2021 is £18,313,900. £11,048,760 has so far been spent or earmarked to existing projects; leaving a balance of £7,265,140 still to be allocated.
- 10.16. Any revenue consequences of the expenditure will be met by the on-going funding from the Dedicated Schools Gant (DSG).

CSG Recommendation:

- 10.17. The Group accepted the proposal and recommends Cabinet to
- note the results of the consultation carried out with parents in relation to the growth of school places in secondary education in the Bedlington area, and;
 - approve the budget and allocation of up to £2,500,000 of Basic Need grant funding to allow the construction of additional teaching accommodation on the St Benet Biscop High School site.

11. FUTURE CONTRACT IN EXCESS OF DELEGATED LIMITS

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

Capital Project	Commitment Description	Value (£)
Hexham New Build Schools (Hexham Learning Trust)	Main construction contract	£35,100,000

CSG Recommendation:

11.2. The Group recommends Cabinet to approve the contractual commitment for the Hexham New Build Schools project.

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:

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Monitoring Officer/Legal	Liam Henry
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