



Northumberland

County Council

CABINET

10 March 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 meeting held on 07 February 2020.

2. Recommendations

Cabinet is recommended to:

2.1. **Library Self-Service Kiosks:** recommend County Council approves

- a new capital requirement of £174,725 within the 2020-21 capital programme for the provision of 13 self-service kiosks in libraries, and;
- the budgetary provision for the ongoing revenue impact of £10,400 per annum – to be met from contingency.

2.2. **Amble Bord Waalk:** approve an increase in the 2020-21 capital programme to include the grant funding allocation of £240,000 from the MHCLG's Coastal Communities Fund in respect of the project.

2.3. **Port of Berwick Infrastructure Improvements:** approve a grant award of £400,000 to Berwick Harbour Commissioner to provide a coach park as part of the wider improvement programme to attract cruise ships to stop at the Port. The grant will be funded from the 'Strategic Regeneration Projects' provision in the approved capital programme, and would be conditional on Berwick Harbour Commission entering into an option agreement with the Council to lease part of the site, should the adjacent land be purchased and used to create a larger and integrated coach/car park. Approval would also be conditional on any State Aid issues being resolved before the grant is awarded.

2.4. **Newbiggin by the Sea Sports and Community Centre:** recommend County Council approves

- a new budget requirement of £1,505,000 in capital programme (£563,000 2020-21 and £942,000 2021-22 for refurbishment works at Newbiggin by the Sea Sports and Community Centre;
- the appointment of a design team to undertake further design work;
- the submission of a planning application, and;
- the associated contractual commitment with a main contractor, up to a maximum value of £1,505,000, to undertake the refurbishment works.

2.5. **Car Parking Improvements Programme:** approve a total allocation of £270,000 from the existing car parking provision in the programme for capacity improvements at Ponteland (£165,000) for and Newbiggin by the Sea (£105,000).

2.6. **Future Contract in Excess of Delegated Limits:** approve the contractual commitment of £4,900,000 in respect of the main refurbishment contract for Blyth Sports Centre.

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 2020-21 to 2022-23 were approved by Council on 19 February 2020.

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 07 FEBRUARY 2020

6. LIBRARY SELF-SERVICE KIOSKS

- 6.1. The Group received a business case requesting a new capital budget to support the replacement of the self-service kiosks in libraries. The machines allow users to borrow and return items themselves.
- 6.2. There is currently no provision in the capital programme for the project, and therefore this would be a new capital requirement.

Background

- 6.3. During 2012-13 Northumberland Libraries procured 12 free standing self-service kiosks, and an additional unit in 2015 as part of the opening of the new Ashington Library.
- 6.4. When first installed, the kiosks were in most of the larger libraries. However, this changed over time, with some kiosks being moved to different libraries depending upon need at the time and library refurbishments.
- 6.5. The support and maintenance contract for all kiosks ended on 31 July 2019 and this has not been renewed due to the prohibitive cost. Repairs are however still undertaken by the provider (Bibliotheca) on an individual quote basis, as and when required.
- 6.6. The kiosks originally offered card payments using built in chip and pin devices. However, the devices are not compliant with point to point encryption (P2PE) for mobile chip and pin. It is not possible to only upgrade the kiosk chip and pin devices because the hardware is out of date. This has resulted in the Service no longer taking card payments via the kiosk.
- 6.7. The kiosks also use the Windows 7 operating system, which will not be supported by Microsoft after January 2021.
- 6.8. As a result the Library Service has identified the need for 13 new self-service kiosks to replace the old machines, and maintain the current levels of service delivery. It is anticipated that a mixture of small and large kiosks will be required depending upon space available in each library.

Financial Implications

- 6.9. The indicative cost for the provision of the 13 new kiosks is £174,725 - based on information provided by the current self service provider Bibliotheca. There is currently no provision in the medium term capital programme for the proposal, and therefore the expenditure would require new capital resources (i.e. additional borrowing), with an associated revenue impact of around £28,000 per annum - based on a 7 year life / repayment period.

- 6.10. In addition, revenue maintenance contracts associated with the machines are estimated at around £10,400 per annum - for which there is currently no budget provision.

Benefits of Self-Service Kiosk

- 6.11. The kiosks have enhanced the customer experience at co-located sites (such as the leisure centres), allowing customers to borrow or return books during the full opening hours of the venue, and not just when library staff are present.
- 6.12. The introduction of self-service kiosks has supported the library service in keeping smaller sites open, rather than close, by allowing staff from larger libraries with kiosks to be redeployed.
- 6.13. With library staff free from the routine and time consuming tasks of issuing and discharging books, they have more time to engage and assist customers who require a more in-depth response or attention. This has improved the customer experience and enabled staff to enhance the library services' offer, including the Universal Digital Offer to foster digital inclusion and create digital communities.
- 6.14. Library staff have seen an increase in customers using credit and debit cards as a payment method over time. With the Council working towards a cashless environment and encouraging members of the public to move towards cashless payments, any new kiosks will continue to have credit and debit card payments as well as the increasingly popular contactless payment methods on offer today.
- 6.15. To give an idea of the scale of usage, between January to December 2019 139,462 items were issued/renewed using the kiosks and 142,483 items were returned. These figures are slightly reduced, as both the Blyth and Hexham kiosks were out of commission due to faults at some points over that period.

Options Appraisal

- 6.16. **Option 1:** To procure 13 self-service kiosks in collaboration with other North East Councils as a consortium. This would be the preferred option based upon the benefits of being part of a consortium and the potential savings to be made procuring this way. However, service delivery using the current machines is at too much risk to wait for progress on this front. This may be an option when the future service model is agreed following consultation.
- 6.17. **Option 2 [preferred option]:** The Library Service procure 13 self-service kiosks without being part of a consortium as described in Option 1. The service can take advantage of the ESPO framework to expedite the process.
- 6.18. **Option 3:** The option to “do nothing” is not appropriate in this case because the library service needs to progress Council ambitions by utilising self-service technology to enhance the customer experience and further benefit the service as a whole. Currently, the kiosks are not compliant with point to point encryption (P2PE)

for mobile chip and pin use. As well as this, the kiosks are also operating using Windows 7 which will not be supported by Microsoft after January 2021.

CSG Recommendation:

6.19. The group commented that, whilst there was no financial justification, the proposal did enable service provision outside of normal hours without additional staff costs. The Group therefore supported the proposals and recommends Cabinet to in turn recommend County Council to approve

- a new the capital budget requirement of £174,725 within the 2020-21 capital programme for the provision of 13 self-service kiosks in libraries, and;
- the budgetary provision for the ongoing revenue impact of £10,400 per annum – to be met from contingency.

7. AMBLE BORD WAALK

7.1. The Group received a report on a new grant award from the Ministry of Housing, Communities and Local Government (MHCLG) for the Amble Bord Waalk project.

Proposal

7.2. Amble Bord Waalk is a Coastal Community Fund (CCF) funded project to develop a National Bird Sculpture Trail from Druridge Bay to Warkworth. It will see the commissioning and design of up to 22 Bird Sculptures sited at key locations, and provide a visitor attraction as people follow the path up the coast.

7.3. The aim is to create a bird themed sculpture trail of national significance linking Hauxley to Amble with physical and virtual reality models and is aligned with the new National Coastal Path.

7.4. The Creation of a sculpture trail of national significance will celebrate the natural assets of the local area, providing a visitor resource for the whole of Northumberland. Bringing together the skills of artists and digital media presentations the trail will appeal to a wide participatory audience.

7.5. An example of one of the sculptures that will be used as part of the trail is shown below, the others are not yet built and a design competition would be started in March to initiate this process.



- 7.6. The project will seek to support in excess of 60 businesses and create 30 FTE employment opportunities within the hospitality and retail sector. By extending the tourism season the objective is to create a minimum of 0.5 jobs within businesses, creating 30 FTE positions.
- 7.7. Additional employment will be created within the art/creative industries through engagement in design, production and installation of the physical sculptures.

- 7.8. National exposure of work will generate interest in artists work leading to increased ongoing sales supporting the sustainability of this sector. The project is seeking to work with Sodexo (HMP Northumberland) on rehabilitation skills for clients through maintenance of artwork. This will be an ongoing partnership working as suitable clients are identified and integrated into the community workforce.
- 7.9. The bid was successfully submitted to MHCLG in 2018 and the project commenced in July 2019 with the initial commissioning of a project officer. It is intended that sculptures, which are currently being commissioned through a design competition process, will be sighted during the summer of 2020.

Delivery Arrangements

- 7.10. The project is being delivered by Amble Development Trust on behalf of the bidding applicant which was Amble Coastal Community Team. The Coastal Community Team does not have a legal status and is an informal partnership of a number of organisations including NCC, Amble Town Council, Amble Traders, other private sector representation, and the Trust itself. The Trust has significant experience of delivering funded projects and was a key partner in the Harbour Village project with NCC.
- 7.11. The Coastal Community Team meets on a monthly basis to review progress and is kept fully up to date by the Trust on any developments likely to affect the deliverability on time and budget.
- 7.12. The project is fully funded by the MHCLG's Coastal Communities Fund. NCC agreed to act as the Accountable Body for the project.

Cost

- 7.13. The capital cost of the project is as follows:

	AMOUNT
Commissioned Sculptures	£200,000
Groundworks & Installation	£20,000
Waymarkers & Stands, Other	£20,000
Total Capital Cost / Funding	£240,000

- 7.14. As well as the £240,000 capital funding, there is a revenue budget of £156,000 to support the project which is also fully funded by grant.
- 7.15. Monitoring is being carried out by the Council's External Funding Team, on a quarterly basis for the duration of the project. This includes a regular update on budget profiles, milestones and outputs.

CSG Recommendation:

- 7.16. The Group accepted the proposal and recommends Cabinet to approve an increase in the Council's Capital programme to include the grant funding allocation of £240,000 from the MHCLG's Coastal Communities Fund in respect of the project.

8. PORT OF BERWICK INFRASTRUCTURE IMPROVEMENTS

- 8.1. The Group received a report seeking approval for a grant award of £400,000 to Berwick Harbour Commission, to be funded from the 'Strategic Regeneration Projects' provision in the approved capital programme.
- 8.2. In 2017 The Berwick Harbour Commission (BHC), heavily supported by their MP, were successful in a £2 million bid to Coastal Communities Fund (CCF) to undertake a £2.75 million investment programme for essential works to secure Berwick's future as a viable working port and a key part of the local economic infrastructure by:
- maintaining safe access to the harbour
 - improving facilities for loading and unloading bulk materials
 - providing opportunities for cruise liners and other recreational activities
 - improving services to Berwick Harbour's key customers, including Simpson's Malts
 - helping to attract new customers and traffic, including specialist support services for offshore industries
- 8.3. As part of the application NCC agreed to provide a letter of support which stated that it would be "minded to consider" a loan of up to £750,000 to provide the match funding required for the bid.
- 8.4. Due to delays in the project caused by non-consent by English Nature, construction did not get underway until 2019 at which time the request for the loan crystallised at £400,000: Comprising of £250,000 for the original shortfall (the scheme was under budget) and £150,000 to tidy up the cruise reception area and provide some coach parking facilities so that they could load and unload passengers heading to and from excursions.
- 8.5. The Council subsequently considered the loan application but this was refused in December 2019; due to poor financial performance of the port and a consequent concern about the ability of the Port to meet repayments.
- 8.6. However, in tandem with this appraisal process, discussions continued with the BHC in relation to the provision of additional coach parking facilities. This was on the basis that the same site could potentially be used to serve the town centre as well as the cruise ship operation.

- 8.7. In summer 2019, a visit to Berwick by the NCC Infrastructure Manager identified a site adjacent to the Port's proposed area for potential additional car/coach parking as a possible location for providing a space to serve the wider needs of the town centre. From this site visit, it was also evident that there were considerable positives in aligning the two proposals if NCC was able to acquire this land. By doing this, a safe in/out access arrangement would be created and improved turning arrangements accommodated that would optimise the amount of parking space.
- 8.8. BHC is open to this approach and also appreciates the potential future benefits of providing a rest room for the coach drivers as well as public toilets. However, with the first cruise ships scheduled to start visiting Berwick in the summer, the BHC needs to equip the quayside with a coach parking facility as the concluding phase of the wider improvement works sponsored by CCF.
- 8.9. The rationale for refusing the loan was based on a financial assessment of the ability of the Port of Berwick to meet the repayments. However, as part of that consideration it was recognised that the regeneration benefit of the proposed investment to conclude the Coastal Community Fund initiative might warrant a Council grant at least in part.
- 8.10. The economic and regeneration benefits of the scheme to the wider town have been significantly improved over the summer, because of the confirmation that cruise ships will now be visiting Berwick. And on this basis, it is felt that it is justified to instead offer a grant to Berwick Harbour Commission for £400,000 – to be met from the 'Strategic Regeneration Projects' provision in the approved capital programme. This will enable the CCF project to be completed.
- 8.11. The Council funding would be subject to a grant agreement, with a condition that the BHC enter into an option agreement with the Council to lease part of the site adjacent to the cruise jetty with appropriate rights of access should the adjacent land be purchased and used to create a larger and integrated coach/car park.
- 8.12. In addition, an opinion on State Aid implications has not yet been reached, and is currently being considered by external advisors. Approval of the award may therefore be subject to revision pending the outcome of a review of the State Aid implications.

CSG Recommendation:

- 8.13. The Group recommends Cabinet approve a grant award of £400,000 to Berwick Harbour Commissioner to provide a coach park as part of the wider improvement programme to attract cruise ships to stop at the Port. The grant will be funded from the 'Strategic Regeneration Projects' provision in the approved capital programme, and would be conditional on Berwick Harbour Commission entering into an option agreement with the Council to lease part of the site, should the adjacent land be purchased and used to create a larger and integrated coach/car park. Approval would also be conditional on any State Aid issues being resolved before the grant is awarded.

9. NEWBIGGIN BY THE SEA SPORTS AND COMMUNITY CENTRE

- 9.1. The Group received details of proposal to refurbish and remodel internal elements of the Newbiggin by the Sea Sports and Community Centre building. The project does not currently have a budget allocation within the approved capital programme.

Background

- 9.2. The existing Newbiggin by the Sea Sports and Community Centre offers a range of fitness and community facilities including sports hall, fitness suite, squash courts, external grass football pitches, library, ICT suite, meeting rooms, kitchen, bar/function room and general hall with bleacher seating and staging. The centre has hosted a variety of activities in the past such as boxing events, dance performances, weddings and conferences.
- 9.3. The centre has two external full sized grass football pitches which are used by AFC Newbiggin and a number of other local teams. AFC Newbiggin has long-held ambitions to improve club facilities which have previously led to proposals being drawn up to increase the number of grass playing pitches on land in the vicinity of the existing sports centre and construct dedicated changing and function room facilities. The club has been in discussion about these proposals with the Football Foundation but has not been able to progress these to conclusion. The refurbishment proposal provides an opportunity to support these aims and retain the club at the existing centre.
- 9.4. Active Northumberland commissioned a latent demand study for the centre which concluded that there is minimal opportunity to grow income from an improved commercial offer and instead that improvements should be targeted at those services which would impact positively upon health, social care and learning in an area with high deprivation and need.
- 9.5. Active Northumberland is currently responsible for the management of both the sports and community elements of the building whilst the Council manages and maintains the external playing pitches. Any enhancement of the community elements would be accompanied by a discussion as to the future management of these facilities.

Proposal

- 9.6. The proposal is to refurbish and remodel internal elements of the building to improve existing facilities and foster community use. The outline scope of works identified by the feasibility study include:
- Create a new front of house/reception offer including self-service provision in line with Active Northumberland Transformation programme;
 - Relocation of the library to a more appropriate location and enhance the learning environment;

- Creation of a community café linked to the new library area;
- Creation of improved changing facilities to support a greater number of concurrent sport and leisure activities with specific changing facilities for outdoor sports, targeted to support AFC Newbiggin;
- Provision of a Changing Places facility to improve accessibility and inclusion;
- Creation of a dedicated spinning studio;
- Re-covering of the existing sports hall floor;
- Refurbishment of the squash courts, including creation of a viewing gallery, which are heavily utilised due to limited provision elsewhere in the locality;
- General refurbishment and redecoration throughout the building;
- Modifications to mechanical and electrical services resulting from remodelling and refurbishment works.

Key Programme Dates

Appointment of design team / start of design process.....	February 2020
Planning Application Submission	July 2020
Complete Main Contractor Procurement	November 2020
Start On Site	January 2021
Completion	Summer 2021

Project Scope and Costs

- 9.7. A feasibility study has been undertaken to establish the extent of the refurbishment and remodelling works and has resulted in a cost estimate of £1,505,000. This cost relates to the internal works only and does not include any improvements to the external playing pitches. Options for playing pitch improvements and associated costs will be developed in collaboration with users of the pitches and the Football Foundation. Potential improvements include upgrading the existing grass pitches and/or the potential for provision of an artificial grass pitch. The working assumption is that any playing pitch improvements would be funded in their entirety by a Football Foundation grant. Failure to secure such funding may result in playing pitch improvements not being undertaken. However, the internal works are still considered to provide extensive improvements for the community and local sports clubs.

Estimated Capital Costs	2020-21	2021-22	TOTAL
Construction	£438,000	£889,000	£1,327,000
Fees	£125,000	£53,000	£178,000
Total	£563,000	£942,000	£1,505,000

Revenue Implications

- 9.8. The centre is a valuable asset to the community however operationally it requires a significant subsidy to cover day-to-day running costs. Whilst the current refurbishment proposals would provide some limited opportunities for increasing revenue, they are unlikely to significantly improve the deficit position but instead would support current customer retention, provide a much improved customer experience and help reduce the issue of reactive and long term maintenance issues.
- 9.9. As mentioned earlier, a latent demand study for the centre concluded that there is minimal opportunity to grow income from an improved commercial offer. Instead improvements should be targeted at those services which would impact positively upon health, social care and learning.

Key Risks and Issues

- 9.10. **Playing Pitch Funding** – The scope of works relates to internal works only and does not include any improvements to external playing pitches. Options for playing pitch improvements and associated costs will be developed in collaboration with users of the pitches and the Football Foundation. However, it should be noted that the assumption is that any such improvements would be funded in their entirety by a Football Foundation grant. A failure to secure such funding may result in the playing pitch improvements not being undertaken. However, the internal works are still considered to provide extensive improvements for the community and local sports clubs.
- 9.11. **Cost Variance** – The feasibility stage of any capital project is by nature high-level and cannot provide scope and cost certainty. This project is no different in this respect and there is a risk that the current estimated cost proves to be incorrect. The current estimate of £1,505,000 includes both risk and client contingency allocations. Value Engineering and scope management will be deployed should cost estimates increase beyond the current £1,505,000 estimate. It should however be noted that construction market conditions prevailing at the time of procurement will influence the final cost.

CSG Recommendation:

- 9.12. The Group supported the proposals and recommends Cabinet to in turn recommend County Council to approve
- a new budget requirement of £1,505,000 in the Council's capital programme for refurbishment works at Newbiggin by the Sea Sports and Community Centre;
 - the appointment of a design team to undertake further design work;
 - the submission of a planning application, and;
 - the associated contractual commitment with a main contractor, up to a maximum value of £1,505,000, to undertake the refurbishment works.

10. CAR PARKING IMPROVEMENTS PROGRAMME

- 10.1. The Group received a report seeking approval to release further funding from the provision in the approved capital programme to allow the continued implementation of the detailed parking action plans that have been developed for various locations across the county. Specifically, this report requests funding to implement further car park capacity improvements in Ponteland and Newbiggin by the Sea.
- 10.2. This is the seventh report relating to the £8.477 million allocation for parking. To date £5.477 million has been committed to support parking improvement schemes.

Ponteland – Merton Way

- 10.3. Works were recently completed in the Merton Way South car park in Ponteland, which resulted in an increase in capacity. This extra provision has provided more short stay spaces which are intended to benefit the local shops by increasing turnover. There is, however, still a demand for long stay parking.
- 10.4. Merton Way North is a long stay car park but has a poor surface and parking bays are not marked which means the available space is not used efficiently.
- 10.5. It is therefore proposed to provide a new surface in the car park, with marked bays which will maximise the spaces available and result in an increase in parking capacity. Provision will also be made for electric vehicle charging.
- 10.6. In addition to the two car parks, there are a number of 'on-street' parking bays in Merton Way. The regulations governing these bays differ from those in the car parks which are 'off-street'. This is leading to confusion and some motorists have been issued with penalty charge notices for overstaying, not realising that different rules apply. It is therefore proposed to implement a Traffic Regulation Order to make these bays 'off-street' and unify the regulations, providing consistency over the whole parking area.
- 10.7. The estimate cost of the work for resurfacing and lining of Merton Way North car park, including the provision of EV charger, is £165,000.

Newbiggin by the Sea

- 10.8. In Newbiggin by the Sea, the County Council is working with Newbiggin Town Council to improve parking in the town. Proposals include:
- Removal of a loading Bay on Front Street which is no longer required. The space will be used for car parking.
 - Re-arrangement of the Church Point car park to increase its capacity and provision of EV chargers.
 - Initial design of a proposed new ~30 space car park on the former library site.
 - Review of parking direction signage throughout the town including provision of new signs and the introduction of bay marking in a number of small off street car parks to increase their effective use and capacity.

10.9. The estimated cost of the work at Newbiggin by the Sea is £105,000.

CSG Recommendation:

10.10. The Group accepted the proposal and recommends Cabinet to approve a total allocation of £270,000 from the existing car parking provision in the programme for capacity improvements at Ponteland (£165,000) for and Newbiggin by the Sea (£105,000).

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
Blyth Sports Centre	Main refurbishment contract	£4,900,000

CSG Recommendation:

11.2. The Group recommends Cabinet to approve the contractual commitment for the Blyth Sports Centre project.

Implications

Policy	The capital programme is part of the Medium Term Financial Plan 2020-2021. 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 2020-2021 and Budget 2020-2021 - County Council 19 February 2020.

Report sign off.

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

	Name
Monitoring Officer/Legal	Liam Henry
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