



Northumberland County Council

Your ref:

Our ref:

Enquiries to: Karon Hadfield

Email:

Democraticservices@northumberland.gov.uk

Tel direct: 0345 600 6400

Date: Tuesday, 6 June 2023

Dear Sir or Madam,

Your attendance is requested at a meeting of the **CABINET** to be held in **COUNCIL CHAMBER - COUNTY HALL** on **TUESDAY, 13 JUNE 2023** at **10.00 AM**.

Yours faithfully

Dr Helen Paterson
Chief Executive

To Cabinet members as follows:-

G Renner-Thompson, J Riddle, G Sanderson (Chair), J Watson, R Wearmouth (Vice-Chair), C Horncastle, W Pattison, W Ploszaj, D Ferguson and G Stewart



Dr Helen Paterson, Chief Executive
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AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages 1
- 4)

Minutes of the meeting of Cabinet held on 30 May 2023, as circulated, to be confirmed as a true record and signed by the Chair.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required where a matter arises at a meeting;

a. Which directly relates to Disclosable Pecuniary Interest ('DPI') as set out in Appendix B, Table 1 of the Code of Conduct, to disclose the interest, not participate in any discussion or vote and not to remain in room. Where members have a DPI or if the matter concerns an executive function and is being considered by a Cabinet Member with a DPI they must notify the Monitoring Officer and arrange for somebody else to deal with the matter.

b. Which directly relates to the financial interest or well being of a Other Registrable Interest as set out in Appendix B, Table 2 of the Code of Conduct to disclose the interest and only speak on the matter if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain the room.

c. Which directly relates to their financial interest or well-being (and is not DPI) or the financial well being of a relative or close associate, to declare the interest and members may only speak on the matter if members of the public are also allowed to speak. Otherwise, the member must not take part in discussion or vote on the matter and must leave the room.

d. Which affects the financial well-being of the member, a relative or close associate or a body included under the Other Registrable Interests column in Table 2, to disclose the interest and apply the test set out at paragraph 9 of Appendix B before deciding whether they may remain in the meeting.

e. Where Members have or a Cabinet Member has an Other Registerable Interest or Non Registerable Interest in a matter being considered in exercise of their executive function, they must notify the Monitoring Officer and arrange for somebody else to deal with it.

NB Any member needing clarification must contact monitoringofficer@northumberland.gov.uk. Members are referred to the Code of Conduct which contains the matters above in full. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES (Pages 5 - 18)

Loan to Northumberland Community Bank

The report provides details of a potential loan facility to Northumberland Community Bank (NCB) of £50,000 towards the capital reserve (Appendix A).

5. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES (Pages 19 - 32)

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 3 May 2023 (Appendix B).

6. REPORT OF THE CABINET MEMBER FOR IMPROVING OUR ROADS AND HIGHWAYS (Pages 33 - 42)

Enhanced Pothole Repair Invest to Save Trial

To seek approval to undertake an 'invest to save' trial of first-time patch repair of a proportion of actionable carriageway pothole defects, to quantify the costs and benefits associated with this alternative approach to one of the main revenue funded highway maintenance activities undertaken by the Council (Appendix C).

7. REPORT OF THE CABINET MEMBER FOR BUSINESS (Pages 43 - 68)

Ashington Regeneration Programme Establishment

To update Cabinet regarding the establishment, development and delivery of the £30m Ashington Regeneration Programme, which will have a catalytic impact on the town's economy and drive forward the implementation of the Ashington Town Investment Plan.

This report also seeks approval for the strategic acquisition of the Woodhorn Road site and the Wansbeck Square site from Advance Northumberland (Commercial) Limited to create the required development platform to enable implementation of the Ashington Regeneration Programme (Appendix D).

- 8. REPORT OF THE CABINET MEMBER FOR BUSINESS** (Pages 69 - 86)
- UK Shared Prosperity Fund (UKSPF) Update and Northumberland Delivery**
- To provide an update on the UK Shared Prosperity Fund (UKSPF) programme and the UKSPF funded projects secured by Northumberland County Council to support levelling-up activity across the County (Appendix E).
- 9. REPORT OF THE LEADER** (Pages 87 - 92)
- Nominations to Outside Bodies**
- To agree Cabinet's nominations to outside bodies detailed in Appendix F.
- 10. DELEGATED DECISIONS** (Pages 93 - 108)
- To note the following delegated decisions (Appendix G):-
- (1) Decision Taken by the Executive Director for Resources & Transformation (S151): Energising Blyth Energy Central Campus Phase 1 - Learning Hub:
Project Virement
- (2) Decision Taken by the Executive Director, Regeneration & Place:
Energising Blyth Energy Central Campus Phase 1 - Learning Hub:
Contract Award
- 11. URGENT BUSINESS**
- To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

| | | | |
|---|--|--------------------------------|-------------------------------|
| Name: | | Date of meeting: | |
| Meeting: | | | |
| Item to which your interest relates: | | | |
| | | | |
| Nature of Interest i.e. either disclosable pecuniary interest (as defined by Table 1 of Appendix B to the Code of Conduct, Other Registerable Interest or Non-Registerable Interest (as defined by Appendix B to Code of Conduct) (please give details): | | | |
| | | | |
| Are you intending to withdraw from the meeting? | | Yes - <input type="checkbox"/> | No - <input type="checkbox"/> |
| | | | |

Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in **Table 1**) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
- a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2** you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied
9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well- being:
- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise, you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

| Subject | Description |
|--|---|
| Employment, office, trade, profession or vocation | Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.] |
| Sponsorship | Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. |
| Contracts | Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged. |
| Land and Property | Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income. |
| Licenses | Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer |
| Corporate tenancies | Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of. |
| Securities | Any beneficial interest in securities* of a body |

| | |
|--|--|
| | <p>where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <ul style="list-style-type: none"> i. the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class. |
|--|--|

* ‘director’ includes a member of the committee of management of an industrial and provident society.

* ‘securities’ means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority
- b) any body
 - i. exercising functions of a public nature
 - ii. any body directed to charitable purposes or
 - iii. one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

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Agenda Item 2

NORTHUMBERLAND COUNTY COUNCIL

CABINET

At a meeting of the Cabinet held at County Hall, Morpeth on Tuesday 30 May 2023 at 10.00 am.

PRESENT

Councillor G. Sanderson
(Leader of the Council, in the Chair)

CABINET MEMBERS

Ferguson, D.
Horncastle, C.
Pattison, W.
Ploszaj, W.

Renner Thompson, G
Riddle, J.
Stewart, G.
Watson, J.

OTHER MEMBERS

Flux, B.

OFFICERS IN ATTENDANCE

Binjal, S. (remote)
Bradley, N.

Hadfield, K.

Hunter, P.
Kingham, A.

McMillan, S.

Murfin, R.
O'Neill, G

Paterson, Dr H.
Willis, J. (Remote)

Monitoring Officer
Executive Director for Adults, Aging
& Wellbeing
Democratic and Electoral Services
Manager
Senior Service Director
Executive Director for Children,
Young People & Education
Head of Economic Growth and
Inward Investment
Director of Planning
Executive Director for Public Health
(DPH), Inequalities & Stronger
Communities
Chief Executive
Executive Director for Resources &
Transformation (S151)

1. APOLOGOIES FOR ABSENCE

Apologies for Absence were received from Councillor Wearmouth.

2. MINUTES

RESOLVED that the minutes of the meeting of Cabinet held on Tuesday 9 May 2023, as circulated, be confirmed as a true record and signed by the Chair.

3. REPORT OF THE LEADER

North East Devolution

On 28 December 2022 HM Government announced a “minded to” devolution deal with the seven councils across the North East (i.e. Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland).

To implement the deal, it was necessary to establish a new mayoral combined authority which covered the area of the seven councils and replaced the two existing combined authorities in the region.

The report updated Cabinet on the public consultation which the councils had undertaken in relation to these proposals and sought Cabinet approval to submit the attached consultation report to the Secretary of State as the next step in the process of establishing the new mayoral combined authority.

The Leader introduced the report paying tribute to his fellow Leaders and Chief Executives about how the process had been managed to date. He stressed the proposals did not mean that Northumberland would lose its ability to make its own decisions but they would allow greater sharing of expertise and support through cross council working. The prospects were good and absolutely the right thing for the Council to do. The consultation responses had shown that residents were in favour, with queries being raised about ensuring that Northumberland got its fair share.

A number of questions were raised by members including:-

- Councillor Horncastle queried whether the additional funding would help with the provision of specialist housing such as extra care and sheltered housing which were expensive to provide. The Leader agreed this was an important issue for the Authority and was hopeful that the additional funding would support this provision.
- Councillor Riddle welcomed the extra funding for the rural agenda and was sure it would be put to good use. The Leader agreed that rurality was a very important part of the deal and Northumberland would chair the Rural Board.
- Councillor Watson commented on the significance of tourism to the Northumberland economy and hoped that the County would continue to be advertised as well as the rest of the North East as a tourism destination. The Leader confirmed that the Council would continue to deliver tourism development and expected that there would be extra funding available to support that. He felt there was a need to look more seriously at the County’s tourism offer in terms of the breadth of

what was available across the County as a whole and not just along the coastline.

- Councillor Renner Thompson welcomed the £63m for adult education which would help upskill people to work in the new industries coming into Northumberland. This would sit alongside negotiations for trailblazer funding for the under 18s and he asked if the Leader would be continuing this negotiation going forward. The Leader commented that he was proud of what had been achieved recently in education. Northumberland had a lot of expertise to share and he looked forward to working with others to achieve even greater improvements.
- Councillor Stewart welcomed that Northumberland Fire and Rescue Service would remain as part of the Authority and thanked the staff for all that they did. He looked forward to working with others also. Maintaining identification with the County was very important and he was grateful to all those who had been involved in making that happen.
- Councillor Ferguson referred to the three key priority areas and asked how the deal would help the Authority achieve its aims in these areas. The Leader responded that these would continue to be reflected as part of the new combined authority. The other Leaders were aware of what they were and were supportive of them, and he felt sure there would be extra opportunities for support particularly in tackling inequalities. The sharing of expertise could only be a good thing.
- Councillor Ploszaj referred to the £900m transport funding included in the deal, which was an increase of £5m on current funding, £1.4bn for regeneration, and £5m for Ashington regeneration and high street renewal amongst other funding packages. He hoped the funding would help towns and villages to thrive and become great places to live, learn and work as well as driving prosperity and tackling inequalities.

RESOLVED that:-

- (a) the content of the report and the attached consultation report relating to the proposed creation of a new mayoral combined authority for the North East region be noted; (appendix 1);
- (b) Cabinet agree that the consultation that has been undertaken is sufficient for the purposes of the legislation and that the findings set out in the consultation report demonstrate that the statutory criteria (referred to in para 1.6 of the report) have been met;
- (c) Cabinet agree that the consultation report should be submitted to the Secretary of State so that the Secretary of State can:
 - (i) consider whether they are satisfied that the consultation has been sufficient and that the statutory criteria have been met; and
 - (ii) (if so satisfied) request Parliament to make an order to abolish the existing combined authorities and establish NEMCA;
- (d) Cabinet agree in principle to consent to the making of the necessary statutory order; and

(e) Cabinet agree that the Chief Executive, in consultation with the Leader of Council, shall be authorised to take all steps necessary to implement the above proposals, including (but not limited to) finalising the terms of the consultation report which is submitted to the Secretary of State.

CHAIR.....

DATE.....

CABINET

13 JUNE 2023

Loan to Northumberland Community Bank

Report of: Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

Lead Officer: Jan Willis, Executive Director - Transformation and Resources

Purpose of Report

The report provides details of a potential loan facility to Northumberland Community Bank (NCB) of £50,000 towards the capital reserve.

Recommendation

It is recommended that Cabinet;

- Approve a loan facility of £50,000 to Northumberland Community Bank subject to the following:
 - NCB agreeing to the proposed terms and conditions;
 - NCC's Legal Team completing a legal agreement with NCB in advance of any loan drawdown by NCB, containing the terms and conditions set out within this report; and
 - Subsidy Control implications being investigated and satisfied.

Link to Corporate Plan

The report is aligned to the priorities outlined in the Corporate Plan 2021-24 "A Council that Works for Everyone".

Living & Learning: *"We will care for our residents, supporting the most vulnerable in our society as well as encouraging active citizens. We will ensure the best education standards for our children and young people"*

Key Issues

1. The Council has been approached for a loan facility of up to £50,000 from Northumberland Community Bank.
2. The proposed loan facility would be subject to the terms and conditions identified within the main body of the report.
3. Any potential Subsidy Control issues will need to be addressed and resolved prior to any loan advance being made to Northumberland Community Bank.

4. The loan request was considered by NCC's Risk Appraisal Panel on 4 May 2023. The panel were supportive of the loan subject to the terms and conditions set out being agreed with Northumberland Community Bank.

Background

Northumberland continues to face significant financial inclusion challenges that have a disproportionate impact on our most vulnerable and disadvantaged communities. Organisations such as community banks and credit unions offer a vital alternative to high cost loans and illegal lenders, particularly for the individuals within these communities.

With rising food and energy costs, and wage increases below inflation, many more people will be pushed into financial difficulties and will be tempted by payday lenders and loan sharks. NCB is playing an increasingly important part in defending Northumberland residents from these threats.

The NCB provides access to affordable loans, avoiding loan sharks and payday lenders. It aims to:

- Provide customers with access to sustainable, affordable finance;
- Provide basic financial advice and signpost applicants who have not been able to gain affordable credit to other organisations as appropriate;
- Support customers in building a credit history;
- Support customers who are currently unbanked;
- Promote savings accounts;
- Engage with local companies to offer savings and loan services for all with the aim to specifically help the "in work poor" through payroll deduction; and,
- Engage with schools to educate young people about the benefits of managing money better.

The NCB uses the deposits of savers to provide the affordable loans. Initially, loans were small amounts of up to £500 and typically repaid within 6 months. However, in recent years NCB increased its offering to higher value loans, between £1,000 and £5,000 as standard but as high as £15,000 in exceptional circumstances, as part of its plan to achieve financial sustainability within three years. The deposit amounts are also made up of private donations.

The level of deposits and loans outstanding at any one time is governed by the Financial Conduct Authority who specify minimum operational ratios that must be maintained in order to operate as a credit union. The ratio must be at least 3.00% capital to loan ratio and 10.00% of the loan book available in liquid assets.

In 2017, the team running the Tynedale Community Bank (TCB) were asked by NCC to consider taking over the Credit Union for South East Northumberland (CUSEN), a failing credit union based in Blyth and Ashington. The Council committed £20,000 to

CUSEN to recapitalise and bring it back within FCA rules on capital/asset ratios, and a further £30,000 to restructure staff, systems and facilitate a merger with TCB. The subsequent merged entity became NCB.

In 2018 the Council contributed a further £50,000 grant to aid in re-engineering the business following merger, allowing NCB to develop its IT systems and management processes to maximise efficiency and to ensure compliance with all appropriate regulations.

Whilst NCB has made excellent progress along the road to sustainability in the intervening years, further growth plans were hit particularly hard by the Covid pandemic. Credit Unions exist to support both savings and loans, however it is only the loan element which generates income. During lockdown people spent less, saved more and hence borrowed less, thus reducing NCB's income.

During the pandemic, the Council provided further support to NCB in the shape of a £40,000 grant, plus a £50,000 subordinated loan to prevent NCB falling below the capital to asset ratio of 3.00% in December 2020.

Despite the difficult last few years, NCB has continued its growth and clearly demonstrated a continuous trend towards long term viability, however it remains behind its original target and requires support for 2023 and 2024 to achieve sustainability. NCB has requested that NCC provide two years funding at £25,000 per year (2023 and 2024), either as a single lump sum or as two instalments.

NCB has requested a loan term of 10 years with repayment of the loan at the end of the term and interest paid annually. NCB has again requested a subordinate loan which will mean if the NCB ceases to trade, NCC would not be repaid the outstanding loan and interest amount as a priority creditor, and would rank behind other creditors.

Financial Appraisal

Appendix 1 shows an indicative budget for the next 10 years for NCB. Income projections include loan interest receivable, which is calculated on the value of loans shown in the table within each financial year. It is assumed within the financial business plan that NCC loan support would be granted in 2023, with the full £50,000 paid as one lump sum.

The NCB only provided a 3-year financial forecast. This has been projected forward by the Council's Treasury Management Team over 10 years to cover the period of the loan. Inflation and loan interest have been included on an annual basis

The ratios for each year are also shown. This shows that if the forecast growth in loans is achieved over the period the FCA ratios would be more than within acceptable limits, with the lowest being 6.00% capital to asset in 2024 and 22.55% liquidity ratio also in 2024.

Appendix 2 shows a similar indicative budget for the next 10 years for NCB without the requested £50,000 loan support from NCC. This shows that the capital to asset ratio

could potentially drop to 4.00% in the current financial year, bringing it dangerously close to the FCA limit of 3.00%

Key Risks

The following risks have been identified in relation to the provision of the loan to NCB:

Loan levels not achieved

There is a risk that the significant growth in the level of loans forecast in the business plan is not achieved and therefore there is a reduction in interest earned and the bottom line annual operating figure. This would affect NCB's ability to repay the loan from the Council within the set timeframe. The financial business plan provided by NCB for the three-year period to 2025 sets particularly ambitious targets for the value of loans granted, with the current year target being £1.076 million and forecast target in 2025 to hit £2.000 million.

Bad Debt Management

There is a risk that bad debts increase. This would increase the amount written off, and reduce the forecast capital reserve. This would ultimately adversely affect NCB's ability to repay the NCC loan.

The level of bad debt for NCB in 2023 is currently around 5.00% which is lower than the 6.00% that was built into the budget. There is a robust system that is in place to chase any default payments, however any increase over the 6.00% built into the business plan would affect the annual bottom line trading position which would lessen NCB's ability to repay the loan in the given timescale.

Loan Security

Normally the Council would include within the loan terms and conditions the requirement for security to be provided against the loan. This ensures that where there is a repayment default the Council has the option to recover its outstanding debts plus interest. This is normally achieved via a charge on an asset or a legal guarantee. NCB does not have any physical assets that a legal charge could be placed upon and there is no legal guarantee. This represents a risk to the Council in the event of loan default.

Reserves

NCB does have a usable capital reserve; however, without the £50,000 loan from NCC this could result in the FCA rules on capital to loan ratio being breached. A clause will be incorporated within the loan agreement which allows the Council to review NCB finances on an annual basis, and an option can be added to include that should it be possible to repay the loan early and not breach FCA ratios then NCB could repay the £50,000 loan and outstanding interest early.

Subsidy Control

The provision of a loan at less than market rate will constitute a Subsidy. The Subsidy Control Act 2022 came into force from 4 January 2023, with the rules applying to

awards of financial assistance made by public authorities to businesses and any other organisations engaged in economic activity.

There are two routes to subsidy control compliance:

- If the loan is offered at a rate that is the equivalent to that which a commercial inverter would offer then there will be no advantage to a specific enterprise, such that the definition of a subsidy is not met and therefore there would be no Subsidy if the loan is offered at this rate. Any rate lower than this will constitute a Subsidy.
- Under section 36 Subsidy Control Act 2022, an enterprise (NCB) can receive up to £315,000 by way of minimal financial assistance over the applicable period. The applicable period is the elapsed part of the current financial year together with the two immediately preceding financial years. In order to rely upon this NCB would need to sign a declaration and NCC and NCB comply with the requirements set out in section 37 Subsidy Control Act 2022. This is a process the Council is familiar with.

For this exemption the subsidy would be calculated with reference to the interest rate that could have been achieved on the market, compared to the interest charged, with the saving being the subsidy.

With a view to reflecting the cost of borrowing for the Council the proposed interest rate is 4.55%. A commercial rate of interest is anticipated to be 7.50% reflecting the increased risk of a subordinate loan, therefore the actual loan rate proposed reflects a saving of 2.95% interest (£15,506).

As a result, it is recommended that the second route is taken, with compliance with sections 36 & 37 Subsidy Control Act maintained.

Summary

Without the proposed Council loan the NCB could very likely breach the FCA capital to asset ratio during 2023 based on up to date forecasts, and would therefore be unable to provide additional financial support within the County over and above existing levels.

There are some significant financial risks associated with this proposal. These are mainly due to the risk associated with the organisation's ability to accommodate unplanned expenditure and also the potential for a reduction in income, as a result of not achieving the ambitious growth forecast in loans granted. These areas will all impact on NCB ability to repay the loan to the Council. In addition to this there is no loan security.

In light of the anticipated cost of borrowing for the council and the Subsidy Control assessment it is suggested that an interest rate of 4.55% would be appropriate.

Loan Terms and Conditions

The NCB has requested financial assistance of £50,000. As this request for financial assistance did not form part of the Council's Medium Term Financial Plan and the

Council faces its own financial challenges the Executive Director - Transformation and Resources suggested that a loan of up to £50,000 would be the best option.

The loan will have the following terms and conditions:

1. Subject to condition 2 below, NCB can commence drawdown of the loan once NCC's legal department are in receipt of the signed legal agreement between the Council and Northumberland Community Bank; and the other conditions of the loan agreement are met.
2. NCB to provide a 10 year cash flow forecast prior to commencement of loan drawdown.
3. Maximum loan value of £50,000.
4. Repayment of principal will be made by NCB at the end of the 10 years from the date of the loan drawdown or earlier as stated in 8 below. The Council will produce to the Borrower a repayment schedule. The Borrower will pay the Council the sum due on the date specified on the repayment schedule.
5. NCB may repay the Loan in whole or in part at any time prior to the end of the loan term. In doing so they will provide notification in writing to the Council no less than 5 working days' prior to the prepayment. Where necessary a revised payment schedule will be produced by the Council and issued to the Borrower.
6. The interest rate will be the 4.55% fixed rate for 10 years.
7. Interest shall be paid annually on 31 March, from the date of the loan drawdown in line with the repayment schedule.
8. NCB will supply NCC a copy of their annual accounts within one month of audit sign off. Upon review NCC can request repayment of the loan and outstanding interest in part or full provided that the repayment would not cause NCB to breach the FCA capital to loan ratio of 3% or loan book available in liquid assets ratio of 10%.
9. NCB must inform NCC if they expect to breach the FCA capital to loan ratio.
10. Note the loan will not be secured or guaranteed.
11. Should NCB fail to meet any of the scheduled loan repayments they will be charged a default interest charge of 7.50%.
12. Compliance with the Subsidy Control Act 2022, by the identification of a complaint solution.

Legal Power to Grant the loan

The legal powers which enable the Council to enter into this Agreement and to make the loan available, are under the Localism Act 2011.

IMPLICATIONS

| | |
|--|---|
| Policy | We will care for our residents, supporting the most vulnerable in our society as well as encouraging active citizens. We will ensure the best education standards for our children and young people |
| Finance and value for money | NCB will repay the loan in line with the payment scheduled issued by the Council. Interest on the loan will be charged at the rate of interest of 4.55% for 10 years. Provision of the loan will be funded from the Council's Capital Third Party Loan allocation within the 2023-24 Budget. |
| Legal | The proposal will be subject to a signed legal agreement. A complaint subsidy control solution will be identified prior to the loan agreement being entered into (and therefore funding drawn down) to ensure ongoing compliance with the Subsidy Control Act 2022 All other legal implications have been addressed within the body of this report. |
| Procurement | None |
| Human Resources | None |
| Property | None |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | The loan will allow NCB to provide access to affordable finance. |
| Risk Assessment | The perceived risks of the project are outlined in the report. |
| Carbon reduction | None |
| Crime & Disorder | None |
| Customer Considerations | None |

| | |
|---------------------|-----------------------|
| Consultation | Leader of the Council |
| Wards | All |

Report sign off.

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

| | Name |
|---|-------------------|
| Executive Director - Transformation and Resources | Jan Willis |
| Interim Monitoring Officer | Suki Binjal |
| Relevant Executive Director | Jan Willis |
| Chief Executive | Helen Paterson |
| Portfolio Holder(s) | Richard Wearmouth |

Author and Contact Details

Andy Stewart, Finance Manager

01670 622161 - andy.stewart@northumberland.gov.uk

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Appendix 1

| Balance Sheet | Note | 2023 Forecast | 2024 Plan | 2025 Plan | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | 2033 Plan |
|---------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Loans (Gross) | | £ 1,075,781 | £ 1,600,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 |
| Bad Debt Provision | 6.00% | £ (71,407) | £ (96,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) |
| Debtors & Prepayments | | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 |
| Cash at Bank and in hand | | £ 513,251 | £ 440,856 | £ 733,937 | £ 880,347 | £ 1,024,037 | £ 1,164,955 | £ 1,303,051 | £ 1,438,271 | £ 1,575,559 | £ 1,709,861 | £ 1,791,119 |
| Total Assets | | £ 1,527,490 | £ 1,954,721 | £ 2,623,802 | £ 2,770,212 | £ 2,913,902 | £ 3,054,820 | £ 3,192,916 | £ 3,328,136 | £ 3,465,424 | £ 3,599,726 | £ 3,680,984 |
| Creditors and accrued charges | | £ 36,421 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 |
| Grants not yet allocated | | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - |
| Junior Shares | | £ 10,564 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 |
| Total Net Assets | | £ 1,480,505 | £ 1,914,810 | £ 2,583,891 | £ 2,730,301 | £ 2,873,991 | £ 3,014,909 | £ 3,153,005 | £ 3,288,225 | £ 3,425,513 | £ 3,559,815 | £ 3,641,073 |
| Total Adult Shares | | £ 1,372,005 | £ 1,800,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 |
| Fixed Interest Deposits | | | | | | | | | | | | |
| NCC Subordinated Loan | | £ 31,147 | £ 30,000 | £ 25,000 | £ 20,000 | £ 15,000 | £ 10,000 | £ 5,000 | | | | |
| NCC Subordinated Loan (2023) | | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 | £ 50,000 |
| P&L to date | | £ 412 | £ 7,460 | £ 74,080 | £ 151,410 | £ 148,690 | £ 145,919 | £ 143,090 | £ 140,220 | £ 137,289 | £ 134,302 | £ 81,258 |
| Reserves | | £ 26,940 | £ 27,351 | £ 34,810 | £ 108,891 | £ 260,301 | £ 408,991 | £ 554,909 | £ 698,005 | £ 838,225 | £ 975,513 | £ 1,109,815 |
| Total Capital | | £ 1,480,504 | £ 1,914,810 | £ 2,583,891 | £ 2,730,301 | £ 2,873,991 | £ 3,014,909 | £ 3,153,005 | £ 3,288,225 | £ 3,425,513 | £ 3,559,815 | £ 3,641,073 |
| Public Sector Grants Received | | £ 11,750 | | | | | | | | | | |
| Individual & Charitable grants | | £ 20,000 | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Loan Interest | 2.00% | £ 196,736 | £ 279,156 | £ 400,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 |
| Other income | | £ 13,874 | £ 10,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 |
| Bad Debts recovered | | £ 7,250 | £ 10,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 |
| Grants released to P&L | | £ 31,750 | | | | | | | | | | |
| Total | | £ 249,610 | £ 299,156 | £ 423,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 |
| Expenses | | | | | | | | | | | | |
| Bad Debts provision in month | 5.00% | £ 40,338 | £ 80,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 |
| Staff Costs | 1% | £ 109,028 | £ 130,000 | £ 150,000 | £ 151,500 | £ 153,015 | £ 154,545 | £ 156,091 | £ 157,652 | £ 159,228 | £ 160,820 | £ 162,429 |
| Staff Cost Contributions | | | | | | | | | | | | |
| ABCUL | 3% increase annually | £ 1,643 | £ 2,200 | £ 2,200 | £ 2,266 | £ 2,334 | £ 2,404 | £ 2,476 | £ 2,550 | £ 2,627 | £ 2,706 | £ 2,787 |
| Insurance | 3% increase annually | £ 5,347 | £ 5,500 | £ 6,000 | £ 6,180 | £ 6,365 | £ 6,556 | £ 6,753 | £ 6,956 | £ 7,164 | £ 7,379 | £ 7,601 |
| Rent, Rates, Utilities | 3% increase annually | £ 3,115 | £ 3,208 | £ 3,305 | £ 3,404 | £ 3,506 | £ 3,611 | £ 3,719 | £ 3,831 | £ 3,946 | £ 4,064 | £ 4,186 |
| Phone & Internet | 3% increase annually | £ 761 | £ 1,000 | £ 1,200 | £ 1,236 | £ 1,273 | £ 1,311 | £ 1,351 | £ 1,391 | £ 1,433 | £ 1,476 | £ 1,520 |
| IT systems | | £ 49,360 | £ 28,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 |
| Repairs & Renewals | | £ 759 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 |
| Marketing | 3% increase annually | £ 8,483 | £ 10,000 | £ 15,000 | £ 15,450 | £ 15,914 | £ 16,391 | £ 16,883 | £ 17,389 | £ 17,911 | £ 18,448 | £ 19,002 |
| Stationary & Postage etc | 3% increase annually | £ 1,789 | £ 1,500 | £ 1,500 | £ 1,545 | £ 1,591 | £ 1,639 | £ 1,688 | £ 1,739 | £ 1,791 | £ 1,845 | £ 1,900 |
| Bank Charges | | £ 4,809 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 | £ 4,000 |
| Transmission Charges | | £ 6,028 | £ 8,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 |
| Fixed Interest charges | | £ 2,716 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 |
| Interest Charges | | £ - | £ 1,714 | £ 2,275 | £ 2,275 | £ 2,275 | £ 2,275 | £ 2,275 | £ 2,275 | £ 2,275 | £ 2,275 | £ 2,275 |
| NCC Loan Repayment | | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ 50,000 |
| Prof Fees(Audit, Bank, other) | 3% | £ 8,815 | £ 8,800 | £ 9,000 | £ 9,270 | £ 9,548 | £ 9,835 | £ 10,130 | £ 10,433 | £ 10,746 | £ 11,069 | £ 11,401 |
| Bad Debt Collection Costs | | £ 3,762 | £ 2,200 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 |
| Contingency / Exceptional Items | 1.00% | £ 2,446 | £ 2,074 | £ 2,440 | £ 2,464 | £ 2,489 | £ 2,514 | £ 2,539 | £ 2,564 | £ 2,590 | £ 2,616 | £ 2,642 |
| Total | | £ 249,199 | £ 291,697 | £ 348,920 | £ 351,590 | £ 354,310 | £ 357,081 | £ 359,904 | £ 362,780 | £ 365,711 | £ 368,698 | £ 421,742 |
| Surplus | | £ 411 | £ 7,460 | £ 74,080 | £ 151,410 | £ 148,690 | £ 145,919 | £ 143,096 | £ 140,220 | £ 137,289 | £ 134,302 | £ 81,258 |

| | | | | | | | | | | | | |
|------------------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Capital to Asset ratio | Must > 3% | 7% | 6% | 7% | 12% | 16% | 20% | 24% | 27% | 30% | 32% | 34% |
| Cash as % Loans | Must > 10% | 33.60% | 22.55% | 27.97% | 31.78% | 35.14% | 38.13% | 40.81% | 43.22% | 45.47% | 47.50% | 48.66% |

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Appendix 2

| Balance Sheet | Note | 2023 Forecast | 2024 Plan | 2025 Plan | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | 2033 Plan |
|---------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Loans (Gross) | | £ 1,075,781 | £ 1,600,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 | £ 2,000,000 |
| Bad Debt Provision | 6.00% | £ (71,407) | £ (96,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) | £ (120,000) |
| Debtors & Prepayments | | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 | £ 9,865 |
| Cash at Bank and in hand | | £ 463,251 | £ 395,769 | £ 694,329 | £ 846,245 | £ 995,470 | £ 1,141,954 | £ 1,285,644 | £ 1,426,489 | £ 1,569,435 | £ 1,709,427 | £ 1,846,408 |
| Total Assets | | £ 1,477,490 | £ 1,909,634 | £ 2,584,194 | £ 2,736,110 | £ 2,885,335 | £ 3,031,819 | £ 3,175,509 | £ 3,316,354 | £ 3,459,300 | £ 3,599,292 | £ 3,736,273 |
| Creditors and accrued charges | | £ 36,421 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 | £ 9,911 |
| Grants not yet allocated | | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - | £ - |
| Junior Shares | | £ 10,564 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 | £ 30,000 |
| Total Net Assets | | £ 1,430,505 | £ 1,869,723 | £ 2,544,283 | £ 2,696,199 | £ 2,845,424 | £ 2,991,908 | £ 3,135,598 | £ 3,276,443 | £ 3,419,389 | £ 3,559,381 | £ 3,696,362 |
| Total Adult Shares | | £ 1,372,005 | £ 1,800,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 | £ 2,400,000 |
| Fixed Interest Deposits | | | | | | | | | | | | |
| NCC Subordinated Loan | | £ 31,147 | £ 30,000 | £ 25,000 | £ 20,000 | £ 15,000 | £ 10,000 | £ 5,000 | | | | |
| NCC Subordinated Loan (2023) | | | | | | | | | | | | |
| P&L to date | | £ 412 | £ 12,372 | £ 79,560 | £ 156,917 | £ 154,225 | £ 151,483 | £ 148,690 | £ 145,845 | £ 142,946 | £ 139,992 | £ 136,982 |
| Reserves | | £ 26,940 | £ 27,351 | £ 39,723 | £ 119,283 | £ 276,199 | £ 430,424 | £ 581,908 | £ 730,598 | £ 876,443 | £ 1,019,389 | £ 1,159,381 |
| Total Capital | | £ 1,430,504 | £ 1,869,723 | £ 2,544,283 | £ 2,696,199 | £ 2,845,424 | £ 2,991,908 | £ 3,135,598 | £ 3,276,443 | £ 3,419,389 | £ 3,559,381 | £ 3,696,362 |
| Public Sector Grants Received | | £ 11,750 | | | | | | | | | | |
| Individual & Charitable grants | | £ 20,000 | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Loan Interest | 2.00% | £ 196,736 | £ 279,156 | £ 400,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 | £ 480,000 |
| Other income | | £ 13,874 | £ 10,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 | £ 11,000 |
| Bad Debts recovered | | £ 7,250 | £ 10,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 | £ 12,000 |
| Grants released to P&L | | £ 31,750 | | | | | | | | | | |
| Total | | £ 249,610 | £ 299,156 | £ 423,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 | £ 503,000 |
| Expenses | | | | | | | | | | | | |
| Bad Debts provision in month | 5.00% | £ 40,338 | £ 80,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 | £ 100,000 |
| Staff Costs | 1% | £ 109,028 | £ 130,000 | £ 150,000 | £ 151,500 | £ 153,015 | £ 154,545 | £ 156,091 | £ 157,652 | £ 159,228 | £ 160,820 | £ 162,429 |
| Staff Cost Contributions | | | | | | | | | | | | |
| ABCUL | 3% increase annually | £ 1,643 | £ 2,200 | £ 2,200 | £ 2,266 | £ 2,334 | £ 2,404 | £ 2,476 | £ 2,550 | £ 2,627 | £ 2,706 | £ 2,787 |
| Insurance | 3% increase annually | £ 5,347 | £ 5,500 | £ 6,000 | £ 6,180 | £ 6,365 | £ 6,556 | £ 6,753 | £ 6,956 | £ 7,164 | £ 7,379 | £ 7,601 |
| Rent, Rates, Utilities | 3% increase annually | £ 3,115 | £ 3,208 | £ 3,305 | £ 3,404 | £ 3,506 | £ 3,611 | £ 3,719 | £ 3,831 | £ 3,946 | £ 4,064 | £ 4,186 |
| Phone & Internet | 3% increase annually | £ 761 | £ 1,000 | £ 1,200 | £ 1,236 | £ 1,273 | £ 1,311 | £ 1,351 | £ 1,391 | £ 1,433 | £ 1,476 | £ 1,520 |
| IT systems | | £ 49,360 | £ 28,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 | £ 36,000 |
| Repairs & Renewals | | £ 759 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 | £ 1,000 |
| Marketing | 3% increase annually | £ 8,483 | £ 10,000 | £ 15,000 | £ 15,450 | £ 15,914 | £ 16,391 | £ 16,883 | £ 17,389 | £ 17,911 | £ 18,448 | £ 19,002 |
| Stationary & Postage etc | 3% increase annually | £ 1,789 | £ 600 | £ 600 | £ 618 | £ 637 | £ 656 | £ 675 | £ 696 | £ 716 | £ 738 | £ 760 |
| Bank Charges | | £ 4,809 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 | £ 3,000 |
| Transmission Charges | | £ 6,028 | £ 8,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 | £ 10,000 |
| Fixed Interest charges | | £ 2,716 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 | £ 1,250 |
| Interest Charges | | | | | | | | | | | | |
| NCC Loan Repayment | | | | | | | | | | | | |
| Prof Fees(Audit, Bank, other) | 3% | £ 8,815 | £ 8,800 | £ 9,000 | £ 9,270 | £ 9,548 | £ 9,835 | £ 10,130 | £ 10,433 | £ 10,746 | £ 11,069 | £ 11,401 |
| Bad Debt Collection Costs | | £ 3,762 | £ 2,200 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 | £ 2,500 |
| Contingency / Exceptional Items | 1.00% | £ 2,446 | £ 2,026 | £ 2,386 | £ 2,409 | £ 2,433 | £ 2,458 | £ 2,482 | £ 2,507 | £ 2,532 | £ 2,558 | £ 2,583 |
| Total | | £ 249,199 | £ 286,784 | £ 343,440 | £ 346,083 | £ 348,775 | £ 351,517 | £ 354,310 | £ 357,155 | £ 360,054 | £ 363,008 | £ 366,018 |
| Surplus | | £ 411 | £ 12,372 | £ 79,560 | £ 156,917 | £ 154,225 | £ 151,483 | £ 148,690 | £ 145,845 | £ 142,946 | £ 139,992 | £ 136,982 |

| | | | | | | | | | | | | |
|------------------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Capital to Asset ratio | Must > 3% | 4% | 4% | 6% | 11% | 15% | 20% | 23% | 26% | 29% | 32% | 35% |
| Cash as % Loans | Must > 10% | 31.35% | 20.72% | 26.87% | 30.93% | 34.50% | 37.67% | 40.49% | 43.01% | 45.37% | 47.49% | 49.42% |

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CABINET

13 JUNE 2023

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services

Lead Officer: Jan Willis, Executive Director - Transformation and Resources

1. Purpose of Report

The report summarises proposed amendments to the Capital programme.

The amendments to the programme were considered by the officer Capital Strategy Group (CSG) via email on 3rd May 2023.

In relation to the matters at 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6 these were considered by the Officer Capital Strategy Group and accordingly, Cabinet is requested to approve the recommendation as set out below.

2. Recommendations

Cabinet is recommended to approve as follows:

2.1 Capita One EMS System Modules:

Approve the reallocation of £19,920 in 2023-24 from Craster Mast project to Capita One in relation to securing additional modules for the Capital One EMS system (Children's Services Education Management System) incorporated within the contract renewal for ongoing licencing, support and maintenance.

2.2 County Hall Solar PV Carport:

Approve an increase in the County Hall Solar PV Carport Project budget of £423,000 funded by an additional contribution from the European Regional Development Fund.

2.3 Great Northumberland Forest – Storm Arwen Restoration:

Approve the inclusion of an additional £1.500 million from the national Nature for Climate Fund within the capital programme for the Great

Northumberland Forest.

2.4 New Hartley First School Classroom Modifications:

Approve the reprofiling and reallocation of Devolved Formula Capital (£14,267) and Energy Efficiency (£12,913) capital budgets to fund the

increased capital requirement for classroom modifications at New Hartley First School.

2.5 Energising Blyth Energy Central Campus Phase 1- Learning Hub:

Approve the allocation from the Energising Blyth Acquisitions and Deliveries budget within the MTFP for the acquisition and construction works costs at the Commissioner's Quay Carpark (£0.555m) in 2023-24 in order to maintain a realistic contingency in the original Energy Central Learning Hub budget.

2.6 Prudhoe Waterworld Improvement Scheme:

Approve an allocation of £1.500 million (£0.250 million in 2023-24 and £1.250 million in 2024-25) from the Capital Contract Price Inflation contingency budget within the MTFP for improvements at Prudhoe Waterworld.

3. Links to Corporate Plan

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

4. Background

This paper summarises reports considered by the officer Capital Strategy Group on the allocation of funding within the Medium Term Plan to specific projects.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP VIA EMAIL ON 3 MAY 2023.

5. Capita One EMS System Modules

5.1 CSG was asked to consider a request to reprofile existing capital budget totalling £19,920 into the Capita One Project to reflect the requirement for the additional implementation costs for new modules obtained in the Capita One contract renewal.

Background

5.2 NCC's current capital programme for 2023-24 includes a £30,000 allocation, approved in February 2022, towards Capita One implementation costs supporting the migration of the internally hosted Capita One Education System to Capita's Software as a Service (SaaS) cloud offering "Capita One Education (SaaS)."

5.3 In-line with both Government strategy and the stated aims of the NCC ICT strategic direction, Capita One has made significant strategic investments providing services through this Saas "utility" model, with the key organisational benefits being;

- Low risk transition from the previous service model;
- Cloud service supports digital transformation;
- Cost effective high value solution;
- Supporting mobile working;
- 24/7 Service availability 365 days per year; and
- Full Disaster Recovery service.

5.4 Information Services Officers at the Council have identified additional modules, incorporated within the Capita One contract renewal for ongoing licencing, support and maintenance, that will enable the Council to have one source of data for all education service areas data held within Capita One. With the improvement of the system, Northumberland residents will be able to self-serve and access the system 24/7 to fit in with their requirements.

5.5 The system provides a single, comprehensive record of children, young people and their families, giving Officers a clear picture of a child or family's circumstances and reducing the risk of 'hidden' data in local systems.

5.6 Service areas affected are; Admissions, Inclusions, Transport, SEN, Governors, CSS, Data Team, Performance (data analysis) and Information Services (Application Development / Support and upgrades).

5.7 New modules are required to ensure that the service areas can make full use of the Capita One system;

- Transport** – Automated applications 24/7 for mainstream, post 16 and SEND; applicants can check on progress; appropriate driver/vehicle checks; complaints recorded centrally in one place;

- **Exclusions** – Exclusions online being implemented which will lead to data only being recorded in one place;
- **Admissions** - In Year Citizen Portal and Appeals process can be automated fully online;
- **Free School Meals Portal** – Applicants can apply online and check eligibility and schools will have access to real time data so they can provide meals/vouchers quicker;
- **Data Archive and Delete** – Accurate data to help achieve GDPR compliance;
- **Address Tidy** – Improve catchment postcodes and provide accurate calculations of home to school distances;
- **GIS** – Automated calculations of home to school distances negating the need for Information Services to upload LLPG data for every admissions round; and
- **Children’s Support Services (CSS)** - Data from various teams being recorded in one place improving data, timelines and providing a chronology of events for all applicable practitioners to review.

Capital Scheme Budgets

5.8 The cost of implementing the additional modules outlined at 5.7 of the report is £19,920. The proposal is to fund this additional cost by reallocating budget from IT’s Craster Mast project, within the Council’s capital programme, to the Capita One implementation project for 2023-24, as per the table below;

| 2023-24 | Current | Proposed | Net Adjustment |
|---------------------------|-----------------|-----------------|----------------|
| Capita One Implementation | £30,000 | £49,920 | £19,920 |
| Craster Mast | £75,000 | £55,080 | (£19,920) |
| Total | £105,000 | £105,000 | 0 |

6. County Hall Solar PV Carport

6.1 CSG was asked to consider a request to increase the County Hall Solar PV Carport Project by £423,000 from £3,362,120 to £3,785,120, funded by an additional contribution from the European Regional Development Fund (ERDF).

Background

- 6.2 A proposal to construct a solar PV carport farm in the rear car park at County Hall, Morpeth was approved by Cabinet in June 2019 with an initial budget allocation of £2,939,120 (£1,469,560 funded by NCC with the remainder match funded by a grant from ERDF).
- 6.3 The solar PV carport farm will generate electricity to be used by the County Hall building and support electric vehicle charging and thus will encourage

building users to take up electric and hybrid vehicles. The solar PV will provide approximately 40% of the building's usage requirements. In addition to the roof mounted solar this will provide approximately 50% of the buildings annual requirements. This would equate to approximately 240 tonnes of carbon saved per annum which directly supports the council's commitment to carbon reduction.

- 6.4 A recent business case estimates that over the 25 year life of the system electricity revenue savings generated will be around £4 million, averaging £160,000 per annum.
- 6.5 A contractor procurement exercise was undertaken in the summer of 2020 which yielded a preferred bidder but resulted in a revised capital cost which was £423,000 above the capital budget allocation of £2,939,120. The main reason for the increase was linked to the cost of the battery element of the scheme which was significantly above the figures generated from the soft market testing prior to the previous budget approval.
- 6.6 Approval was given by Cabinet in October 2020 to increase the budget allocation by £423,000 to a total of £3,362,120. Ultimately, the project was not able to enter into a contract with this bidder and so a second procurement exercise was required.
- 6.7 Following the second procurement exercise the project successfully appointed a contractor and has been in contract for over a year. Some elements of the scheme have proved to be more expensive than anticipated, such as drainage and the steel for the carport structure. On top of this the project has added a number of extra elements of work to the contract.
- 6.8 The project is now nearing completion and requires the additional funding that was provided by the ERDF to be added to the capital programme. The latest cost estimate for the project is currently £3,785,120 due to the above.

7. Great Northumberland Forest – Storm Arwen Restoration

- 7.1 CSG was asked to consider a request to include an additional £1.5 million from the national Nature for Climate Fund towards the Great Northumberland Forest Project in financial years 2023-24 and 2024-25.

Background

- 7.2 The Great Northumberland Forest (GNF) initiative was announced by Government in September 2019 to facilitate and support an increase in tree and woodland cover through Forestry Commission Grants, Forestry England delivery, Countryside Stewardship, Green Recovery and private financed schemes.
- 7.3 To help facilitate this work, DEFRA gives the Council an annual revenue allocation from the national Nature for Climate (NfC) Fund that funds a dedicated delivery team of 4 staff to be employed. The role of this team is to

coordinate and promote tree and woodland planting, particularly in “low risk areas” in collaboration with the Northumberland Woodland Creation Partnership (WCP).

- 7.4 To complement this, the GNF was successful in securing additional capital funding over the next three years from the NfC Fund. This funding will be targeted at filling the gaps in the existing national tree planting grant opportunities with the aim being to facilitate positive experiences, build confidence and unlock opportunities to do more. This additional capital was previously approved by Cabinet in May 2022.
- 7.5 The GNF has now secured further capital from DEFRA and the Forestry Commission to support an additional project within the GNF programme; a restoration response to Storm Arwen damage.
- 7.6 In November 2021, Storm Arwen created significant damage to trees, woodlands and forests in Northern England and Central/Eastern Scotland. Initial estimates suggested around 2,300ha had blown in England (most in Northumberland) but Forest Research led mapping reveals a more accurate extent of damage from 2021’s winter storms with 3,200ha in England damaged (almost 12,750ha across Great Britain). Of the figure for England, it is estimated by Forest Research that 2,800ha of damage was in Northumberland (approx. 90%).
- 7.8 Typically, windblown crops are worth a third less than standing ones and the cost of replanting after damage is a third higher. If the area of windblow is large (greater than, say, 10ha) and the vehicular access is good, then it can still be economic to harvest these trees and to replant. However, with smaller (less than 10ha), and less accessible woodlands it is rarely financially viable to utilise the specialist extraction machinery necessary, given the low volumes and normally low quality of timber involved.
- 7.9 The proposal is to support landowners of small woodlands by introducing a grant for restoring and enhancing storm damaged woodlands with more resilient species mixes in Northumberland, within the following scope;
 - 0.5ha to circa 5ha farm woodlands and shelterbelts that have suffered recent storm damage and have blown to the extent that a conditional felling licence would not have been required or there is a risk that they would be left to deteriorate further – potentially leading to further carbon emissions and a decrease in tree cover;
 - Data would be collected to complete the scheme application – this would consist of location, woodland size, species, extent of windblow and then future design;
 - Where restoration and enhancement will deliver increased diversity and resilience or other public benefit such as biodiversity and nature recovery, landscape, or public access;

- Expansion of the woodland through additional woodland creation where appropriate will be encouraged (although not required).
- A maximum area of 20ha of windblown/restoration per property will be set because even with small, scattered woodlands, if they are on the same estate there is economy of scale;
- Any areas on peat where the new Forestry Commission/Natural England decision support tool advocates peat restoration will be excluded – re-siting of these woodlands to different locations would be supported;
- Funding would also support surveys and condition assessments in these locations which could lead to peat restoration through Nature for Climate;
- Where applicable, woodland management plans would also be encouraged to support the establishment and development of the replanted woodlands;
- Public land such as MOD estate would be eligible for support; and
- The grant will be a competitive process with schemes which provide greater enhancements given a higher score.

7.10 The lack of grant support and associated remediation will cause;

- Carbon loss from windblow – timber degrading in situ;
- No planting leading to a reduction in carbon sequestration;
- Forgoing the potential for the creation and expansion of more resilient woodlands and trees;
- Loss of an opportunity to engage positively with the land managers to encourage additional woodland creation;
- Potential increase in spread of pathogens/pests;
- Potential increase in risk and impact of wildfire; and
- Potential reduction in woodland area.

7.11 In addition, the absence of grant support for restocking these small windblow woodlands will have a negative effect on biodiversity, the landscape and public access, as well as on landowners/managers and their opinions/inclinations on managing and owning trees as well as woodland creation.

7.12 It is proposed that the funding would be allocated and awarded through the processes in place to distribute the previously awarded capital.

| Project | 2022/23 | 2023/24 | 2024/25 | TOTAL |
|--|----------------|----------------|----------------|----------------|
| Northumberland Trees on Your Land | 300,000 | 300,000 | 300,000 | 900,000 |
| Woodland Creation and Management Support | 85,000 | 85,000 | 80,000 | 250,000 |

| | | | | |
|--------------------------------|----------------|------------------|------------------|------------------|
| Strategic Acquisition Grant | 100,000 | 100,000 | 100,000 | 300,000 |
| Project Management | 50,000 | 50,000 | 50,000 | 150,000 |
| Storm Arwen Restoration | | 750,000 | 750,000 | 1,500,000 |
| REVISED TOTALS | 535,000 | 1,285,000 | 1,280,000 | 3,100,000 |

8. New Hartley First School Classroom Modifications

8.1 CSG was asked to recommend the reprofiling and reallocation of Devolved Formula Capital (£14,267) and Energy Efficiency (£12,913) Education capital budgets to fund the increased capital requirement of £50,000 for classroom modifications at New Hartley First School.

Background

8.2 New Hartley First School has longstanding issues with its irregular shaped classrooms, which were a hallmark of school classrooms designed back in the 1960's and 1970's where open plan rooms used curtains to separate off spaces so different activities could take place.

8.3 NCC funding of £22,820 was approved in February 2022 to support work to be carried out on;

- Creating two separate classrooms (Year 1 and Year 2) within the existing space;
- Removal of current dividing walls and installation of new walls to ensure both classrooms are regular shapes and same size;
- Creation of entrance corridor to KS1;
- Relocation of additional communications cabinet to an existing outer wall;
- Creation of new wet areas in each classroom.

8.4 There are ongoing cost increases within the construction industry, which makes cost estimation very difficult in terms of inflation and material costs. Latest estimates suggest that the total cost of the required work outlined above will be £50,000, an increase of £27,180 on the initial estimate built into NCC's capital programme for 2023-24.

8.4 Following a Devolved Formula Capital application submitted by the School and its Governors in March 2023, it is proposed that the revised £50,000 cost will be funded as follows;

- £22,820 – NCC contribution previously approved by County Council
- £12,198 – Reallocated from New Hartley First School Devolved Formula Capital allocation for 2023-24;
- £2,069 – Reprofiling of Devolved Formula Capital forward spend from 2024-25 allocation;
- £12,913 – Reallocated from Energy Efficiency capital allocation for 2023-24.

9. Energising Blyth Energy Central Campus Phase 1- Learning Hub

- 9.1 CSG was asked to consider an allocation from the Energising Blyth Acquisitions and Deliveries budget within the MTFP for the acquisition and construction works costs at the Commissioner's Quay Carpark (£0.555m) in 2023-24 in order to maintain a realistic contingency in the original Energy Central Learning Hub budget.

Background

- 9.2 Northumberland County Council and its partners have been successful in attracting both Future High Streets and Town Deal funding to transform Blyth town centre. NCC's Cabinet approved the Outline Business Case in September 2022 to enable progression to Full Business Case.
- 9.3 Following an extensive value engineering exercise, the confirmed total cost of the project approved by Cabinet at Full Business Case was £13,580,504. This was an increase of £2,405,504 to the estimated pre-tendered costs which were approved by Cabinet following OBC external appraisal.
- 9.4 Reported construction costs at £10.486m were based on Galiford Try's proposed contract sum for the works, and a value engineering (VE) exercise undertaken by Hall and Partners (quantity surveyors and employers agent). The value engineering exercise covered 85 separate items across 20 subcontract packages which required redesign and retendering from January 2023. The VE identified £1.600m of savings, however, on completion of tenders only £0.931m of savings have been achieved.
- 9.5 The key areas where savings were not achieved are as follows;
- Intumescent paint (fire protection) - the saving was offered on the basis that a water based paint could be used rather than solvent based. However due to the marine environment and the time required to encapsulate the steel frame in the building envelope it was not possible to fully realise the savings.
 - Metalwork – the previously selected subcontractor has been removed from Galliford Try supply chain due to poor performance and a decline in financial stability, the 2nd place contractor is now being proposed at an increase of £0.101 million.
 - Roofing and cladding – a VE shortfall of £0.300 million due to planning approval issues, errors in the initial proposal and inflation of certain cladding element which has eroded savings in other areas.
 - Fencing – reductions in specification were not permitted by the Harbour Master and the length of fencing increased resulting in £0.050 million increase.
 - The programme duration has been extended resulting in a £0.020 million increase.
- 9.6 A small additional saving in the Mechanical and Engineering costs of £0.08 million has also been achieved.

- 9.7 As a result of the above the construction costs are now confirmed at £10,561,790. However, it should also be noted that the contract sum still includes provisional sum allowances of £0.610 million due to delays in securing tenders and the volatility of construction prices. These sums can vary up or down and so have been reviewed in detail with Galliford Try and the design team to assess the risk associated with them. The majority of the items are of low risk and the allowances made are robust.
- 9.8 Enabling works have increased by £0.023 million. This covers the relocation of the leading light marine station by Port of Blyth and increased costs incurred removing ground obstructions during the installation of the drainage pumping station.
- 9.9 Fees have also increased from £0.871 million to £0.999 million. This covers the additional design fees to achieve the £0.931 million VE as well as fees associated with the land transfer and acquisitions between NCC, Port of Blyth, ECC Ltd and Advance Northumberland.
- 9.10 In order to cover the lower VE sums achieved and the subsequent increases in enabling works and fees, the Council will be able to draw on the contingency budget allocated to the project. Drawing on the contingency budget ensures the total cost of the project falls within the delegated limits approved by Cabinet in April 2023. However, this will reduce the contingency budget from £0.823 million to £0.074 million prior to commencement of the main contract.
- 9.11 To ensure there is an adequate contingency budget for the project, costs to acquire the Commissioners Quay car park (£0.555 m) will now be met from the Energising Blyth Acquisitions & Deliveries budget.
- 9.12 The original and proposed capital budgets are set out in the table below;

| Energy Central Learning Hub | | | |
|--|--|-----------------------------------|---------------|
| Item | Original Budget approved by Cabinet | Proposed Budget (May 2023) | Change |
| Capital | | | |
| Construction | 10,485,506 | 10,644,669 | 159,163 |
| Demolition and Enabling Works | 800,956 | 823,368 | 22,412 |
| Furniture, equipment and specialist services | 250,000 | 250,000 | |
| Professional fees, surveys, investigations | 870,550 | 999,918 | 129,368 |

| | | | |
|--|-------------------|-------------------|----------------|
| Acquisition of Commissioners Quay car park | 200,000 | | -200,000 |
| Relocation | 150,000 | 150,000 | |
| Contingency | 823,492 | 712,549 | -110,943 |
| Sub-total | 13,580,504 | 13,580,504 | 0 |
| Commissioners Quay car park | | 555,000 | 555,000 |
| Sub-total | 0 | 555,000 | 555,000 |
| Total - Capital | 13,580,504 | 14,135,504 | 555,000 |
| Revenue | | | |
| Centre Management/Learning delivery | 200,000 | 200,000 | |
| Sub-total | 200,000 | 200,000 | 0 |
| Total Project Costs | 13,780,504 | 14,335,504 | 555,000 |
| | | | |
| Funded by | | | |
| Town Deal | 4,700,000 | 4,700,000 | |
| NCC (Capital) | 2,500,000 | 2,500,000 | |
| NCC Acquisitions & Delivery Budget | 4,580,504 | 5,135,504 | 555,000 |
| NTCA | 2,000,000 | 2,000,000 | |
| Total Funding | 13,780,504 | 14,335,504 | 555,000 |

10. Prudhoe Waterworld Improvement Scheme

10.1 CSG was asked to consider an allocation of £1.500 million (£0.250 million in 2023-24 and £1.250 million in 2024-25) from the Capital Contract Price Inflation contingency budget within the MTFP for improvements at Prudhoe Waterworld.

Background

10.2 Prudhoe Waterworld was opened in 1990 by Tynedale District Council. It features a 25x9 metre main pool, wave pool, gym, fitness studio, softplay and cafe. During 2022-2023 the facility attracted 140,401 visits, with 105,476 visits from members, and 34,925 from non-members.

- 10.3 Following the delivery of new build Leisure projects in Berwick, Morpeth, Ponteland, and the upgrade of both Blyth Sports Centre and Newbiggin Sports Centre, a requirement to improve the customer experience at the ageing Prudhoe site has been identified.
- 10.4 In 2016/2017 the gym and studio areas were refurbished with minor M&E works carried out over the next three years including modifications to the flume. The pool plant was upgraded in 2020/2021.
- 10.5 The proposed improvement project will focus on a refresh of the pool area as many of the finishes and fittings are end of life. The project cost of £1.500 million is indicative until a brief is agreed, and a design team appointed. The works will potentially include;
- full re-tiling of the pool areas;
 - addition of decorative acoustic panelling to the pool walls;
 - a remodelled pool entrance with automatic doors and lobby;
 - decoration to the main entrance and pool area;
 - new ceilings and lighting within the changing areas;
 - new RFID lockers, cubicles and vanity areas;
 - new signage throughout the building;
 - new glazing to the rear of the building;
 - Disability Discrimination Act (DDA) upgrade to flume tank exit;
 - addition of a Pool Pod (DDA Hoist); and
 - a DDA ramp to the front entrance.
- 10.6 The project will require an estimated investment of £1.500 million, with a spend of £0.250 million estimated for 2023-2024 and remaining £1.250 million required during 2024-25. This spend will be funded by an allocation from the Capital Contract Price Inflation contingency budget.

Implications

| | |
|------------------------------------|--|
| Policy | The capital programme is part of the Medium-Term Financial Plan 2023-27. The plan supports the Corporate Plan. |
| Finance and value for money | The report outlines proposed project allocations and amendments to the approved Capital programme. The financial implications of these proposals are outlined in the main body of the report. The projects will be funded from the existing capital programme or external funding. |
| Legal | Subject to any contractual implications arising from the receipt of grant funding, there are no direct legal implications. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council. |
| 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"/> | Any equality issues arising are addressed under the relevant item in the main body of the report. |
| 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 | Any impacts on customers are addressed under the relevant item. |
| Carbon reduction | Carbon Reduction measures have been considered within each project and Carbon Impact Assessments have been completed for the relevant projects. |
| Health & Wellbeing | Health and wellbeing implications are addressed under each relevant item. |
| Wards | All wards. |

Background Papers:

Medium Term Financial Plan 2023-27

Report sign off:

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

| | Name |
|--|-------------------|
| Monitoring Officer/Legal | Suki Binjal |
| Executive Director of Finance and S151 Officer | Jan Willis |
| Portfolio Holder | Richard Wearmouth |
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Northumberland County Council

COMMITTEE: CABINET

DATE: 13 JUNE 2023

ENHANCED POTHOLE REPAIR INVEST TO SAVE TRIAL

Report of: John Riddle Cabinet Member for Improving our Roads and Highways

Lead Officer: Simon Neilson, Executive Director Place and Regeneration

1. Purpose of report

To seek approval to undertake an 'invest to save' trial of first-time patch repair of a proportion of actionable carriageway pothole defects, to quantify the costs and benefits associated with this alternative approach to one of the main revenue funded highway maintenance activities undertaken by the Council.

2. Recommendations

Cabinet is recommended to:-

2.1 approve the commencement of a 3-month 'invest to save' trial of first-time patch repair of a proportion of actionable carriageway pothole defects in the North and Tynedale Local Area Committee areas of the County.

2.2 approve the allocation of £492,600 in revenue funds from the severe weather reserve to fund the pilot scheme.

3. Link to Corporate Plan

This report is relevant to the following key themes in the Corporate Plan for 2023-2026:

3.1 Achieving Value for Money - Improve how we use data and performance monitoring to inform and plan our services, deliver improved outcomes and ensure continuous improvement.

3.2 Driving Economic Growth - Maintain the high standards of vital local services ensuring the natural and physical environments our residents live in, are active in

and visit, are accessible, clean, tidy and safe. A transport network that is well maintained and connects people and business.

4. Key issues

There is a desire to improve the condition and quality of the road surface and its ride quality through the adoption of first time cut out patching as a revenue maintenance repair technique (rather than the current technique for pothole filling).

However, this approach would require a step change in operations due to the nature and scope of the additional works involved, as the repair technique used takes longer to complete, requires testing for tar bound planings to ensure safe disposal of any hazardous waste, as well as traffic management and street works permitting. These operational, financial and logistical constraints mean that the application of this repair technique would be limited to a proportion of less urgent Category 2 defects which have 14-day and 28-day repair timeframes.

It is necessary to ensure that during any trial that the Council continues to repair other defects such as urgent Category 1 (2 hour and 24 hour) carriageway defects, footway defects, minor drainage repairs, sign repairs, vegetation removal etc, in order to ensure that other essential revenue maintenance activities are undertaken in a timely manner to safeguard highway users and avoid any backlog of works being generated.

A three-month pilot scheme in two areas of the County would cost £492,600 to undertake. It is proposed that this cost is met from the severe weather reserve which has been established to help meet any weather-related additional highway maintenance repair costs.

It is envisaged that the trial will commence in late June and run for approximately 3 months. The trial would be monitored, and cost and performance data evaluated to help further understand the effects and impacts of carrying out more pothole actionable defects as a first-time fix using a patch repair technique. Any proposed changes to revenue funded highway maintenance activity arising from the trial that entail revenue growth will need to be considered alongside other growth pressures as part of the Council's Medium Term Financial Plan budget setting process for 2024/25 onwards.

5. Background

Resources to carry out highway maintenance within Northumberland are funded through both revenue and capital funding. Revenue funding is used for day to day reactive, routine and cyclic maintenance. Capital funding is for planned, programmed or structural maintenance which improves or upgrades the asset - which for carriageways would include planned structural patching, resurfacing, reconstruction and surface treatment aimed at keeping roads structurally sound and extending operational life. Capital highway maintenance budgets are generally provided through the LTP capital grant allocation, which over the past 3 years has been supplemented with significant additional County Council capital through the £17.225m U and C roads maintenance programme. The Highways Service has also been very successful in securing specific grant funding through competitive bidding

opportunities, such as the Highway Maintenance Challenge Fund (the most recent example being £3.7m for refurbishment works to 8 steel bridges). For 2023/24 the capital budget for highway maintenance from LTP funding is £20.863m together with a further £3.8m allocated in the government's Budget in March 2023.

The Council has also made significant investments in new vehicles, plant and systems to support improved performance of revenue and capital based highway maintenance activities, such as the fleet of 4 new gully tankers across the County, the PotholePro multi-functional mobile repair machine which is being utilised in the South-East of the County and back office asset management IT systems, such as the Alloy highway management system that supports improved agile working, data management and analysis to assist further improvement and investment decisions. Most recently the Council has also invested in the introduction of a new on-line public realm reporting system FixMyStreets Pro to improve the ease and accessibility for members of the public to report maintenance issues such as potholes, and to significantly improve the standards of customer service through provision of automated updates on actions being taken through to completion of repair.

Improving the condition of the highway network is a key corporate priority for the Council and this report specifically focuses on revenue funded highway maintenance activity associated with fixing individual potholes and sets out the basis for a pilot scheme to evaluate and help further understand the effects and impacts of carrying out more pothole actionable defects as a first-time fix using a patch repair technique.

Actionable defects on the carriageway are identified from either highways inspections or from reports by third parties (third parties can be members of the public, elected Members, other staff, etc). The majority of defects on the carriageway are potholes. All carriageway actionable defects are risk assessed depending on their size, location and the nature of the road to determine whether they need repair within 2 hours, next working day, 14 days or 28 days. These timescales are set out in the Council's Highway Maintenance Manual and form a key aspect of the Council's Section 58 Highways Act defence of third-party insurance claims.

The repairs to these actionable defects are currently carried out by response gangs supplemented by hot box gangs. One two-person response gang is assigned to each of the 12 highway inspectors across the County, with one hotbox gang in each of the four operational areas. (It should be noted that the response gangs are also responsible for carrying out footway defect repairs, minor drainage repairs, sign repairs, minor vegetation removal, etc).

The repairs to potholes are currently predominantly carried out by cleaning out the pothole, coating the surface, and infilling the pothole with bituminous material or an equivalent permanent cold repair material. On occasion, where appropriate depending on the defects identified, the repair may also be a "plaster patch" where 6mm bituminous material is spread over the defect and surrounding area and compacted.

Repairs risk assessed as needing repair in 2 hours or next working day are Category 1 defects, whilst those needing repair in 14 days or 28 days are classed as Category 2 defects. The majority of defects found countywide are classed as Category 2 defects. For 22/23 the number of carriageway pothole defects across the County were as follows:

- Cat 1 (2 hour or 24 hour) - 1,435 actionable pothole defects
- Cat 2 (14 or 28 days) - 38,979 actionable pothole defects

This number of highway defects were repaired by the 12 No. two-operative response gangs with a pickup, wheelbarrow, vibrating plate and small tools, together with four three operative Hotbox vehicles and gangs which operated across the County. For all Category 2 defects, simple traffic management to Chapter 8 of the Traffic Signs Manual was used due to the short duration nature of the works, with signs placed out by the operatives carrying out the repairs. As the repair is by filling the defect rather than excavating in the highway and is of very short duration, no street works permit process is undertaken.

Repair of individual potholes is a revenue funded activity in terms of financial budgets. The repair methodology currently employed as set out above has allowed the identified actionable defects to be repaired within required timescales to keep the network safe, to meet the necessary timescales for defence of insurance claims and whilst working in line within the revenue budgets available. However, it is recognised that if it was possible to carry out repairs of actionable pothole defects by first-time cut out patching (rather than pothole filling) this would be beneficial to the condition and quality of the road surface and ride quality, and that repairs would be expected to have a longer life than pothole infilling.

- However, this would require a step change in operations. A cut out patch repair for each pothole would require traffic management to be set up, a saw cut around the perimeter of the defective area, the area to be mechanically planed out, excavated material disposed of, the base and edge of the patch to be tack coated, patch material placed and compacted and traffic management left in place whilst the material cooled and hardened. As the identified actionable defects to be repaired at any one time may be widely spaced across an area, travel time will also impact the number of defects that can be repaired. One operational team to carry out such patch repairs would need the following plant and labour and would be expected to be able to carry out around 24 patch repairs per day. 1x Skid Steer Planer plus sweeping attachment
 - 1 x 18T hotbox HGV
 - 2 x Skilled Highways Operatives
 - 2 X Traffic management operatives
 - 2 x 3.5/6.5T Tippers

Because of the longer duration of this activity and additional plant and labour for a patching operation compared to pothole infilling, a full traffic management layout would be needed at each location. Due to the excavation into the highway and the tar bound hazardous classification of many existing road materials, site testing of

excavated materials and necessary segregation and disposal will also need to be undertaken. Additionally, as there will be excavation in the highway and longer duration works, street works permits will be needed for each location.

Because of these additional logistical complications, it is not felt it would be possible to carry out Cat 1 (2 hour and next working day) defect repairs using patching, and these would always need to be repaired in the first instance as pothole infill. Cat 2 (14 day and 28 day) defect repairs could potentially be repaired as cut out patch repairs if the necessary budgets and resources were available. However, where the location of one of these defects required a road closure, the defect would need to be repaired as a pothole infill as the road closure process requires 12 weeks' notice. Defects at the edge of carriageway may also need careful consideration as there is often no carriageway material to patch into where the issue is caused by vehicle overrun to the edge of the existing carriageway width. In addition, because of the general deterioration of the surface surrounding a specific actionable defect, it may be difficult at some locations to identify the area to be patched without extending the patching to a very large area.

To further understand the effects and impacts of carrying out more pothole actionable defects as a patch repair, it is proposed to undertake a 3-month trial of first-time patch repair of a proportion of actionable carriageway pothole defects in two of the Local Area Committee areas of the County, Tynedale and North. The Tynedale area has good access to quarries for supply of repair materials. In contrast the North area has experienced some supply chain issues due to the recent closure of Howick Quarry and the cost and productivity implications of additional travel times and supply chain logistics associated with the increased use of a first-time fix patching technique needs to be identified to determine the viability of adopting this approach across more rural areas. The Castle Morpeth and South-East areas of the County will continue with the existing repair methodology and therefore act as part of the evaluation process against which the impacts and overall productivity and performance of pothole repair activity in the two different pilot areas can be compared.

The mid/late summer period offers the optimum time in which to try out new approaches to highway maintenance activity on the network due to the more favourable weather conditions whilst also avoiding the operational demands associated with the provision of the winter maintenance service. A 3-month trial would therefore be undertaken in both Tynedale and North areas to undertake a proportion of Cat 2 actionable pothole defects as first time cut out patch repairs. An additional patching gang with the plant and labour as set out above would be employed in each of the two areas. Each gang would be expected to be able to carry out around 24 patch repairs per day. As this would only be a proportion (anticipated to be around a third) of the defects identified in the trial period in the two areas it would be intended that all other Cat 2 defects would continue to be fixed as currently, using the existing response gang / hot box resources. The number and proportion of Cat 2 pothole defects repaired using the patching gang would be maximised as far as possible, with the number of defects able to be repaired by patching being one of the key metrics measured during the trial.

The response gangs would also continue their normal duties for other defects such as Cat 1 carriageway defects, footway defects, minor drainage repairs, sign repairs, vegetation removal etc to ensure that other essential revenue maintenance activities are undertaken in a timely manner to safeguard highway users and avoid any backlog of works being generated.

The additional cost of providing a patching gang for this three-month period is expected to be ~£246,300. This is broken down as follows. Average weekly cost of circa £20,525.

- 1x Skid Steer Planer/sweeper (£450 per Day)
- 1 x 18T hotbox HGV (£475 per day)
- 2 x Skilled Highways Operatives (£512 per day)
- 2 X Traffic management operatives (£464 per day)
- 2 x 3.5/6.5T Tippers (£260 per day)
- 35 tonnes of AC 6/10mm per day (approx.) (£1,800)
- Disposal of excavated material (based on 24T per day) (£144)

Therefore, the additional cost for the three-month trial in two areas is estimated to be £492,600. It is intended that this revenue funding would be sourced by releasing funding from the severe weather reserve, which has been established to help meet the costs of weather-related highway maintenance issues.

Additional resource issues may also be incurred in relation to preparing streetworks permit applications, streetworks permit processing and site testing for tar bound materials. The implications and resource needs of these will be monitored during the trial but are currently expected to be met from within existing budgets for the period of the trial.

It is envisaged that the trial will commence in late June and run for approximately 3 months. The trial would be monitored as it proceeds to identify and action any possible improvements or resolve issues encountered and to track the numbers and size of patch repairs completed. The key metrics to be evaluated through the trial being the number of individual pothole patch repairs and m2 of patching undertaken per day/week, average cost per m2 and per individual pothole patch repair, compliance with agreed response times in the different areas and any implications regarding streetworks permit resourcing. At the expiry of the trial the outcomes and implications of the trial will be evaluated and any proposed changes to revenue funded highway maintenance activity arising from the trial that entail revenue growth will be considered alongside other growth pressures as part of the Council's Medium Term Financial Plan budget setting process for 2024/25 onwards.

6. Implications

| | |
|---|---|
| Policy | It is important that reported defects are investigated and if actionable, repaired within the agreed response times to ensure the safety of the highway network and to mitigate the Council's financial liabilities associated with insurance claims. The trial has been carefully developed to ensure that the increased use of cut out patch repairs should not compromise these two key objectives. |
| Finance and value for money | The cost of undertaking a 3-month invest to save pilot in two areas on the basis outlined in the report is estimated to be £492,600, to be funded from the severe weather reserve. The outcomes of the pilot scheme will be used to evaluate whether a first-time patch repair for actionable carriageway pothole defects offers an affordable and better value for money approach than the current maintenance arrangements. |
| Legal | As a Highway Authority, the County Council has legal obligations to maintain the highway under the Highways Act 1980. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council |
| Procurement | Existing procurement framework agreements will be used to secure any additional staffing, plant and materials to enable the pilot to proceed. |
| Human Resources | None at this stage. |
| Property | None |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | None |
| Risk Assessment | The selection of Category 2 defects that have 14 and 28 day response timeframes and the deployment of an additional 'gang' in each pilot area to undertake the repairs in a programmed approach will help maintain the safety of the network by mitigating the risk of repairs being delayed. Co-ordination of repairs through street works permits will also seek to minimise the disruption to |

| | |
|-------------------------------|---|
| | highway users from the traffic management that has to be deployed during the maintenance activity. |
| Crime & Disorder | N/A |
| Customer Consideration | The proposed trial of first-time patch repair of actionable pothole defects is expected to improve customer satisfaction with road condition and highways repairs. |
| Carbon reduction | If first time patching reduces repeat failures of pothole repairs, this may reduce life cycle carbon impacts of highway maintenance activity. |
| Health and Wellbeing | None |
| Wards | Alnwick, Amble, Amble West with Warkworth, Bamburgh, Bellingham, Berwick East, Berwick North, Berwick West with Ord, Bywell, Corbridge, Haltwhistle, Haydon with Hadrian, Hexham Central with Acomb, Hexham East, Hexham West, Humshaugh, Longhoughton, Norham and Islandshires, Prudhoe North, Prudhoe South, Rothbury, Shilbottle, South Tynedale, Stocksfield and Broomhaugh, Wooler |

Background papers:

None

Report sign off.

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

| | |
|--|----------------------|
| | Full Name of Officer |
| Monitoring Officer/Legal | Suki Binjal |
| Executive Director of Finance & S151 Officer | Jan Willis |
| Relevant Executive Director | Simon Neilson |
| Chief Executive | Helen Paterson |
| Portfolio Holder(s) | Cllr John Riddle |

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CABINET

TUESDAY, 13 JUNE 2023

ASHINGTON REGENERATION PROGRAMME ESTABLISHMENT

Report of: Councillor Wojciech Ploszaj, Portfolio Holder for Business

Lead Officer: Simon Neilson, Executive Director of Place and Regeneration

Purpose of report

To update Cabinet regarding the establishment, development and delivery of the £30m Ashington Regeneration Programme, which will have a catalytic impact on the town's economy and drive forward the implementation of the Ashington Town Investment Plan.

This report also seeks approval for the strategic acquisition of the Woodhorn Road site and the Wansbeck Square site from Advance Northumberland (Commercial) Limited to create the required development platform to enable implementation of the Ashington Regeneration Programme.

Recommendations

Cabinet is recommended to:

- 1. Endorse the Ashington Investment Plan as the overarching strategy that will provide the context, vision and aspirations for delivery of the phased Ashington Regeneration Programme**
- 2. Agree the establishment of the Ashington Regeneration Programme with two initial phases associated with the Ashington High Street Innovation Programme (HSIP) and Town Centre Renewal of Strategic Sites Programme**
- 3. Approve the associated financial profiles as set out in Appendix 1 whilst:**
 - endorsing the bid submitted to extend the HSIP Programme with a funding ask of £576,898 and acceptance of this additional funding into the Medium Term Financial Plan, if successful**
 - approving an initial allocation of £1,000,000 in the Medium Term Financial Plan to be fully funded by the Government to develop plans for Wansbeck Square Strategic Site**

- approving an initial grant allocation of £600,000 in the Medium Term Financial Plan to be fully funded by the Government to develop plans for Portland Park Strategic Site
 - authorising the Executive Director for Place and Regeneration to enter into contracts up to the value of £1.6m for the development of the strategic sites and delivery of public realm capital works, subject to confirmation of associated funding being in place and the appropriate procurement processes being followed
4. Delegate authority to the Executive Director for Place and Regeneration, in consultation with the s151 Officer, to purchase the Woodhorn Road site, at a value up to a maximum of £210,000 from funding already allocated in the Medium Term Financial Plan
 5. Approve the acquisition of the Wansbeck Square site, and delegate authority to the Executive Director for Place and Regeneration, in consultation with the S151 Officer, to acquire the Wansbeck Square site at a value up to a maximum of £1,365,000 with funding from the Strategic Regeneration Projects budget within the Capital Programme
 6. Agree the associated programme management and assurance arrangements to support the programme's delivery as set out in the report

Links to Corporate Plan

The Ashington Regeneration Programme is a placemaking 'whole town' suite of emerging investments which will contribute to the economic growth of the town whilst seeking to address inequality and promote inclusion. The development of delivery plans and business cases to comply with the external funding requirements will ensure value for money.

Key Issues

Ashington Town Investment Plan, developed by Ashington Town Board, sets out the strategic direction for the town's economic growth and the ambition and investment themes required to enable this to be realised.

The Ashington Regeneration Programme will provide a co-ordinated mechanism to support the development and delivery of the investments required by effectively integrating Council capital allocations with significant external grant funding to create a £30m portfolio for the transformation of Ashington town centre.

The programme includes funding in Phase 1 from the North of Tyne High Streets Innovation Programme for a suite of capital and revenue projects (up to £2.4m) being

delivered through Ashington High Street Innovation Programme (HSIP) as established in the MTFP.

Implementation of the Ashington Regeneration Programme requires the Council to undertake strategic site assembly in order to create the optimum development platform for investments at:

- The area connecting Woodhorn Road and Lintonville Terrace, known locally as 'Grand Corner', adjacent to the south west corner of Portland Park. This site comprises units 2-4 Woodhorn Road, referred to as the Woodhorn Road site.
- Wansbeck Square, retail and offices, referred to as the Wansbeck Square site.

The two sites represent critical components of a package of external funding worth a total of £21.4m from NTCA and HM Government (DLUHC). This includes £16.1m awarded to bring forward Grand Corner Gateway, improving connectivity with Portland Park and the redevelopment of Wansbeck Square to provide an attractive gateway and arrival point for the new Ashington Station.

Advance Northumberland (Commercial) Limited own both sites, which were acquired as part of a programme of land assembly to enable major regeneration plans. They have been managed by the landlord on the basis that, once funding was secured, the sites would be acquired by the council in readiness for redevelopment.

Cabinet should note that the acquisition of the Woodhorn Road site to enable the development of Grand Corner Gateway was previously approved in principle at the meeting held on 11 October 2022 and capital allocated to enable this in support of the HSIP programme.

A Government grant of £16.4m has been offered to the council for Ashington Town Centre Transformation (package bid) intended to support capital projects at Wansbeck Square and Portland Park. This will need to be delivered and all grant funding spent by March 2025.

Cabinet should note that projects on the two strategic sites were initially developed one year ago and there are a number of challenges to overcome in order to draw down grant funding. These include rapidly progressing design development, decisions on site acquisition, confirmation of the funding package to take account of rising costs, securing external operators for planned new facilities and ensuring compliance with public funding regulations and subsidy control.

Initial capital grant allocations totalling £1,600,000 is requested to enable significant project development work to proceed quickly and demonstrate to the Government, the Council's commitment to delivery. A further report will be brought to Cabinet in Autumn setting out the key decisions required to implement the full Programme and addressing the range of implications outlined in this paper. Equally, the individual business cases for the

two flagship projects will be presented to Cabinet in due course.

As accountable body, the Council is responsible for ensuring the successful delivery of the Programme and that public funding is invested effectively and appropriately, in accordance with the grant funding agreements issued by the Government and Combined Authority. Ultimate decision-making responsibility lies with the accountable body, as set out in relevant guidance.

Developing and implementing a package of projects simultaneously involves fully establishing programme management and delivery arrangements to manage this funding effectively. Staffing and resource arrangements are set out in the report and will be kept under regular review given the scale and nature of the programme.

BACKGROUND

Current regeneration context

1. The Ashington Regeneration Programme builds on multiple public-led investments in Ashington over the last decade, predicated on the need to reverse the town centre's declining viability and maximise the benefits of planned strategic developments on the town's economic growth.
2. Council interventions include the site assembly of Portland Park, which has resulted in the development of a new and very well utilised Leisure Centre, the construction of large retail floorspace, all supported by infrastructure and public realm works in readiness for construction of a new cinema and restaurants.
3. During 2016 improvements were completed to Station Road, which saw the street re-opened to traffic, new on-street parking introduced, and high-quality materials and sustainable planting installed.
4. Ashington is now on the cusp of further and more significant change with two major projects underway that will fundamentally alter the town's purpose, movement strategy, vitality and investment potential. These include the reopening of passenger rail services to the Northumberland Line, including Ashington station, and the development of Northumberland College's Gen Zero campus at Wansbeck Business Park.
5. These projects will have a catalytic effect on the struggling town centre and wider area, generating new visitors, footfall and spend as well as further underpinning employment growth at Wansbeck Business Park and Ashwood Business Park.

Northumberland Line Economic Corridor (NLEC) Strategy

6. In 2021, the NTCA initiated the development of the Northumberland Line Economic Corridor (NLEC) Strategy with an overarching vision to: *"deliver a dynamic and inclusive clean growth economy across the North of Tyne, opening up opportunities to our communities and ensuring a more prosperous and resilient future"*.
7. The aim of the NLEC interventions is to realise the Line's ambition for growth by regenerating and changing perceptions of town centres and improve access to strategic employment centres growth and jobs.
8. The Combined Authority approved the 10-point Delivery Plan for the Corridor in September 2022, with "Ashington Town Centre Rapid Renewal" identified as one of the 10 priority programmes. Within this, the redevelopment of Wansbeck Square was particularly identified as offering an attractive arrival point for train passengers alighting at the new Ashington Station. As such, the NTCA agreed as part of the

initial £10m tranche of investment to an “in principle” contribution of £2.5m towards the cost of transforming Wansbeck Square.

Ashington Town Investment Plan

9. In tandem and in recognition of the economic growth potential offered by the reopening of the Northumberland Line and the wider Economic Corridor, the Council facilitated, via the Ashington Town Board, the preparation of the Ashington Town Investment Plan.
10. The Ashington Town Board is a private sector-led partnership comprising representation from local businesses, community bodies, elected members and public agencies, and co-ordinated by NCC officers. The Investment Plan is now due to be endorsed by the Town Board in early summer 2023 and provides the overarching vision and strategic objectives to set out a road map to economic growth in Ashington.
11. It establishes a bold vision for the transformation of Ashington:
‘Proud Past, Prosperous Future, Clean Growth Leader’
By 2030, Ashington will be a thriving centre for businesses, residents, learners and young people, providing thousands of high-quality jobs in advanced manufacturing and low carbon clean growth industries, more and better homes, excellent skills and education opportunities, an attractive leisure and culture offer, and a great quality of life for a growing and prosperous population.
12. The vision is supported by four strategic objectives, which establish the themes for investment that focus on addressing Ashington’s specific challenges and opportunities:
 - Growing Town
 - Vibrant Town
 - Connected Town
 - Inclusive Town
13. Establishing the Ashington Regeneration Programme presents a strong Council response to the strategic direction set out in the Town Investment Plan by developing and resourcing a phased package of projects that collectively deliver the ambitious vision and growth objectives and harness the benefits of the large-scale investments already underway.
14. The Programme will progressively deliver against all of the Ashington Town Investment Plan themes, with an initial focus on ‘Vibrant Town’ and ‘Connected Town’ as interventions are targeted at the town centre and the high street.

ASHINGTON REGENERATION PROGRAMME DEVELOPMENT AND DELIVERY

15. The development and delivery of the Ashington Regeneration Programme will initially focus on the following:
 - *Ashington High Street Innovation Programme (HSIP)*, with funding secured from the NTCA and Government to help targeted town centres to recover from the Covid pandemic period of lockdowns.
 - *Town Centre Renewal of Strategic Sites Programme*, with funding secured from the Government as part of its overall approach to levelling up across the country.
16. The two phases of the Programme and the associated funding and project components are set out below.

Ashington High Street Innovation Programme

17. The NTCA identified Ashington as one of three centres that would benefit from targeted funding through the North of Tyne High Street Innovation Programme (HSIP). As such, the Council was invited to bid for up to £1.9m (capital & revenue) for projects that would be implemented by March 2024. Accordingly, a Delivery Plan was developed and submitted in May 2022.
18. The Delivery Plan was based around three main workstreams, that were predicated on building momentum, economic activity and early capital delivery, as follows:
 - Public Realm and Connectivity (capital)
 - Accelerate Ashington Business Support (revenue)
 - Animating Ashington events programme (revenue)
19. The Combined Authority approved the Delivery Plan in July 2022 with the Council's Cabinet subsequently agreeing in October 2022 to the establishment of Ashington HSIP in the Capital Programme with a budget of £1,263,766. This allocation would support the acquisition of 2-4 Woodhorn Road and the public capital works associated with creating Grand Corner Gateway. A further £1,068,842 of grant funding was allocated to cover the full revenue costs associated with the HSIP.
20. Subsequent to this, the Authority invited the Council to submit an updated Delivery Plan to bid for additional budget (£576,898) available from the Government through the UK Shared Prosperity Fund (UKSPF) to extend the HSIP programme to March 2025.
21. This enabled a fourth workstream – Ashington Regeneration Plan to be added focused on the development of a detailed Town Centre Regeneration Plan. It also facilitated a full reprofiling of the proposed spend to take account of slippage

incurred due to delays in the announcement of the LUF bid. The current delivery status of the projects within the HSIP Programme are detailed in Table 1 overleaf.

Table 1: Ashington Regeneration Programme – High Street Innovation Programme (HSIP)

| Investment Themes | Project | Current Delivery Status |
|--------------------------------|--|---|
| Connected Town Vibrant Town | Public Realm & Connectivity - will improve pedestrian movements in town centre by removing physical barriers and creating attractive, green public gateways and routes to key destinations as the first stage of large-scale investments in the town centre | The original scheme is being rescheduled to take account of slippage. It is anticipated that site acquisition of units 2-4 Woodhorn Road will be finalised in late 2023, with demolition works potentially starting in February 2024 and waymarking and soft landscaping completed by June 2024. An extension of the planned capital works has been proposed to NTCA to focus on improving the area linking Grand Corner Gateway through to plot 3 on Portland Park and enabling enhanced access to the existing leisure centre and Home Bargains as well as the bus hub. |
| Growing Town Vibrant Town | Accelerate Ashington - Supporting a range of existing businesses to adapt and grow and help individuals looking to create a new business in the town. Targeted support will include pre-start, digital sales and promotion, advice and marketing aimed at creating a resilient and adaptable business base. | This project commenced in October 2022 and is being delivered by Advance Northumberland. Activity and spend will now be extended until June 2024. |
| Vibrant Town Inclusive Town | Animating Ashington – programme designed to deliver new cultural events and activities that engage local people, attract visitors and support the wider economic growth of the town. | The programme has been reprofiled and will now commence in October 2023 and run until March 2025. Activities will build up towards the opening of Ashington Station and capital works at Grand Corner, Portland Park and Wansbeck Square. |
| Vibrant Town Connected Town | Ashington Regeneration Plan – preparation of a concise, streamlined, and highly visual Town Regeneration Plan that articulates the integration and impact of strategic site capital development with a focus on the town centre. | This project will commence in July 2023 and be completed by November 2023. Funding in this workstream will also support the drafting of the business case for the redevelopment of Wansbeck Square strategic site. |

Town Centre Renewal of Strategic Sites

22. In March 2022, the Department of Levelling Up, Housing and Communities (DLUHC) announced a second round of Levelling Up Funding (LUF). In August, the Council submitted a package bid comprising of two linked projects – Wansbeck Square Redevelopment and Portland Park Development as detailed in Table 2 below. The bid had a total project value of £24,470,860 and a LUF ‘ask’ of £16,427,044.

| Table 2: Ashington Regeneration Programme Town Centre Renewal of Strategic Sites Programme | | |
|---|---|-------------------------|
| Investment Themes | Project | Funding Source |
| Vibrant Town Inclusive Town | Wansbeck Square Strategic Site – creating an attractive town centre gateway for passengers at Ashington Station, includes demolition of existing buildings, development of high-quality public realm, landscaping, providing space for events and activities potentially coupled with a new community facility and commercial units. | DLUHC, NTCA (NLEC), NCC |
| Vibrant Town Growing Town | Portland Park Strategic Site – construction of a new cinema facility and associated public realm. | DLUHC, NCC, ANL |
| Connected Town Vibrant Town | Portland Park Infrastructure Phase 2 – highway and routeway improvements to enable good movement and connectivity between Portland Park and the town centre to support strategic developments. | NCC |

23. In January 2023, the Council was advised that the Ashington LUF bid had been unsuccessful and in March, a letter was received from DLUHC providing feedback on the quality of the submission to inform any subsequent re-submission to a future round of the LUF.
24. However, just two weeks later, the Government announced, as part of Spring Budget, that a further £210 million of unspent departmental funding would be allocated to 16 places that had put forward ‘shovel ready’ projects to the Levelling Up Fund. Ashington was one of the towns selected.
25. The Council has subsequently received written confirmation of the funding award of £16.4m with a Memorandum of Understanding awaited. The funding has been awarded on the basis of the business case submitted to DLUHC in August 2022. This requires the package of projects to be completed and the grant fully defrayed by March 2025.

Project Development Issues

26. Implications from progressing the proposed package of Phase 2 capital projects are listed below with the steps being taken to resolve each. Progress will be reported back to Cabinet later this year.
27. The Government funding awarded for the two flagship projects is predicated on these being 'shovel ready' and any slippage may result in a subsequent loss of grant or inability to deliver the package as per the submission. The council is awaiting a funding inception meeting with DLUHC to establish any levels of flexibility and the procedure for project change requests.
28. Costs for the projects being developed at Portland Park and Wansbeck Square were originally developed 12 months ago. A rebasing exercise indicates that there is a gap of £1.5m in funding to deliver these. This will require significant cost value engineering during the next stage of design development in order to bring the package within the available funding envelope.
29. Any changes to the costs will have an impact on the viability gap, which determines the maximum amount of public funding that can be invested in each project. Refreshed development appraisals will be completed to determine the updated funding gap and this will be reported to Cabinet in the Autumn.
30. The package business case submitted to government outlined and evidenced the wide benefits that the investments would bring to the community of Ashington. It should be noted that most of the 'monetised benefits' were derived from activities and services planned at Wansbeck Square and that any reduction in the scale of impact of this will have an adverse effect on the overall business case and jeopardise the funding. Early discussions will take place with DLUHC to understand tolerances.
31. All capital projects within the programme will need to demonstrate full compliance with the Subsidy Control Act 2022. Further advice will be sought by NCC in respect of the Wansbeck Square site and Advance Northumberland for the Portland Park site to ensure that any resultant subsidies created by project activities are controlled and legally compliant.
32. The original LUF bid submission focused on the construction of new facilities including cinema provision and community/creative space. DLUHC highlighted the risk to project sustainability from relying on external operators ie; commercial and charitable for both proposed new buildings. The council will need to fully consider any potential safeguards to the future operation of any new facility at Wansbeck Square incorporating operator procurement (concession contract), lease terms and performance management eg; SLA.

33. As set out above, the funding from the Government for projects at Wansbeck Square and Portland Park are subject to compliance with a prescriptive spend and monitoring framework. The design work being progressed following Cabinet approval of the budgets, is technically 'at risk' until full viable business cases are assured by the Council. Should the projects not proceed to delivery then any capital grant allocation will become a revenue cost to the council.
34. A further detailed report will be presented to Cabinet in the Autumn regarding the Wansbeck Square and Portland Park sites once development work has progressed to establish individual project delivery budgets.

Site Acquisitions

35. As set out above, there are two strategic sites that will need to be acquired by the council in order to implement the Ashington Regeneration Programme. These sites are both owned by Advance Northumberland (Commercial) Limited, having been purchased as part of a site assembly package to enable economic growth in Ashington.
36. Cabinet should note the site information and market valuations set out below. Subject to agreement of the requested delegation these details will form the basis of the necessary negotiations with Advance Northumberland and resultant payment terms to achieve site acquisition, with vacant possession, in a timely manner.

Woodhorn Road Site

37. The Woodhorn Road site consists of 8,435 sq.ft of shop and premises. The end of terrace building has a return frontage to Lintonville Terrace to the West.
38. The Woodhorn Road site was valued on a 'desktop' basis by Align Property Partners as a joint instruction from NCC and Advance Northumberland for the purposes of informing sale negotiations. The market value with vacant possession is advised to be £210,000. Cabinet has already agreed to the site acquisition and allocated the sum of £210,000 in the MTFP.

Wansbeck Square Site

39. Wansbeck Square currently consists of circa 17,000 sq.ft of office space, currently leased by the Council for £75,000 per annum. In addition, the site holds 4 retail units totalling 25,300 sq.ft, the largest of which (21,590 sq.ft).
40. The Wansbeck Square site was valued on a 'desktop' basis by Align Property Partners as a joint instruction from the Council and Advance Northumberland for the

purposes of informing sale negotiations. The market value for the sites – Wansbeck Square retail and office premises, is £1,365,000 with vacant possession.

41. From a Council perspective, a purchase of the sites with vacant possession is preferable due to the risks associated with tenant vacation being borne by Advance Northumberland prior to transfer to the Council.

PROGRAMME MANAGEMENT AND ASSURANCE ARRANGEMENTS

42. The governance structure will provide the mechanisms through which decisions will be made to support the development and delivery of the programme, including the defrayal of public funds, and the monitoring and reporting of activity, outputs, risks and issues. The structure chart at Appendix 2 illustrates the key programme roles and responsibilities

Key roles and responsibilities

43. The Ashington Town Board will provide the strategic direction, local insight and a collaborative stakeholder approach to shaping regeneration investments in Ashington and is the main means through which external partner organisations will influence project development and delivery.
44. The Council will act as the Accountable Body for the external funding and as such will have overall responsibility for the effective management and defrayal of funding. The Council will regularly report on programme performance, progress, expenditure and outputs, in line with funder requirements. It will also put in place a grant funding agreement with Advance Northumberland (Commercial) Ltd, project lead for the Portland Park scheme.
45. In addition, the Council will establish a Programme Board to oversee town regeneration programmes in Ashington, Borderlands towns and Cramlington. This Board will have overall responsibility for effective delivery of the Programme, ensuring sufficient project management resources are in place to oversee each scheme. The project leads will submit regular progress reports on each project to the Board.
46. The Board will provide oversight and strategic direction, make decisions e.g., on contractor appointments, and make recommendations on the approval of project business cases and funding allocations. Membership will include Executive Directors and Heads of Service of relevant departments (regeneration, planning, technical services, transport, and education) as well as support services (finance, legal and procurement).
47. The Council's Capital Strategy Group will make recommendations to Cabinet on the allocation of funding from the Council's capital programme to support the two

projects in the Programme. The Cabinet will be the final decision-making authority, approving the Council match funding contribution to projects, as well as the individual project business cases for Wansbeck Square and Portland Park site developments.

48. Subject to Cabinet decision, approval will be delegated to the Executive Director for Place and Regeneration to execute all contracts relating to individual projects, with confirmation being in place of associated funding and the appropriate procurement processes being followed.
49. This will initially include the award of relevant contracts for the supply of a multi-disciplinary design team and spatial planning service to capital project development. Collectively these multiple contracts are anticipated to have a value of up to £1.6 million.
50. Rules 2.3 and 2.4 of the Council's Finance and Contract Procedure set out why this delegation is required, as the potential contract values will exceed those allowed. The initial contracts to be awarded will be for design work and project development that will commit expenditure to low-risk activities not normally required to be the subject of examination under the Council's Business Case and Risk Appraisal Processes.
51. It should be noted that, in order to meet grant funding timescales, the council will need to commence the procurement of an operator to manage the proposed new building and associated services for the community at Wansbeck Square. Any financial implications to the council, based on the preferred operating model, feedback from suppliers during the tender process and the developing business case will be included in the planned update report to Cabinet in the Autumn.
52. The Council's s151 Officer will independently assess the sustainability, viability, and value for money of each project business case, to ensure compliance with all necessary financial regulations. This will include scrutinising and signing off business cases, financial returns, and monitoring and evaluation reports for submission to DLUHC and NTCA. The Council's Audit Committee will, as required, provide a further level of assurance in the management of public finances, compliance with legal and regulatory responsibilities, and risk management.

Programme Assurance

53. The Council has a robust assurance process in place, to ensure sign-off at various stages of projects. This includes:
 - A business case will be developed for each DLUHC (LUF) project, compliant with HMT Green Book five case model, which will be independently assessed. An appraisal report, with key findings and recommendations will be presented to

the Programme Board and Cabinet to secure approval for the business case and funding. The business case for Wansbeck Square will be submitted to NTCA to be considered for funding of up to £2.5m from the Northumberland Line Economic Corridor Investment Programme. It should be noted that the business case for the Portland Park development will need to be simultaneously approved by the Board of Advance Northumberland Ltd (ANL), as well as NCC Cabinet, in order to proceed.

- Formal agreement between NCC (as accountable body) and ANL, as the Council's delivery partner setting out key project management requirements, including submission of quarterly progress reports on progress, spend, and outputs, and monthly cost reports with actual and forecast expenditure.
- A sub-grant agreement between NCC and ANL, as project sponsor/developer for the Portland Park project and for public realm improvements from Grand Corner Gateway to Portland Park, subject to NTCA approving the additional HSIP funding.
- ANL will ensure and evidence compliance with public procurement and financial regulations, as well as statutory obligations.
- During project design, costs will be presented at the end of each RIBA stage and agreed (via gateway points) before progressing.
- Project variances will be considered by each Project Board and escalated to the wider Programme Board as required.
- Production of regular project monitoring reports, with supporting evidence of defrayal and output achievement, to ensure each project is on schedule, and to identify any delivery issues or challenges.
- Regular budget monitoring will be undertaken with all claims validated by senior finance and performance management staff

Programme Staffing and Capacity

54. The management and resourcing of this support will be co-ordinated through the NCC Programme Board and includes:
 - Strategic and delivery teams (e.g., technical services, highways, planning) who will be involved in the development, design, assurance, statutory approval, and delivery of projects.
 - Finance, legal, and procurement teams, who will provide corporate support services.
55. The Economic Growth and Regeneration (EG&R) Team will provide overall programme management, part funded by NTCA until March 2025. This team will also project manage the HSIP programme workstreams including:
 - commissioning and management of the consultancy team for development of

the Regeneration Plan

- commissioning and managing the Creative Team who will deliver the Animating Ashington Programme working closely with the NCC Cultural Development Manager.
- the Accelerate Ashington Business Support project is being managed by Advance Northumberland through a grant funding agreement and client managed by the EG&R Programme Team.

56. The Regeneration Programmes Investment Team will ensure the projects developed are robust, represent value for money, and are compliant with any funding agreement. The team will be responsible for maintaining the Council's accountable body role for externally funded regeneration projects and programmes. The team will also co-ordinate the assurance and approval of robust business cases for the two flagship projects. This includes co-ordination of independent appraisal for project business cases and preparation and issuing of a sub-grant funding agreement to ANL for the Portland Park development project, on approval of the business case and the Public Realm and Connectivity extension.
57. The Regeneration Finance and Performance Team will ensure that arrangements are in place to monitor spend and outputs and prepare reports and claims to all funders. Outputs, as specified in each grant funding agreement, will be fully checked to ensure there is the required supporting evidence.

Project Management arrangements

58. The capital schemes have identified project leads in place as set out below:
- Wansbeck Square Strategic Site– this project will be client managed by a senior officer in Strategic Estates and Advance Northumberland (Financial) Limited will provide a full PM Service and lead on delivery via a PID contract.
 - Portland Park and the HSIP Public Realm and Connectivity extension project will be directly managed by Advance Northumberland (Commercial) Limited as Project Sponsors and site owners.
 - HSIP Public Realm & Connectivity including the creation of Grand Corner Gateway – Advance Northumberland (Financial) Limited are already contracted to provide the PM Service for this project.
 - Portland Park Infrastructure Phase 2 – this will be led by Highways Development with support from the wider Ashington Regeneration Capital Project Team that is already in place.
59. It is important to note that the speed of the delivery requirements and scale of this programme are significant, and resourcing will be kept under regular review. The council may need to consider additional resourcing to match the scale of ambition to

deliver this transformative programme and meet funder requirements.

COSTS AND FUNDING

60. The Ashington Regeneration Programme currently comprises up to seven project activities across the two phases with a potential total value of £29,816,168, including £21.4m of external grants. These have been combined in the table 3 to show the total funding that may be available.

| Table 3 – Ashington Regeneration Programme Funding 2023 to 2026 | | | | | | |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| | DLUHC (LUF) | NTCA/ UKSPF (HSIP) | NTCA (NLEC) | NCC Match | ANL Match | Total Budget |
| Ashington HSIP | 0 | 2,474,506 | 0 | 435,000 | 0 | £2,909,506 |
| Town Centre Renewal | 16,427,044 | 0 | 2,500,000 | 5,477,394 | 2,502,224 | £26,906,662 |
| Total | £16,427,044 | £2,474,506 | £2,500,000 | £5,912,394 | £2,502,224 | £29,816,168 |

61. Table 4 below shows the potential funding split by project in Phase 1 and Phase 2 of the programme.

| Table 4 - Ashington Regeneration Programme Financial Summary by Project | | | | | | |
|--|-------------|--------------------|-------------|----------------|-----------|------------------|
| Ashington High Street Innovation Programme | | | | | | |
| Project / Cost heading | DLUHC (LUF) | NTCA/ UKSPF (HSIP) | NTCA (NLEC) | NCC | ANL Match | Total Funding |
| Public Realm & Connectivity | | 1,322,931 | | 435,000 | | 1,757,931 |
| Accelerate Ashington | | 399,024 | | | | 399,024 |
| Animating Ashington | | 509,255 | | | | 509,255 |
| Regeneration Plan | | 60,000 | | | | 60,000 |
| Programme Management | | 183,296 | | | | 183,296 |
| Sub-Total | | 2,474,506 | | 435,000 | | 2,909,506 |
| Town Centre Renewal of Strategic Sites Programme | | | | | | |

| Project | DLUHC (LUF) | NTCA/ UKSPF (HSIP) | NTCA (NLEC) | NCC | ANL Match | Total Funding |
|----------------------------------|-------------------|--------------------|------------------|------------------|------------------|-------------------|
| Wansbeck Square Site | 10,274,565 | | 2,500,000 | 1,890,277 | | 14,664,842 |
| Portland Park Site | 6,152,479 | | | 1,151,315 | 2,502,224 | 9,806,018 |
| Portland Park Infrastructure | | | | 2,435,802 | | 2,435,802 |
| Sub-Total | 16,427,044 | | 2,500,000 | 5,477,394 | 2,502,224 | 26,906,662 |
| TOTAL FUNDING BOTH PHASES | 16,427,044 | 2,474,506 | 2,500,000 | 5,912,394 | 2,502,224 | 29,816,168 |

62. A detailed profile of spend by project and split by financial year is at Appendix 1.
63. The following should be noted in connection with the figures presented in the tables above and at Appendix 1:

High Street Innovation Programme

- Grant Funding - £1.89m funding from NTCA, including UKSPF, is confirmed. A further bid of £576,898 has been submitted and is awaiting decision by NTCA.
- NCC match funding – A total of £435,000 is allocated in the MTFP for the Public Realm and Connectivity project, as agreed at Cabinet on 11 October 2022.

Town Centre Renewal of Strategic Sites Programme

- Grant Funding - £16.4m funding from DLUHC is confirmed and a Memorandum of Understanding is awaited. Funding of £2.5m from NTCA through the Northumberland Line Economic Corridor is subject to submission of a business case and is not confirmed.
- Council match funding - £3m is allocated in the MTFP as agreed at Cabinet on 9 April 2019. The requirement outlined above includes £41,592 of additional funding to cover the gap between the MTFP allocation and projected total costs of the two flagship projects at Wansbeck Square and Portland Park.
- The match funding contribution from Advance Northumberland is subject to change as the Portland Park project develops. Details of the potential loan required by Advance from NCC, to complete the Portland Park funding package, will be set out in the report that Cabinet will receive in the Autumn. It should be noted that in June 2022, Advance agreed 'in principle' to provide up to £1m of their own funds to support the development of Portland Park and this was submitted to DLUHC as a match funding contribution to the LUF bid.
- Portland Park Infrastructure Phase 2 - NCC capital of £2,435,802 is allocated in the MTFP as Ashington North East Quarter Redevelopment Phase 2. Any

required draw down against this budget will be set out in the report that Cabinet will receive in the Autumn. There is no external grant funding on this project.

IMPLICATIONS

| | |
|------------------------------------|--|
| Policy | The project fully supports the Council's Corporate Plan, the Northumberland Economic Strategy and the draft Ashington Town Investment Plan |
| Finance and value for money | Up to £21.4m has, or will be, secured from HM Government and NTCA which can be matched to local resources. The report outlines the current resources identified in the Capital programme. The financial implications of these proposals are outlined in the main body of the report including the recommendation to note the staffing arrangements and potential need for Cabinet to review this at a later date. Business Cases for individual projects will be brought back to Cabinet as they are developed for a final decision to proceed. |
| Legal | <p>Legal advice has been provided in respect of subsidy control for the HSIP Delivery Plan and for the LUF bid. External subsidy control advice has been received throughout LUF bid development and will be updated to ensure compliance as projects move forward. Further work is underway in respect of site assembly, procurement and project cost modelling that will require ongoing legal support, with a view to providing a detailed update and any necessary approvals in the next Cabinet update report in the Autumn.</p> <p>The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council.</p> |
| Procurement | In line with all other expenditure, project spend will be subject to the Council's recognised procurement procedures. Project spend will be subject to the Council's recognised procurement procedures. Rule 4.9.1(e) of the Council's Finance and Contract Procedure Rules requires Executive approval before commencing procurement of goods or services where the value is over £2 million. |
| Human Resources | The programme is being managed by NCC's EG&R Team in conjunction with Advance Northumberland leads as outlined in the report. The NTCA HSIP funding includes an 8% Management Fee to enable appropriate resources to be committed throughout development and delivery. |
| Property | Proposals for the site acquisition of units 2-4 Woodhorn Road and Wansbeck Square are outlined in the section on Site Acquisitions. |
| Equalities | (Impact Assessment attached) |

| | |
|-------------------------------|--|
| | <p>Yes No N/A X</p> <p>The promotion of inclusive growth is a core aspiration and expectation of the delivery of the Ashington Town Investment Plan, the Ashington Regeneration Programme and the NTCA Town and High Streets programme with specific metrics included in the monitoring and evaluation framework to establish performance.</p> |
| Risk Assessment | A risk register is in place for the programme, with regular updates and monitoring in place to effectively manage risk. The governance structure once embedded will increase risk management. |
| Crime & Disorder | It is anticipated that this programme will impact positively on antisocial behaviour. The Animating Ashington project will develop strong community relations particularly with young people and families. Capital improvements to the site between Grand Corner Gateway and Portland Park will specifically build in the need to reduce ASB, which is an identified issue in this part of the town, through reduction in the height of fencing, better lighting and a more open and visible public space. Each component project will seek to design out crime, increase perceptions of safety through improved lighting, footways and increased animation. |
| Customer Consideration | There has been extensive partner and community consultation as part of the development of the Ashington Investment Plan and through the LUF proposals and the HSIP programme responds to the feedback received. Further engagement is planned as each project develops in conjunction with Ashington Town Board. |
| Carbon reduction | The projects outlined in this report include improvements to public space and greening of the high street where possible, which will have a positive environmental benefit. Designs for new buildings and public realm works will incorporate sustainability benefits, where applicable and encourage active travel, particularly linked to the new Ashington Station. |
| Health & Wellbeing | Ashington Investment Plan includes an objective to support the development of an 'Inclusive Town' enabling positive health and wellbeing outcomes through successful town centre regeneration. A major focus of the programme is designing a better town centre which is well equipped to support recovery from Covid-19 and be more resilient in the future, offering new destinations and potentially facilities for residents that support wellbeing. |
| Wards | All wards in the town of Ashington |

Appendices

Appendix 1: Ashington Regeneration Programme – Current and Proposed Medium Term Financial Profiles

Appendix 2: Ashington Regeneration Programme Governance and Assurance Framework

Background Papers

None

Report sign off

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

| | Full Name of Officer |
|---|----------------------|
| Interim Director of Law and Governance and Monitoring Officer | |
| Executive Director of Resources and Transformation (S151 Officer) | Jan Willis |
| Executive Director of Place and Regeneration | Simon Neilson |
| Chief Executive | Helen Paterson |
| Portfolio Holder for Business | Wojciech Ploszaj |

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Appendix 1: Ashington Regeneration Programme – Current and Proposed Medium Term Financial Profiles

Ashington High Street Innovation Programme

| Current MTFP Profile | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total | Revised Costs | Funding Diff |
|---------------------------------------|---------|-----------|---------|---------|-----------|---------------|--------------|
| Public Realm & Connectivity | 54,783 | 1,208,983 | | | 1,263,766 | 1,757,931 | 494,165 |
| Accelerate Ashington Business Support | 149,448 | 249,576 | | | 399,024 | 399,024 | 0 |
| Animating Ashington | 70,000 | 455,000 | | | 525,000 | 509,255 | -15,745 |
| Regeneration Plan | | 0 | 0 | | 0 | 60,000 | 60,000 |
| Management Costs | 47,521 | 97,297 | | | 144,818 | 183,296 | 38,478 |
| Totals | 321,752 | 2,010,856 | 0 | 0 | 2,332,608 | 2,909,506 | 576,898 |

| Proposed MTFP Profile | 2022-2023 Actual | | | 2023-2024 | | | 2024-2025 | | | All Years | | |
|---------------------------------------|------------------|-------------|---------------|-------------|-------------|---------------|-------------|-------------|---------------|-------------|-------------|---------------|
| | NCC funding | NTCA /UKSPF | Total Funding | NCC funding | NTCA/ UKSPF | Total Funding | NCC funding | NTCA/ UKSPF | Total Funding | NCC funding | NTCA/ UKSPF | Total Funding |
| Public Realm & Connectivity | | 7,268 | 7,268 | 210,000 | 732,748 | 942,748 | 225,000 | 582,915 | 807,915 | 435,000 | 1,322,931 | 1,757,931 |
| Accelerate Ashington Business Support | | 31,851 | 31,851 | | 331,626 | 331,626 | | 35,547 | 35,547 | | 399,024 | 399,024 |
| Animating Ashington | | | 0 | | 199,000 | 199,000 | | 310,255 | 310,255 | | 509,255 | 509,255 |
| Regeneration Plan | | | 0 | | 60,000 | 60,000 | | | | | 60,000 | 60,000 |
| Management Costs | | 3,130 | 3,130 | | 105,869 | 105,869 | | 74,297 | 74,297 | | 183,296 | 183,296 |
| Totals | 0 | 42,248 | 42,248 | 210,000 | 1,429,244 | 1,639,244 | 225,000 | 1,003,014 | 1,228,014 | 435,000 | 2,474,506 | 2,909,506 |

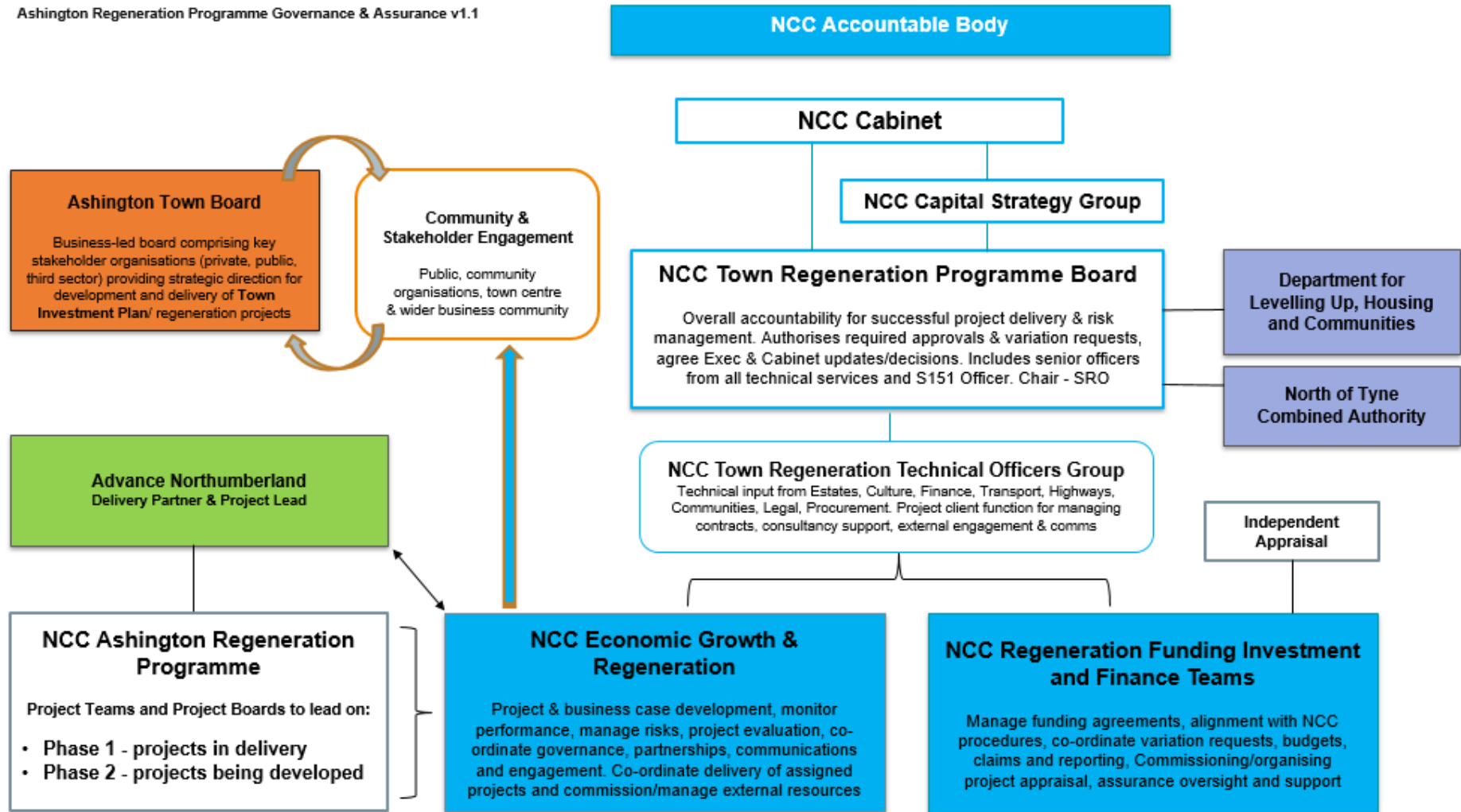
Town Centre Renewal of Strategic Sites Programme

| Current MTFP Profile | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total | Revised Costs | Funding Diff |
|----------------------|---------|---------|---------|---------|-------|---------------|--------------|
| | | | | | | | |

| | | | | | | | |
|--------------------------------------|---|---|-----------|---|-----------|-----------|-----------|
| Wansbeck Square Strategic Site | | | | | 0 | 1,000,000 | 1,000,000 |
| Portland Park Strategic Site | | | | | 0 | 600,000 | 600,000 |
| Portland Park Phase 2 Infrastructure | | | 2,435,802 | | 2,435,802 | 2,435,802 | 0 |
| Totals | 0 | 0 | 2,435,802 | 0 | 2,435,802 | 4,035,802 | 1,600,000 |

| Proposed MTFP Profile | 2023-2024 | | | | 2024-2025 | | | | All years | | | |
|--------------------------------------|-------------|-----------|---------------|---------------|-------------|-----------|---------------|---------------|-------------|-----------|---------------|---------------|
| | NCC funding | ANL Match | Other Funding | Total Funding | NCC funding | ANL Match | Other Funding | Total Funding | NCC funding | ANL Match | Other Funding | Total Funding |
| Wansbeck Square Strategic Site | | | 1,000,000 | 1,000,000 | | | | 0 | | | 1,000,000 | 1,000,000 |
| Portland Park Strategic Site | | | 600,000 | 600,000 | | | | 0 | | | 600,000 | 600,000 |
| Portland Park Phase 2 Infrastructure | | | | 0 | 2,435,802 | | | 2,435,802 | 2,435,802 | | | 2,435,802 |
| Totals | 0 | 0 | 1,600,000 | 1,600,000 | 2,435,802 | 0 | 0 | 2,435,802 | 2,435,802 | 0 | 1,600,000 | 4,035,802 |

Appendix 2: Ashington Regeneration Programme – Governance and Assurance Framework



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Northumberland County Council

CABINET

13 JUNE 2023

UK SHARED PROSPERITY FUND (UKSPF) UPDATE & NORTHUMBERLAND DELIVERY

Report of: Councillor Wojciech Ploszaj, Cabinet member for Business

Lead Officer: Simon Neilson, Executive Director of Place and Regeneration

Purpose of report

To provide an update on the UK Shared Prosperity Fund (UKSPF) programme and the UKSPF funded projects secured by Northumberland County Council to support levelling-up activity across the County.

Recommendations

- 1. Endorse the progress and content of the UKSPF Investment and Delivery Plans for the North of Tyne Area;**
- 2. Welcome and endorse the Northumberland County Council-led UKSPF funded projects, described in this report and summarised in table 1, which secures over £7.085m to deliver a range of levelling-up activities and support for Northumberland's businesses and residents over 2022 - 2025.**
- 3. Endorse the Inclusive Economy Community Partnership project, which, working with the Voluntary and Community Sector (VCS), will build capacity and deliver activities in support of the inclusive economy, focused in our most deprived communities and, if successful, accept £0.4m capital and 1.15m**

revenue funding into the **Medium-Term Financial Plan**, as set out in paragraph 19 and annex A.

Link to Corporate Plan

4. UKSPF supports the levelling-up agenda and particularly the Corporate priority of driving Economic Growth and tackling inequalities through investing in thriving places and culture, a diverse and resilient economy, and people and skills.

Background

5. The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. Nationally it provides £2.6 billion for local investment by March 2025, with all areas of the UK receiving an allocation from the fund.
6. The primary goal of UKSPF is to build pride in place and increase life chances across the UK. With the following objectives:
 - a. Boost productivity, pay, jobs and living standards, especially in those places where they are lagging.
 - b. Spread opportunities and improve public services, especially in those places where they are weakest.
 - c. Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
 - d. Empower local leaders and communities, especially in those places lacking local agency .
7. Underpinning the overarching aim of building pride in place and increasing life chances, there are three UKSPF investment priorities:
 - a. **Communities and Place;**
 - b. **Supporting Local Business;** and
 - c. **People and Skills.**

There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up White Paper missions.

Funding and Allocation

8. The fund primarily operates over the strategic geographies of the Mayoral Combined Authorities (MCAs) where they exist, or Local Authorities where they do not, which act as Lead Authorities for the purpose of the fund.
9. The allocations are based on both a per capita basis as well as a needs-based index which includes factors such as productivity, household income, skills, and productivity. Allocations also include an allocation for Multiply, a UK-wide

programme for adult numeracy.

10. The North of Tyne Combined Authority (NTCA) is the Lead Authority for the Northumberland area, alongside the wider NTCA area (Newcastle and North Tyneside local authority areas). The allocation for the NTCA area (for the period 2022 - 2025) is:

| | |
|-----------------------|--------------------|
| a. UKSPF Core funding | £47,085,061 |
| b. Multiply funding | £4,128,607 |
| c. Total | £51,213,688 |

Rural England Prosperity Fund (REPF)

11. Announced in September 2022 the REPF is a capital funding top-up to the UKSPF and is available to eligible local authorities in England, the Combined Authority's allocation in relation to Northumberland County Council is £3,043,546. The funding succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England. This Fund is a "rural top up" to the UKSPF rather than a new discrete pot of money. Aligned with interventions in the Supporting Local Business and Communities and Place investment priorities, it will provide capital funding to:

- a. support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy
- b. support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy

Key issues

UK Shared Prosperity Fund Investment Plan

12. Building on existing priorities, a robust evidence base and following extensive consultation the North of Tyne Combined Authority (NTCA), together with its constituent authorities, developed a Local Investment Plan which was submitted to Government in summer 2022. In December 2022 the Investment Plan was approved by Government.

13. To access the REPF allocation, the Combined Authority was required to provide specific additional information by the end of November 2022, as an addendum to the UKSPF submission. The recently agreed Northumberland Stewardship and Rural Growth Investment programme provided the basis for determining the information for the addendum, ensuring the funds supported the priorities agreed in

the plan. This element of the Investment Plan received Government approval in April 2023.

Delivery Plan

14. A North of Tyne delivery plan has been developed which sets out the delivery mechanisms within each of the programme areas of the Investment Plan. The Plan provides clarity and transparency to partners on any likely opportunity to access funding or support project delivery. The plan sets out activity in each of the programme areas (further details set out in Annex A).

Northumberland County Council-led Projects

15. The County Council has been fully engaged in developing the Investment Plan for UKSPF and has secured early resource in a number of areas to take forward Council priorities, set out in the following paragraphs. Whilst the Council will be the recipient and Accountable Body for much of the funding outlined in this report, a large amount will be used to support delivery by partners, to deliver activities for residents and provide grants for businesses and the VCS.

16. It should also be noted that this report covers projects secured by the County Council for delivery, however there is significant delivery, particularly in the areas of people and skills and business support, which will be delivered by other delivery agents locally or across the wider North of Tyne area, and which will be accessible to Northumberland residents and businesses. We will always promote opportunities to relevant stakeholders and ensure links are made between projects and activities to further increase impact and value for money.

Investment Priority - Communities and Place

17. A total of £15.3m UKSPF funding is available to invest in communities and places in the North of Tyne area up to March 2025, of which £11.2m is revenue and £4.1m is capital. UKSPF funding will be invested in activities to build thriving urban and rural communities and boost pride in place across the North of Tyne area. This will include regenerating high streets and town centres, supporting local cultural activities and events, investing in jobs and wellbeing in the most disadvantaged areas, building capacity in local communities to support themselves, and helping households to reduce energy costs and carbon emissions. As part of this Investment theme the County Council will deliver the following projects (more detail contained in annex A):

Rural Growth & Stewardship - Rural Asset Multiplier Pilots (RAMPs)

18. In February 2023, Cabinet endorsed the concept of RAMPs as innovative place-based pilots that will seek to improve the balance between stewardship and rural

growth within their areas in a way that multiplies the environmental, social and economic benefits. The initial two pilots are proposed as follows:

- a. North Northumberland Coast RAMP – targeted on the area of the Coast AONB, this RAMP will focus on better managing the challenges and opportunities of the seasonal influx of visitors (for trips, holidays, and second home residences) to improve the sustainability of local communities, reduce the area’s carbon footprint, and better protect the inherent value of the coastal landscapes, habitats, and species.

- b. Bridging the North to South Tyne River RAMP – targeted on the southwestern part of the National Park bounded by Bellingham and Haltwhistle, this RAMP will focus on unlocking the natural capital potential of an extensive, unspoilt area of countryside whilst sensitively promoting access for educational, health and well-being purposes.

The Business Case for the project is currently in development, with delivery expected to start in September.

Northumberland Inclusive Economy Community Partnership

19. As part of the County Council’s leading role in managing the employability support infrastructure across the County and in response to a North of Tyne project specification the Council has been working with partners to develop an Inclusive Economy Community Partnership (IECP). The partnership will have a specific focus on achieving the Levelling Up mission of restoring a sense of community and local pride and belonging, as well as create the infrastructure for the delivery of wider UKSPF funds. Working with local VCS sector infrastructure organisations and employability and inclusion stakeholders, the Community Partnership will support some of our most deprived communities to develop local solutions to identified needs and opportunities and will build on successful partnerships, including those previously in receipt of EU funds.

Ashington High Street Innovation Programme

20. Subject to a separate report to Cabinet the Ashington Regeneration Programme is a placemaking ‘whole town’ suite of emerging investments which will contribute to the economic growth of the town whilst seeking to address inequality and promote inclusion. As part of the overall £30m portfolio for the transformation of Ashington town centre, and building on the North of Tyne High Street Innovation Programme (HSIP), the County Council was invited to submit an updated Delivery Plan to bid for additional budget (£576,898) available from UKSPF to extend the HSIP

programme to March 2025.

21. In addition to three existing workstreams funded by NTCA (Public Realm and Connectivity; Accelerate Ashington Business Support and Animating Ashington event programme) the UKSPF funds has allowed a fourth workstream to be added to the programme – Ashington Regeneration Plan –focused on the development of a detailed Town Centre Regeneration Plan.

Alnwick Winter Trail Culture & Tourism

22. Growing our local culture and tourism sector including events, festivals and destination marketing is built into the UKSPF Investment Plan. As part of this the County Council and Visit Northumberland will seek £0.1m to deliver the Alnwick Winter Trails programme. The Alnwick Winter Trails programme will build on the success of The Alnwick Garden's Christmas Light Trail and anticipated increase in visitors to the new Lilidorei attraction in winter 2023, to bring more visitors into the town and provide an engaging and entertaining winter experience for visitors.

Supporting Local Business

23. A total of £18.3m UKSPF funding is available to invest in support for local businesses in the North of Tyne area up to March 2025, of which £13.8m is revenue and £4.5m is capital. UKSPF funding will be invested in activities to support businesses in the North of Tyne area to succeed and grow, through innovation and R&D, specialist advice and support, access to finance, and targeted support for businesses in key sectors, rural areas, and local communities. Much of the delivery of this activity will be delivered across the North of Tyne area, through specialist programmes of support, however Northumberland-focused programmes have been secured, building on existing good practice and in acknowledgement of the specific challenges rural business face.

Northumberland Small Business Service (NSBS)

24. Subject to an earlier report and endorsed by Cabinet in February 2023, £4.8m, made up of UKSPF (£2.85m) and NTCA Investment Fund (£1.96m) resource, will fund the creation of a new service, that builds upon our recent experience of similar initiatives to deliver business diagnostic and brokerage services to all small and micro businesses across the county. The Service will also deliver an enhanced rural growth and resilience support service and a rural capital Grant Investment Fund, as well as providing a bespoke, countywide farming business advisory service via the National Park Authority.
25. Alongside the Northumberland Small Business Service the County Council will also support, via £0.15m of UKSPF, the continuation of the successful **Business & Intellectual Property Centre (BIPC) North East** project, delivered from three of

the County's libraries: Berwick, Morpeth and Hexham. The project is part of a network of 22 BIPCs across the country, co-ordinated by British Library BIPC. The project delivers free to access support to businesses, pre-starts and not-for-profit organisations and provides a 'front-door' to BIPCNE services and other locally delivered business and pre-start support.

People and Skills

26. A total of £11.6m UKSPF revenue funding is available to invest in People and Skills activities in the North of Tyne area up to March 2025. UKSPF funding will be invested in activities supporting local residents to secure jobs, stay in work, and progress their careers through skills development. This will include: one-to-one support to help economically inactive people overcome barriers to work, such as lack of basic skills or health problems; supporting people to stay in work by helping with childcare or improving their skills; and helping people currently in work to update their skills so they can do jobs in the growing 'green economy'.

Multiply Delivery in Northumberland

27. Multiply funds are a dedicated fund from UKSPF to be directed to improving numeracy rates in adults by helping people improve their ability to understand and use maths in daily life, home, and work.

28. Through collaborative commissioner – deliverer arrangement working across the Economy and Regeneration Service and Northumberland Skills, NCC has been awarded £187,944 to deliver 288 outcomes to residents in 2023/24 under the themes:

- a. Making my money go further
- b. Managing my money and finances, and
- c. Maths in my workplace.

29. A separate allocation of Multiply has been allocated in an open bidding process to VCS organisations to deliver through engagement with communities and community organisations. A partnership of VCS deliverers in Northumberland was successful in securing funding.

30. The NCC Employability Partnership function is actively supporting promotion and coordination of provision, working with Northumberland Skills, Advance Northumberland (for the workplace element), and VCS deliverers, meeting regularly to ensure the programme is well coordinated and reaching all Northumberland residents who need its support.

31. The People and Skills element of UKSPF, commissioned directly by NTCA to deliver £3m in 2023-24 through VCS organisations, will align with Communities and

Place and support wider Inclusive Economy aims. Northumberland has a well-established VCS delivery infrastructure and good partnership arrangements and is well placed to meet UKSPF aims and ensure capacity for the sector to deliver is retained.

32. Table 1. Northumberland County Council-led UKSPF/REPF Funded Projects

| UKSPF / REPF Northumberland County Council Projects | UKSPF / REPF Funding |
|---|-----------------------------------|
| Communities & Place | |
| Rural Asset Multiplier Pilots (RAMPs) - Rural place-based regeneration* | £1.67m (part of a £3.6m project) |
| Inclusive Economy Community Partnership* | £1.55m |
| Ashington High Street Innovation Programme (HSIP)* | £0.577m (part of a £2.9m project) |
| Alnwick Winter Trail* | £0.1m |
| Supporting Local Businesses | |
| Northumberland Small Business Service (NSBS) | £2.85m (part of a £4.8m project) |
| Business & Intellectual Property Centres (BIPC) at Berwick, Morpeth and Hexham Libraries* | £0.15m |
| People & Skills | |
| Multiply – adult numeracy programme | £0.188m |
| Total | £7.085m |

*subject to formal approval from NTCA

33. All projects are required to develop delivery plans and business cases to comply with the external funding requirements that will ensure value for money. Business cases undergo full appraisal by North of Tyne to ensure funding requirements are met and funding decisions are made by the member-led NTCA Investment Panel and NTCA Cabinet.

Implications

| | |
|------------------------------------|--|
| Policy | The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. The policy supports the County Council's priorities for economic growth and tackling inequalities through its investments into place and communities, people and skills and business. |
| Finance and value for money | A total of £51.2m (UKSPF Core funding and Multiply) has been allocated to the North of Tyne Combined authority to deliver UKSPF objectives in support of local priorities between 2022-2025. An Investment Plan, developed via wide consultation, including via a senior Stakeholder Group, and based on a sound evidence base was approved by the NTCA Cabinet and subsequently by Government. Alongside the projects worth over £7m described in this report a number of activities will be led at |

| | |
|--|---|
| | NTCA level and will be accessible to Northumberland residents and businesses. |
| Legal | <p>Legal advice will be sought on all projects as they are developed and move into Grant Funding Agreements, including Subsidy Control advice where this is relevant.</p> <p>The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council.</p> |
| Procurement | Project spend will be subject to the Council's recognised procurement procedures. Rule 4.9.1(e) of the Council's Finance and Contract Procedure Rules requires Executive approval before commencing procurement of goods or services where the value is over £2m. |
| Human Resources | The projects included in the report are managed mainly by NCC's Economy and Regeneration Service, with delivery by Northumberland Skills and also Visit Northumberland. Management fees are built into projects where possible to ensure the appropriate level of capacity is in place to successfully develop and deliver projects. HR processes will be adhered to in any necessary recruitment. |
| Property | N/A |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | The promotion of inclusive growth is a core aspiration and expectation of UKSPF with specific metrics included in the monitoring and evaluation framework to establish performance. |
| Risk Assessment | A risk register is in place for the programme at the NTCA level, with regular updates and monitoring in place to effectively manage risk. Individually projects will identify and manage risks as part of their project plans and delivery. |
| Crime & Disorder | N/A |
| Customer Consideration | There has been extensive stakeholder engagement in the development of the UKSPF Investment Plan, with events and briefings held across the region. A senior Stakeholder Panel with membership from MPs and social-economic partners was also convened to endorse the Investment Plan prior to approval. Individual projects will work with relevant stakeholders as either delivery partners or recipient of grant funds. |

| | |
|-----------------------------|--|
| Carbon reduction | N/A |
| Health and Wellbeing | Inclusive growth is central to the UKSPF Investment Plan, with UKSPF investments supporting activities specifically to improve the health and well being of residents, through employability support, volunteering, to engagement in culture and support to businesses to grow and take on more staff. |
| Wards | All wards |

Linked Reports

NORTHUMBERLAND STEWARDSHIP AND RURAL GROWTH INVESTMENT PROGRAMME - February 2023 Cabinet

<https://northumberland.moderngov.co.uk/documents/s13317/10%20Rural%20Growth%20Strategy.pdf>

Ashington Regeneration Programme Establishment – June 2023 Cabinet

Background papers:

NTCA UKSPF Investment Plan - [220728-NTCA-UKSPF-IP-Summary-Document-Final.pdf \(northoftyne-ca.gov.uk\)](#)

Report sign off.

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

| | |
|--|-----------------------|
| | Full Name of Officer |
| Monitoring Officer/Legal | Suki Binjal |
| Executive Director of Finance & S151 Officer | Jan Willis |
| Relevant Executive Director | Simon Neilson |
| Chief Executive | Dr Helen Paterson |
| Portfolio Holder(s) | Cllr Wojciech Ploszaj |

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UKSPF / REPF North of Tyne Delivery Plan Summary & Northumberland County Council-led projects

Communities and Place

UKSPF funding will be invested in activities to build thriving urban and rural communities and boost pride in place across the North of Tyne area. This will include regenerating high streets and town centres, supporting local cultural activities and events, investing in jobs and wellbeing in the most disadvantaged areas, building capacity in local communities to support themselves, and helping households to reduce energy costs and carbon emissions.

A total of £15.3m UKSPF funding is available to invest in communities and places in the North of Tyne area up to March 2025, of which £11.2m is revenue and £4.1m is capital.

The funding will support projects and activities in three programme areas.

| Communities and Place | Communities and Place | Communities and Place |
|--|---|-----------------------|
| Regeneration of our Places | Investing in improving our towns, high streets and rural centres, and growing our local culture and tourism sector including events and festivals, marketing, and our existing Culture and Creative Zones (CCZs). | £8.4m |
| Community Partnerships and Programmes | Creating Local Community Partnerships in each local authority area to identify priorities and deliver long-term place investment plans, The focus will be on supporting community groups to build capacity in urban and rural communities to deliver change and promote inclusive growth. | £5.9m |
| Energy Efficiency and Lower Energy Costs | Providing a one-stop-shop for energy efficiency and retrofit advice and support, helping households to reduce energy costs and emissions. | £1.0m |

Rural Growth & Stewardship - Rural Asset Multiplier Pilots (RAMPs)

In February 2023, Cabinet endorsed the concept of RAMPs as innovative place-based pilots that will seek to improve the balance between stewardship and rural growth within their areas in a way that multiplies the environmental, social and economic benefits. The initial two pilots are proposed as follows:

- North Northumberland Coast RAMP – targeted on the area of the Coast AONB, this RAMP will focus on better managing the challenges and opportunities of the seasonal influx of visitors (for trips, holidays, and second home residences) to improve the sustainability of local communities, reduce the area’s carbon footprint, and better protect the inherent value of the coastal landscapes, habitats, and species.
- Bridging the North to South Tyne River RAMP – targeted on the southwestern part of the National Park bounded by Bellingham and Haltwhistle, this RAMP will focus on unlocking the natural capital potential of an extensive, unspoilt area of countryside whilst sensitively promoting access for educational, health and well-being purposes.

The Business Case for the project is currently in development, with delivery expected to start in September.

Inclusive Economic Growth in Northumberland

At the interface between two of the Council’s priorities: economic growth and reducing inequalities the County Council takes a leading role in managing the employability support infrastructure across the County, working in partnership with the NTCA, Voluntary & Community Sector (VCS), business and others, to provide support to individuals to re-engage with volunteering, skills, training and work. This includes facilitating the Northumberland Employment and Skills Partnership and Employability Network (in partnership with the VCS). The key purpose of the infrastructure is to implement effective delivery in Northumberland of the North of Tyne Employability Plan’s four key priorities:

- Provide employment support for the most disadvantaged
- Develop local community-led and place-based approaches
- Support people with long-term health conditions, through the development of integrated employment programmes
- Create good quality jobs

Inclusive Economy Community Partnership

As part of the County Council’s activity in this area and in response to a North of Tyne project specification the Council has been working with partners to develop an Inclusive Economy Community Partnership (IECP), which will have a specific focus on achieving the Levelling Up mission of restoring a sense of community and local pride and belonging, as well as create the infrastructure for the delivery of wider UKSPF funds. Working with local VCSE sector infrastructure organisations and employability and inclusion stakeholders, the

Community Partnership will support some of our most deprived communities to develop local solutions to identified needs and opportunities and will build on successful partnerships, including those previously in receipt of EU funds.

The North of Tyne delivery plan requires the IECP to plan and fund activity that meets two key objectives under the theme:

- Funding for impactful volunteering and/or social action projects to develop social and human capital in local places
- Investment in capacity building and infrastructure support for local civil society and community groups.

As set out by NTCA the IECP will target support to a contiguous area of the most deprived communities, defined as the 10%-20% most deprived in the Indices of Multiple Deprivation. In Northumberland this is proposed to cover most of Wansbeck and Blyth constituencies.

Inclusive Economy Community Partnership Area: Wards with LSOAs in 10-12% most deprived IMD :

| | | |
|----------------------------|----------------------------|--------------------|
| Amble | Ashington Central | Bedlington Central |
| Bedlington East | College | Cowpen |
| Croft | Hirst | Isabella |
| Kitty Brewster | Newbiggin Central and East | Plessey |
| Seaton with Newbiggin West | Sleekburn | Stakeford |
| Wensleydale | Newsham | Lynemouth |

The IECP will act on stakeholder understanding of their communities, and local intelligence, to identify where investment is needed. Grant funding will be allocated for delivery to:

- Support active community engagement and decision-making, focus on the delivery of volunteering, social action, capacity building, and engagement and consider impact of activities on equalities and the environment.
- Demonstrate activity to add value and align with other UKSPF themes, Adult Education Budget activities, Multiply, and other funds, and add value to other place-based investments.
- Identify activities relating to the main objectives based on evidence and consultation with local communities and key stakeholders.
- Balance long-term strategic objectives with the need to achieve UKSPF funding and output targets by March 2025.

Northumberland has a well-established VCS delivery infrastructure and good partnership arrangements, in the main established through the Building Better Opportunities (BBO) Bridge Northumberland programme which has effectively delivered support to residents who are unemployed or economically inactive. The infrastructure will be well placed to meet the UKSPF aims and ensure capacity for the sector to deliver is retained.

NCC has received £0.05m to support the development of the IECF from January to June 2023; this resource has supported capacity within NCC, to manage the establishment of the partnership and establish governance arrangements for delivery, as well as the VSC, through Northumberland CVA, as the VCS Lead Infrastructure Organisation for Employability and Inclusion, to support the engagement of the sector in the development of the Partnership.

On approval of the NCC IECF Business Case the Partnership will have access to an additional £1.5m to allocate to local VCS projects between June 2023 and March 2025. The budget is split between £1.1m revenue and £0.4m capital.

The Partnership will lead the identification of projects which support the project objectives and are eligible for UKSPF grant funds; a Grant Funding Panel, made up of IECF members, will be established to ensure appropriate awarding of grants, and NCC as Accountable Body will subsequently monitor and report on use and impact of the funds. Grants will support activity such as funding for local volunteering groups; support for people to develop volunteering and/or social action projects locally; funding for community spaces, to improve facilitates to allow delivery of inclusive growth activities.

Timescales

- Consultation with stakeholder – April - June 2023
- Development of project – May - June 2023
- Business Case submitted to NTCA by June 2023
- Recruitment – June - July
- Delivery to start in July

Ashington High Street Innovation Programme

The Ashington Regeneration Programme is a placemaking ‘whole town’ suite of emerging investments which will contribute to the economic growth of the town whilst seeking to address inequality and promote inclusion. As part of the overall £30m portfolio for the transformation of Ashington town centre, and building on the North of Tyne High Street Innovation Programme (HSIP), the County Council was invited to submit an updated Delivery Plan to bid for additional budget (£576,898) available from UKSPF to extend the HSIP programme to March 2025.

In addition to three existing workstreams funded by NTCA (Public Realm and Connectivity; Accelerate Ashington Business Support and Animating Ashington event programme) the UKSPF funds has allowed a fourth workstream to be added to the programme – Ashington Regeneration Plan –focused on the development of a detailed Town Centre Regeneration Plan.

Alnwick Winter Trail Culture & Tourism

Growth in businesses in our key sectors, including culture and tourism, creating new high-quality jobs, supporting innovation, and boosting productivity is a key investment priority

for North of Tyne and the County Council. Growing our local culture and tourism sector including events, festivals and destination marketing is built into the UKSPF Investment Plan. As part of this the County Council and Visit Northumberland will seek £0.01m to deliver the Alnwick Winter Trails programme.

The Alnwick Winter Trails programme will build on the success of The Alnwick Garden’s Christmas Light Trail and anticipated increase in visitors to the new Lilidorie attraction in winter 2023, to provide an engaging and entertaining winter experience for visitors.

Over a period of five weeks, from the end of November to the beginning of January, Alnwick Christmas Light Trail has become a popular visitor experience, drawing in over 48,000 visitors to the Garden. The Winter Trail programme will augment this visitor offer by providing reason for visitors to explore further into Alnwick town centre and engage with businesses in the town

There will likely be further opportunities to support culture and tourism projects in the County, and we will continue to work with colleagues in Visit Northumberland and regional Destination Management Organisations to take these forward in the coming months.

Supporting Local Business

UKSPF funding will be invested in activities to support businesses in the North of Tyne area to succeed and grow, through innovation and R&D, specialist advice and support, access to finance, and targeted support for businesses in key sectors, rural areas, and local communities.

A total of £18.3m UKSPF funding is available to invest in support for local businesses in the North of Tyne area up to March 2025, of which £13.8m is revenue and £4.5m is capital. The funding will support projects and activities in three programme areas.

| Programme Areas | Activities | Total UKSPF Available |
|--|--|------------------------------|
| Raise innovation levels to boost productivity in key sectors | Connecting businesses with collaborative innovation opportunities with universities, Catapults, and major investment projects; accelerating innovation in key sectors; encouraging SMEs to become innovation active; and signposting businesses to innovation advice and investment. | £5.1m |
| Start-ups, social enterprises, and rural businesses | Business start-up support; social enterprise growth support; investing in incubators and co-working spaces; support for rural business growth; and | £4.3m |

| | | |
|---|--|-------|
| | place-based enterprise support targeting communities and high streets. | |
| Drive business growth and improve energy efficiency | Business growth accelerators and scale-up support; access to finance; supporting growth of business clusters and supply chains in key sectors; signposting to business growth advice and investment; and energy efficiency and carbon reduction advice and support for businesses. | £8.9m |

Northumberland Small Business Service (NSBS)

Subject to an earlier report and endorsed by Cabinet in February 2023, £4.8m, made up of UKSPF (£2.85m) and NTCA Investment Fund (£1.96m) resource, will fund the creation of a new service, that builds upon our recent experience of similar initiatives to deliver business diagnostic and brokerage services to all small and micro businesses across the county. The Service will also deliver an enhanced rural growth and resilience support service and a rural capital Grant Investment Fund, as well as providing a bespoke, countywide farming business advisory service via the National Park Authority.

Alongside the Northumberland Small Business Service the County Council will also support, via £0.15m of UKSPF, the continuation of the successful **Business & Intellectual Property Centre (BIPC) North East** project, delivered from three of the County's libraries: Berwick, Morpeth & Hexham.

The project is part of a network of 22 BIPCs across the country, co-ordinated by British Library BIPC. The project delivers free to access support to businesses, pre-starts and not-for-profit organisations and provide a 'front-door' to BIPCNE services and other locally delivered business and pre-start support.

Despite the original project starting at the height of the covid-pandemic in January 2021 it has been operating successfully across the County, with the number of contacts from businesses and individuals seeking support increasing: Northumberland being the 2nd leading location after Newcastle in terms of enquiries. And Morpeth the second busiest BIPC Local Centre, after North Tyneside, with 68 'walk in' or telephone enquiries.

The BIPC local centres across the County will continue to work with business support partners including Advance Northumberland, and will continue to offer a complementary business support activity from the three Northumberland libraries. The project will continue to be managed by the BIPC NE Team.

People and Skills

UKSPF funding will be invested in activities supporting local residents to secure jobs, stay in work, and progress their careers through skills development. This will include: one-to-one support to help economically inactive people overcome barriers to work, such as lack of basic skills or health problems; supporting people to stay in work by helping with

childcare or improving their skills; and helping people currently in work to update their skills so they can do jobs in the growing 'green economy'.

A total of £11.6m UKSPF revenue funding is available to invest in People and Skills activities in the North of Tyne area up to March 2025. The funding will support projects and activities in three programme areas.

| Programme Areas | Activities | Total UKSPF Available |
|--|---|------------------------------|
| Employment support for out-of-work residents | Encouraging economically inactive people with barriers to work to use employment support; intensive one-to-one support to help people overcome barriers to getting a job (e.g. childcare, health problems, debt, homelessness); other support (e.g. basic skills, work placements, volunteering). | £9.4m |
| In-Work Support | Innovative approaches to help people stay in work and improve their future prospects and earnings, including skills development, support with caring responsibilities, and support for people on low earnings to progress their careers. | £1.2m |
| Skills to Progress In Work (Green Skills Training) | Training and awareness raising for people to develop 'green skills' needed to take up jobs in growing low carbon industries and make the transition from high carbon to low carbon jobs. | £1.0m |

Multiply

In addition to the 3 key strands of UKSPF Multiply was added by Government as an additional strand of funding and activity. The importance of literacy and numeracy in economic and social inclusion of individuals, and for the economy as a whole is well recognised, however the UK falls below the OECD average for numeracy rates. In response, the Department for Education (DfE) dedicated funds from UKSPF to be directed to improving numeracy rates through Multiply.

The aim is to help people improve their ability to understand and use maths in daily life, home, and work through a range of deliverers and options tailored to specific needs of

areas, cohorts and sectors. The main target group is adults aged 19 and above who have not previously attained a GCSE Grade 4/C or higher maths qualification.

Skills - Multiply Delivery in Northumberland

The North of Tyne Combined Authority (NTCA) has been allocated £4.1m to commission a range of Multiply provision. NTCA has consulted local authorities and other stakeholders and identified year 2 (2023-24) priorities as:

- Unemployed/Economically Inactive people with numeracy below Level 2 who want to improve skills with numbers or and use on everyday tasks.
- Parents/carers who need numeracy to help management of a home and activities with children.
- Employees in insecure employment or have low pay, and maths skills could support progression or specific maths for their workplace.
- Interventions delivered with Multiply funding need to be additional and differentiated from those fully funded through the AEB legal entitlement and must not displace other provision.

Through collaborative commissioner – deliverer arrangement working across the Economy and Regeneration Service and Northumberland Skills, NCC has been awarded £187,944 to deliver 288 outcomes to residents in 2023/24 under the themes:

- Making my money go further
- Managing my money and finances, and
- Maths in my workplace.



Northumberland County Council

CABINET

13 JUNE 2023

NOMINATIONS TO OUTSIDE BODIES

Report of the Senior Service Director, Phil Hunter

Responsible Member: Glen Sanderson, Leader of the Council

Purpose of report

To agree Cabinet's nominations to outside bodies.

Recommendation

That Cabinet agree its nominations to the bodies detailed in the appendix attached to the report.

Link to Corporate Plan

This report is relevant to the Excellence Value included in the NCC Corporate Plan 2023-26.

Key issues/Background

There are a number of organisations which are independent from the Council, but have an impact on its service areas. In order that the Council can maintain effective partnerships with these organisations, elected councillors are nominated by Cabinet to sit on the various committees or boards that are responsible for them.

Implications

| | |
|------------------------------------|---|
| Policy | The proposals are in line with the Council's Constitution and legislation |
| Finance and value for money | None |

| | |
|---|---|
| Legal | The proposals ensure the Council conforms with its Constitution and legislation |
| Procurement | None |
| Human Resources | None |
| Property | None |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | None |
| Risk Assessment | None |
| Crime & Disorder | None |
| Customer Consideration | None |
| Carbon reduction | None |
| Health and Wellbeing | None |
| Wards | All |

Background papers:

Council's Constitution

Report sign off.

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

| | |
|--|----------------------|
| | Full Name of Officer |
| Monitoring Officer/Legal | |
| Executive Director of Finance & S151 Officer | |

| | |
|-----------------------------|----------------|
| Relevant Executive Director | N/A |
| Chief Executive | |
| Portfolio Holder(s) | Glen Sanderson |

Author and Contact Details

P. Hunter, Senior Service Director
Phil.Hunter@northumberland.gov.uk

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| Organisation | Cllr Appointed 1 | Cllr Appointed 2 | Cllr Appointed 3 | Cllr Appointed 4 | Cllr Appointed 5 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Advance Northumberland | Guy Renner-Thompson | John Riddle | Jeff Watson | Jeff Reid | Steven Bridgett |
| ANEC Limited – Leaders’ and Elected Mayors’ Group | Glen Sanderson | Richard Wearmouth | | | |
| ANEC Limited – North East Cultural Partnership | Jeff Watson | | | | |
| ANEC Limited – Resources Task and Finish Group | Richard Wearmouth | | | | |
| Collaborative Procurement Sub-Committee of the Association of North East Councils | Wojciech Ploszaj | | | | |
| Council of Management of Counties Furniture Group | Barry Flux | | | | |
| County Councils Network - Council | Glen Sanderson | Richard Wearmouth | Barry Flux | Guy Renner-Thompson | |
| Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust - Council of Governors | Wendy Pattison | | | | |
| Industrial Communities Alliance | Brian Gallacher | Kath Nisbet (sub) | | | |
| LGA - Fire Commission | Gordon Stewart | | | | |
| LGA - General Assembly | Richard Wearmouth | Barry Flux | Guy Renner-Thompson | | |
| LGA - Group Leaders | Glen Sanderson | Scott Dickinson | | | |
| LGA - Leaders | Glen Sanderson | | | | |
| LGA Coastal Special Issues Group | Guy Renner-Thompson | | | | |
| National Association of Councillors | Catherine Seymour | | | | |
| NEREO | Richard Wearmouth | Wojciech Ploszaj | Guy Renner-Thompson | Jeff Watson | |
| NEREO Executive Committee | Richard Wearmouth | | | | |
| Newcastle Airport Consultative Committee | Richard Dodd | | | | |

| | | | | | |
|--|---------------------|------------------------------|-------------------|---------------------------|--|
| Newcastle Airport Holding Company | Glen Sanderson | Richard Wearmouth(alternate) | | | |
| North East Migration Partnership | Guy Renner-Thompson | Wendy Pattison | | | |
| North of Tyne Combined Authority - Cabinet | Glen Sanderson | Richard Wearmouth | John Riddle (sub) | Guy Renner-Thompson (sub) | |
| North Pennine Dales LEADER Local Action Group | Colin Horncastle | | | | |
| Northumberland Tourism | Jeff Watson | | | | |
| Northumbria Healthcare NHS Foundation Trust Governing Body | Wendy Pattison | Gordon Stewart | | | |
| Safer Northumberland Partnership | Gordon Stewart | | | | |
| The Joint OSC for the NE & NC ICS & North & Central ICPs | Paul Ezhilchelvan | Kath Nisbet | Veronica Jones | Barry Flux (alternative) | |
| Woodhorn Charitable Trust | Catherine Seymour | | | | |

**RECORD OF DECISION TAKEN BY DIRECTOR IN CONSULTATION WITH
PORTFOLIO HOLDER**

**ENERGISING BLYTH ENERGY CENTRAL CAMPUS PHASE 1 - LEARNING HUB:
Project virements**

Cabinet Member: Cllr Wojciech Ploszaj

Purpose of Report

To seek approval from the Executive Director of Finance (S151 Officer), under delegated authority, pursuant to Part 9, Section 3 of the Constitution, for the Council to vire project costs associated with the acquisition of Commissioners Quay land for car parking to the Energising Blyth Project Delivery Support Budget in order to maintain robust contingencies for the construction phase.

Recommendations

It is recommended that delegated approval is granted to:

Reallocate the costs to acquire Commissioners Quay car park (£0.200 million) to the Energising Blyth Project Delivery Support budget.

Link to Corporate Plan

This project is part of the Energising Blyth Programme supported by the Town Deal. This is a placemaking 'whole town' programme which contributes to the Council's Corporate Plan priorities but particularly to the living, enjoying, thriving and connecting strategic priorities.

Key Issues

In April 2023, the Council's Cabinet approved the Full Business Case for the Energy Central Campus Phase 1 – Learning Hub to enable a Town Deal and Northumberland County Council (as Accountable Body) Grant Funding Agreement to be entered into between the Accountable Body and Energy Central Campus Ltd.

The Council's Cabinet approved a total budget for inclusion in the Capital Programme of £13.580 million Capital and £0.200 million Revenue, including £4.480 million from the Energising Blyth Project Delivery Support Budget which is included in the Mid-Term Financial Plan.

Following an extensive value engineering exercise, £0.931 million savings have been achieved, which represents a reduction on the initial value identified of £1.600 million.

The contract sum analysis identifies a total cost of £11.668 million. This falls within the total budget approved by Cabinet in April 2023. However, this reduces the contingency budget to £0.074 million.

The report summarises the reasons why costs have increased and a recommended approach to ensuring a contingency budget is maintained for the project.

BACKGROUND

1. Northumberland County Council and its partners have been successful in attracting both Future High Streets and Town Deal funding to transform Blyth town centre. The Council's Cabinet approved the Outline Business Case in September 2023 to enable progression to Full Business Case.
2. Following an extensive value engineering exercise, the confirmed total cost of the project approved by Cabinet at Full Business Case was £13,580,504. This was an increase of £2,405,504 to the estimated pre-tendered costs which were approved by Cabinet following OBC external appraisal. The breakdown of the costs were as follows:

| Item | Capital | Revenue | Total |
|--|-------------------|----------------|-------------------|
| Capital | | | |
| Construction | 10,485,506 | | 10,485,506 |
| Demolition and Enabling Works | 800,956 | | 800,956 |
| Furniture, equipment and specialist services | 250,000 | | 250,000 |
| Professional fees, surveys, investigations | 870,550 | | 870,550 |
| Acquisition of Commissioners Quay car park | 200,000 | | 200,000 |
| Relocation | 150,000 | | 150,000 |
| Contingency | 823,492 | | 823,492 |
| Sub-total | 13,580,504 | | 13,580,504 |
| Revenue | | | |
| Centre Management/Learning delivery | | 200,000 | 200,000 |
| Sub-total | | 200,000 | |

3. Reported construction costs at £10.486m were based on Galiford Try's proposed contract sum for the works, and a value engineering (VE) exercise undertaken by Hall and Partners (quantity surveyors and employers agent). The value engineering exercise covered 85 separate items across 20 subcontract packages which required redesign and retendering from January 2023. The VE identified £1.600m of savings, however, on completion of tenders only £0.931m of savings have been achieved.

4. The key areas where savings were not achieved are as follows.
 - a. Intumescent paint (fire protection) - the saving was offered on the basis that a water based paint could be used rather than solvent based. However due to the marine environment and the time required to encapsulate the steel frame in the building envelope it was not possible to fully realise the savings.
 - b. Metalwork – the previously selected subcontractor has been removed from Galliford Try supply chain due to poor performance and a decline in financial stability, the 2nd place contractor is now being proposed at an increase of £0.101 million.
 - c. Roofing and cladding – a VE shortfall of £0.300 million due to planning approval issues, errors in the initial proposal and inflation of certain cladding element which has eroded savings in other areas.
 - d. Fencing – reductions in specification were not permitted by the Harbour Master and the length of fencing increased resulting in £0.050 million increase.
 - e. The programme duration has been extended resulting in a £0.020 million increase.
5. A small additional saving in the Mechanical and Engineering costs of £0.08m has also been achieved.
6. As a result of the above the construction costs are now confirmed at £10,561,790. However, it should also be noted that the contract sum still includes provisional sum allowances of £0.610 million due to delays in securing tenders and the volatility of construction prices. These sums can vary up or down and so have been reviewed in detail with Galliford Try and the design team to assess the risk associated with them. The majority of the items are of low risk and the allowances made are robust. The following points should be noted:
 - a. £0.162 million relates to costs for statutory service connections for Electric and Telecommunications and are based upon valid quotations.
 - b. The fixed price offer assumes that all surplus materials are classified as ‘inert’. A sum of £0.230 million has been included as a provisional sum to cover the extra over cost should ALL material be classified as ‘non hazardous’. During the enabling works all material has been inert. Further testing has been carried out in some of the yet to be excavated areas to attempt to derisk this item further. This item is deemed to be low risk and the figure would only be at risk if significant quantities of ‘hazardous’ materials were to be found.
 - c. An allowance of £0.050 million has been made to cover potential revisions in the fire strategy. The fire engineer has closed their practice due to retirement and this has required a new fire engineer to be appointed and it is possible that they could disagree with some of the original design principles.
7. Enabling works have increased by £0.023m This covers the relocation of the leading light marine station by Port of Blyth and increased costs incurred removing ground obstructions during the installation of the drainage pumping station.
8. Fees have increased from £0.871m to £0.999m. This covers the additional design fees to achieve the £0.931m VE as well as fees associated with the land transfer and acquisitions between NCC , PoB ECC ltd and Advance Northumberland

9. In order to cover the lower VE sums achieved and the increases in enabling works and fees, the Council will be able to draw on the contingency budget allocated to the project. However, this will reduce the contingency budget from £0.823m to £0.074 million prior to commencement of the main contract. However, drawing on the contingency budget ensures the total cost of the project falls within the delegated limits approved by Cabinet in April 2023.
10. Due to the low level of contingency remaining it is recommended that the cost to acquire Commissioners Quay car park (£0.200 m) is taken out of the total project costs and vired to the Energising Blyth Project Delivery Support budget.
11. A separate report for Cabinet consideration will set out proposals to vire the costs of the associated car park works (£0.355 m) currently included in the construction costs, to the Energising Blyth Project Delivery Support budget. The current balance and status of this budget is provided in Annex 1.
12. In addition £0.082m of costs within the Galliford Try contract sum which have been budgeted for within the additional 'DLUC deep dive' funding, can be taken into account. When taking into account all of the above, the revised costs of the project are as follows, subject to approval.

| Revised costs 16-05-23 | | | |
|--|-------------------|----------------|-------------------|
| Item | Capital | Revenue | Total |
| Capital | | | |
| Construction | 10,561,790 | | |
| Demolition and Enabling Works | 823,368 | | |
| Furniture, equipment and specialist services | 250,000 | | |
| Professional fees, surveys, investigations | 999,918 | | |
| Acquisition of Commissioners Quay car park | 0 | | |
| Relocation | 150,000 | | |
| Contingency | 795,428 | | |
| Sub-total | 13,580,504 | | 13,580,504 |
| Revenue | | | |
| Centre Management/Learning delivery | | 200,000 | 200,000 |
| Sub-total | | 200,000 | |

IMPLICATIONS

| | |
|---------------|--|
| Policy | The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Town Investment Plan |
|---------------|--|

| | |
|---|--|
| <p>Finance and value for money</p> | <p>For an allocation of £7.080m the Council is securing an external investment of £6.700m. £2.500m of NCC's capital allocation is 'match funding' to Town Deal Grant (£4.700m) and NTCA Grant (£2.000m) £4.380m is from the Project Delivery Support Budget.</p> <p>An allocation of £0.550m from the Project Delivery Support Budget is required for costs outside of the Energy Central Campus Phase 1: Learning Hub project.</p> <p>All financial resources for the project are identified in the Energising Blyth (EB) Programme and in the Medium Term Financial Plan.</p> <p>Town Deal Revenue expenditure is forecast to accelerate above the allocated budgets for 2023/2024 (based on the Town Deal Heads of Terms) to meet project objectives. Should DLUHC not approve this acceleration, there are sufficient funds within existing approved Council revenue budgets to 'cash flow' this expenditure. There is no increase in the overall revenue costs of the project</p> <p>External advice was received on VAT which has been taken on board in the delivery model.</p> |
| <p>Legal</p> | <p>NCC has received legal advice from DWF LLP regarding subsidy control compliance as part of the development of the project and the project is to be delivered in accordance with this advice to ensure compliance. The external advice has been updated to reflect the FBC and any legislative and / or funding changes.</p> <p>Legal Services will work with the company Directors to ensure an appropriate Partner Agreement is in place.</p> <p>The Local Authorities (Functions and Responsibilities)(England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council</p> |
| <p>Procurement</p> | <p>The JCT works contact will be managed by NCC in accordance with Public Contracts Regulations. Project spend will be subject to the Council's recognised procurement procedures.</p> |
| <p>Human Resources</p> | <p>The project is being developed with support from NCC's Energising Blyth Programme Team in conjunction with the partner lead (ECC Ltd) and the appointed external Project Manager. Advance Northumberland have assisted ECC Ltd with lease and licence arrangements and Project Management Services. The revenue running costs of the establishment are summarised in the report.</p> |
| <p>Property</p> | <p>NCC is one of 3 founding partners of ECC Ltd. ECC Ltd is lessee to the land on which the development will be located. Provision will be made within a Partner Agreement to protect the financial interests of the Council should ECC Ltd fail.</p> |

| | |
|-------------------------------|--|
| | NCC will acquire the Freehold interest of Commissioners Quay car park and ECC Ltd will lease the land. |
| Equalities | (Impact Assessment attached) No <input type="checkbox"/> |
| Risk Assessment | A risk register is in place for the project which will manage and monitor risk. |
| Crime & Disorder | This project is part of the proposals in the Energising Blyth Programme which in totality include various measures intended to reduce crime and disorder in Blyth through positive regeneration measures. DLUHC have confirmed a £200,000 funding package through 'Deep Dive' to create a Safe and Welcoming Town Centre |
| Customer Consideration | There has been partner and community consultation throughout the development of the project and in particular with existing building users in and around the site. |
| Carbon reduction | The Energy Central Campus will support the county's contribution to carbon reduction and clean growth objectives. This will provide new research, development and education facilities supporting industry needs in the offshore wind and energy industry. |
| Wards | All wards in the town of Blyth, with learners and businesses from the wider County and North East benefiting from the skills and training provision. |

Background papers:

Further information is available at: www.northumberland.gov.uk/energisingblyth

Energy Central Campus Phase 1 – Learning Hub – Full Business Case – Full Business Case - March 2023

Author and Contact Details

Lara Baker, Energising Blyth Programme Manager
Lara.baker@northumberland.gov.uk
07919 217457

DECISION TAKEN

| |
|---|
| Title of Officer(s) and Portfolio Holder (where appropriate):* |
| |

Jan Willis, s151 Officer

Subject:

Consultation* (if the Director is required to consult a Portfolio Holder summarise the outcome of that consultation opposite and its impact on the decision)

The Portfolio Holder, Cllr Ploszaj, has been consulted and is supportive.

Decision Taken:

Reallocate the costs to acquire Commissioners Quay car park (£0.200 million) to the Energising Blyth Project Delivery Support budget, under delegated authority pursuant to Part 9, Section 3 of the Constitution

Signature of:
Executive Director



Date

19/05/23

* delete as appropriate

Annex 1 – Energising Blyth Acquisitions and Project Delivery Support Budget (15.05.23)

| | | Status |
|--|-------------------|--|
| Energising Blyth Acquisitions/Delivery Support Budget (as profiled in | 17,326,972 | |
| FHSF | | |
| CCMP RIBA 2 cost increases | 7,338,618 | Pre-tender estimate. Stage 1 complete, Stage 2 due Aug 23 |
| Gasholder site acquisition | 290,000 | Committed, Exchange and Completion May 23 |
| Keel Row Shopping Centre + 7-9 Bridge Street acquisition | 2,445,000 | Committed, Exchange and Completion May/June 23 |
| The Link | 212,864 | Pre-Tender estimate at Outline Business Case (inflation allowance) |
| Sub Total | 10,286,482 | |
| TD | | |
| NCC contribution to NEP1 (balancing figure) | 31,621 | Committed and defrayed |
| ECLH post -tender cost increase | 4,580,504 | Committed, Post Tender, subject to contract |
| Northern Gateway Phase 2 cost inflation | 396,821 | Pre-Tender estimate at Outline Business Case (inflation allowance) |
| 3-5 Birdge Street acquisition | 88,750 | Approved subject to acquisition of Keel Row/7-9 Bridge St |
| 1 Bridge Street and 2, 4-6 + 8 Regent Street acquisitions | 495,000 | Subject to approval by S151 Officer |
| Sub Total | 5,592,696 | |
| Profile 11.05.23 | 15,879,178 | |
| Balance | 1,447,794 | |

**RECORD OF DECISION TAKEN BY DIRECTOR IN CONSULTATION WITH
PORTFOLIO HOLDER**

**ENERGISING BLYTH ENERGY CENTRAL CAMPUS PHASE 1 - LEARNING HUB:
Contract Award
Cabinet Member: Cllr Wojciech Ploszaj**

Purpose of Report

To record the delegated decision, as set out in the report to Cabinet on 11 April, for the Council to enter into the main construction contract relating to the project, subject to the appropriate procurement processes being followed.

Link to Corporate Plan

This project is part of the Energising Blyth Programme supported by the Town Deal. This is a placemaking 'whole town' programme which contributes to the Council's Corporate Plan priorities but particularly to the living, enjoying, thriving and connecting strategic priorities.

Key Issues

In April 2023, the Council's Cabinet approved the Full Business Case for the Energy Central Campus Phase 1 – Learning Hub to enable a Town Deal and Northumberland County Council (as Accountable Body) Grant Funding Agreement to be entered into between the Accountable Body and Energy Central Campus Ltd.

The Council's Cabinet approved a total budget for inclusion in the Capital Programme of £13.580 million Capital and £0.200 million Revenue, including £4.480 million from the Energising Blyth Project Delivery Support Budget which is included in the Mid-Term Financial Plan.

Following an extensive value engineering exercise, £0.931 million savings have been achieved, which represents a reduction on the initial value identified of £1.600 million.

The contract sum analysis identifies a total cost of £11.668 million. This falls within the total budget approved by Cabinet in April 2023.

BACKGROUND

1. Northumberland County Council and its partners have been successful in attracting both Future High Streets and Town Deal funding to transform Blyth town centre. The Council's Cabinet approved the Outline Business Case in September 2022 to enable progression to Full Business Case.

2. Following an extensive value engineering exercise, the confirmed total cost of the project approved by Cabinet at Full Business Case was £13,580,504. This was an increase of £2,405,504 to the estimated pre-tendered costs which were approved by Cabinet following OBC external appraisal. The breakdown of the costs were as follows:

| Item | Capital | Revenue | Total |
|--|-------------------|----------------|-------------------|
| Capital | | | |
| Construction | 10,485,506 | | 10,485,506 |
| Demolition and Enabling Works | 800,956 | | 800,956 |
| Furniture, equipment and specialist services | 250,000 | | 250,000 |
| Professional fees, surveys, investigations | 870,550 | | 870,550 |
| Acquisition of Commissioners Quay car park | 200,000 | | 200,000 |
| Relocation | 150,000 | | 150,000 |
| Contingency | 823,492 | | 823,492 |
| Sub-total | 13,580,504 | | 13,580,504 |
| Revenue | | | |
| Centre Management/Learning delivery | | 200,000 | 200,000 |
| Sub-total | | 200,000 | |

3. Reported construction costs at £10.486m were based on Galiford Try's proposed contract sum for the works, and a value engineering (VE) exercise undertaken by Hall and Partners (quantity surveyors and employers agent). The value engineering exercise covered 85 separate items across 20 subcontract packages which required redesign and retendering from January 2023. The VE identified £1.600m of savings, however, on completion of tenders only £0.931m of savings have been achieved.
4. The key areas where savings were not achieved are as follows.
- Intumescent paint (fire protection) - the saving was offered on the basis that a water based paint could be used rather than solvent based. However due to the marine environment and the time required to encapsulate the steel frame in the building envelope it was not possible to fully realise the savings.
 - Metalwork – the previously selected subcontractor has been removed from Galliford Try supply chain due to poor performance and a decline in financial stability, the 2nd place contractor is now being proposed at an increase of £0.101 million.
 - Roofing and cladding – a VE shortfall of £0.300 million due to planning approval issues, errors in the initial proposal and inflation of certain cladding element which has eroded savings in other areas.

- d. Fencing – reductions in specification were not permitted by the Harbour Master and the length of fencing increased resulting in £0.050 million increase.
 - e. The programme duration has been extended resulting in a £0.020 million increase.
- 5. A small additional saving in the Mechanical and Engineering costs of £0.08m has been achieved.
- 6. As a result of the above the construction costs are now confirmed at £10,561,790. However, it should also be noted that the contract sum still includes provisional sum allowances of £0.610 million due to delays in securing tenders and the volatility of construction prices. These sums can vary up or down and so have been reviewed in detail with Galliford Try and the design team to assess the risk associated with them. The majority of the items are of low risk and the allowances made are robust. The following points should be noted:
 - a. £0.162 million relates to costs for statutory service connections for Electric and Telecommunications and are based upon valid quotations.
 - b. The fixed price offer assumes that all surplus materials are classified as 'inert'. A sum of £0.230 million has been included as a provisional sum to cover the extra over cost should ALL material be classified as 'non hazardous'. During the enabling works all material has been inert. Further testing has been carried out in some of the yet to be excavated areas to attempt to derisk this item further. This item is deemed to be low risk and the figure would only be at risk if significant quantities of 'hazardous' materials were to be found.
 - c. An allowance of £0.050 million has been made to cover potential revisions in the fire strategy. The fire engineer has closed their practice due to retirement and this has required a new fire engineer to be appointed and it is possible that they could disagree with some of the original design principles.
- 7. Enabling works have increased by £0.023m This covers the relocation of the leading light marine station by Port of Blyth and increased costs incurred removing ground obstructions during the installation of the drainage pumping station.
- 8. Fees have increased from £0.871m to £0.999m. This covers the additional design fees to achieve the £0.931m VE as well as fees associated with the land transfer and acquisitions between NCC , PoB ECC ltd and Advance Northumberland
- 9. In order to cover the lower VE sums achieved and the increases in enabling works and fees, the Council will be able to draw on the contingency budget allocated to the project. This will reduce the contingency budget from £0.823m to £0.074 million prior to commencement of the main contract. However, drawing on the contingency budget ensures the total cost of the project falls within the delegated limits approved by Cabinet in April 2023.
- 10. Proposals to build up the contingency from Energising Blyth Project Delivery Support Budget virements are subject to a further report.
- 11. In order to avoid further delay to the Programme and risk further cost escalation, the Council are required to enter into contract with Galiford Try by Friday 19th May

2023. This allows time for mobilisation and prepare for a piling rig which is scheduled to arrive on site on 5th June 2023. Failure to meet this date could result in delays of at least 8 weeks due to low availability of piling rigs.

IMPLICATIONS

| | |
|------------------------------------|---|
| Policy | The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Town Investment Plan |
| Finance and value for money | <p>For an allocation of £7.080m the Council is securing an external investment of £6.700m. £2.500m of NCC's capital allocation is 'match funding' to Town Deal Grant (£4.700m) and NTCA Grant (£2.000m) £4.380m is from the Project Delivery Support Budget. An allocation of £0.550m from the Project Delivery Support Budget is required for costs outside of the Energy Central Campus Phase 1: Learning Hub project.</p> <p>All financial resources for the project are identified in the Energising Blyth (EB) Programme and in the Medium Term Financial Plan.</p> <p>Town Deal Revenue expenditure is forecast to accelerate above the allocated budgets for 2023/2024 (based on the Town Deal Heads of Terms) to meet project objectives. Should DLUHC not approve this acceleration, there are sufficient funds within existing approved Council revenue budgets to 'cash flow' this expenditure. There is no increase in the overall revenue costs of the project</p> <p>External advice was received on VAT which has been taken on board in the delivery model.</p> |
| Legal | <p>NCC has received legal advice from DWF LLP regarding subsidy control compliance as part of the development of the project and the project is to be delivered in accordance with this advice to ensure compliance. The external advice has been updated to reflect the FBC and any legislative and / or funding changes.</p> <p>Legal Services will work with the company Directors to ensure an appropriate Partner Agreement is in place.</p> <p>The Local Authorities (Functions and Responsibilities)(England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council</p> |
| Procurement | The JCT works contact will be managed by NCC in accordance with Public Contracts Regulations. Project spend will be subject to the Council's recognised procurement procedures. |

| | |
|-------------------------------|--|
| Human Resources | The project is being developed with support from NCC's Energising Blyth Programme Team in conjunction with the partner lead (ECC Ltd) and the appointed external Project Manager. Advance Northumberland have assisted ECC Ltd with lease and licence arrangements and Project Management Services. The revenue running costs of the establishment are summarised in the report. |
| Property | NCC is one of 3 founding partners of ECC Ltd. ECC Ltd is lessee to the land on which the development will be located. Provision will be made within a Partner Agreement to protect the financial interests of the Council should ECC Ltd fail. NCC will acquire the Freehold interest of Commissioners Quay car park and ECC Ltd will lease the land. |
| Equalities | (Impact Assessment attached) No <input type="checkbox"/> |
| Risk Assessment | A risk register is in place for the project which will manage and monitor risk. |
| Crime & Disorder | This project is part of the proposals in the Energising Blyth Programme which in totality include various measures intended to reduce crime and disorder in Blyth through positive regeneration measures. DLUHC have confirmed a £200,000 funding package through 'Deep Dive' to create a Safe and Welcoming Town Centre |
| Customer Consideration | There has been partner and community consultation throughout the development of the project and in particular with existing building users in and around the site. |
| Carbon reduction | The Energy Central Campus will support the county's contribution to carbon reduction and clean growth objectives. This will provide new research, development and education facilities supporting industry needs in the offshore wind and energy industry. |
| Wards | All wards in the town of Blyth, with learners and businesses from the wider County and North East benefiting from the skills and training provision. |

Background papers:

Further information is available at: www.northumberland.gov.uk/energisingblyth

Energy Central Campus Phase 1 – Learning Hub – Full Business Case – Full Business Case - March 2023

Author and Contact Details

Lara Baker, Energising Blyth Programme Manager

Lara.baker@northumberland.gov.uk

07919 217457

DECISION TAKEN

| |
|---|
| Title of Officer(s) and Portfolio Holder (where appropriate):* |
| |

Simon Neilson, Executive Director,
Regeneration & Place

**Subject: ENERGISING BLYTH
ENERGY CENTRAL CAMPUS
PHASE 1 - LEARNING HUB:
Contract Award**

Consultation* (if the Director is required to consult a Portfolio Holder summarise the outcome of that consultation opposite and its impact on the decision)

The Portfolio Holder, Cllr Ploszaj, has been consulted and is supportive.

Decision Taken:

Proceed to contract award under the delegations approved by Cabinet on 11th April 2023

Signature of Executive Director



Date: 19/05/2023

* delete as appropriate

