



Northumberland County Council

CABINET

12 JULY 2022

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Councillor Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of Report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 6 June 2022.

2. Recommendations

Cabinet is recommended to:

2.1 Concordia Glass and Roof Replacement:

Approve the replacement of the glass curtain-walling along the front of the Concordia Leisure Centre and renewal of the flat roof area above as both have reached end of life with serious water ingress now occurring into the Leisure Centre. The estimated cost will be £640,000 as detailed in the table below and will be funded through the Leisure Remedial Budget for 2022/23 and 2023/24.

2.2 Blyth Welding & Fabrication Training Centre Additional Funding:

Approve a £300,000 increase in the cost of construction of a welding and fabrication centre to be funded from the Strategic Regeneration Project in 2022/23. This will supplement the previously allocated funding from the Medium Term Financial Plan of £1,082,000 allowing delivery of the centre which will focus upon training school leavers, adults and sector employees

in welding and fabrication disciplines, management of sector related apprenticeships and delivery of professional industry qualifications to support the sector.

2.3 Energising Blyth Programme – Connectivity Projects:

Approve the establishment of the three Energising Blyth Connectivity Projects (Blyth to Bebside Cycle Corridor, Northern Gateway Phase 2; and The Link Bridge Street) as defined projects in the Capital Programme with a combined budget of £12,398,789 and revised funding profile as set out in Annex 1.

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 (CSG) VIA EMAIL ON 6 JUNE 2022

5. Concordia Glass and Roof Replacement

5.1 CSG was asked to consider a proposal to replace the glass curtain-walling along the front of the Concordia Leisure Centre and renew the flat roof area above.

Background

5.2 Both the glass curtain-walling and the roof along the front elevation have not been replaced since Concordia was built and have therefore now failed leading to considerable water ingress into the building which was particularly apparent during a number of storms last winter.

5.3 The original design of the front of the building with the glazing finishing flush to the roof and no roof overhang to protect the joints has compounded the problem of water ingress and it is therefore proposed, as part of the remedial works, to extend the roof slightly to form an overhang along the front elevation and therefore create a more weatherproof joint where the glazing meets the underside of the roof.

5.4 A specialist investigation of both the roof and the curtain-walling has confirmed the urgent need for replacement with the roof layers very saturated and the glazing joints failing. Replacement of both will greatly improve the insulation in that part of the building and reduce heat loss.

5.5 There are currently no plans to replace the Concordia Leisure Centre and therefore the Council needs to ensure that the building remains watertight and fully operational.

Estimated Cost of Replacement:

5.6 A detailed cost estimate has been prepared which is summarised below:

Item	£
Curtain walling replacement	245,750
Roof Replacement	169,250
Preliminaries	57,000
Construction and Inflation contingency	99,500
Project Management and Design Fees	68,500
Total Project Cost	640,000

- 5.7 The works will commence later in 2022/23 and are anticipated to run for 12-16 weeks.
- 5.8 A significant contingency has been included in the budget estimates to guard against the current construction market cost pressures and supply issues.

6. **Blyth Welding & Fabrication Training Centre Additional Funding**

- 6.1 CSG were asked to consider a request for additional funding to deliver a welding and fabrication centre in Blyth as a result of the increase in construction market costs since the project was originally approved by Cabinet in July 21.

Key Issues

- 6.2 Northumberland Skills, the post 16 education function within Northumberland County Council, is diversifying and making more relevant the provision delivered by NCC in order to deliver greater socio-economic impact within Northumberland.
- 6.3 One of the early investments is provision of a technical training centre in the Blyth area focused upon training school leavers, adults and sector employees in welding and fabrication disciplines, management of sector related apprenticeships, and delivery of professional industry qualifications to support the sector.
- 6.4 In July 2021 Cabinet approved a budget of £1,082,000 to allow the centre to be developed. However owing to complications with securing the required lease terms, the delayed tendered works have now exceeded the original budget estimate and the project requires an additional £300,000 as a result of construction market inflation to enable it to proceed to site.
- 6.5 The project will deliver a technical vocational training centre in the Port of Blyth industrial area focused upon training school leavers, adults and sector employees in welding and fabrication disciplines, management of sector related apprenticeships and delivery of mandatory professional industry qualifications unique to the sector.
- 6.6 Following a review of the project, it has been concluded that value engineering would yield minimal financial gains, in part driven by the need to meet current stringent fire regulation requirements, yet would constrain the function of the facility leading to further works at a later stage resulting in additional cost. This approach would also require retendering introducing further inflation risk and delay.

- 6.7 The plant and equipment elements of the scheme have been value engineered to a reduced funding envelope of £450,000 which has enabled some funding to be reallocated to the building fabric work.
- 6.8 It is for reasons set out above that Cabinet is requested to approve £300,000 of additional funds be drawn from the Strategic Regeneration Project to supplement the approved funding from the Medium-Term Financial Plan. The project has significant synergies with the Blyth Energy Central Learning Hub which will be adjacent to the Welding & Fabrication Training Centre.
- 6.9 Northumberland Skills have already commenced training with some employers in anticipation of the new centre opening, for example Egger UK LTD (Hexham).

7. Energising Blyth Programme – Connectivity Projects

- 7.1 CSG were asked to consider a request establish the three Energising Blyth Connectivity Projects (Blyth to Bebside Cycle Corridor, Northern Gateway Phase 2; and The Link Bridge Street) as defined projects in the Capital Programme with a combined budget of £12,398,789 and revised funding profile as set out in Annex 1.

Background

- 7.2 The Blyth Town Investment Plan highlights the fact that current road layouts within and around Blyth constrain all movement, especially for public transport users, pedestrians and cyclists. It therefore includes “Connected Town” as one of its four core strategic objectives. On this basis, the subsequent Energising Blyth Programme, funded by a combination of Future High Street Fund (FHFS) and Town Deal funding includes three connectivity projects as outlined below.

7.3 *Project 1 – Blyth to Bebside Cycle Connectivity*

The creation of a dedicated cycling and walking corridor connecting the new train station at Blyth Bebside (a key stop on the new Northumberland line) via the town’s major employment sites, directly into the Town Centre. The project will improve access into, out of, and within Blyth, enabling residents, workers, learners and visitors to move easily between key locations, as well as connecting with the wider region.

7.4 *Project 2 – Northern Gateway Phase 2*

The comprehensive improvement of the footpath/cycletrack/road network and associated public space, together with the introduction of digital signage to enhance access to Blyth Town Centre from the north. This project will create a more attractive and welcoming entrance to the town as

well as connect into to the Blyth Bebside cycle / walking corridor above to link the new station with the town centre.

7.5 Project 3 – ‘The Link’ Bridge Street

The introduction of highway improvements along Bridge Street (the main bus, vehicle and pedestrian route into the town centre from the quayside area) to provide dedicated cycle routes, improved footpaths, and enhanced signage and surfacing. This project will provide a safe alternative route, through to Market Place, for the North Sea Cycle/Coast and Castles cycle route which currently bypass the town centre whilst also providing an important physical link between other Energising Blyth interventions and from the town centre to the quayside.

7.6 These projects will collectively improve connectivity and make it easier for people to access and navigate the town and link other Energising Blyth developments. The resulting increase in modal choice and ease of access will help to grow businesses and contribute to the creation of a vibrant town centre. The investment in green transport will encourage sustainable modes of transport, reducing carbon emissions, delivering clean growth objectives, and improving health and wellbeing. They will also contribute to and align with the objectives of the Blyth Local Cycling and Walking Infrastructure Plan.

Funding

7.7 The table below sets out the current indicative costs and funding source for the three projects based on the FHSF Business Case cost plans and the Town Deal Project Confirmation. All projects are at an early stage of design and Local Assurance with the Strategic Outline Business Cases due for internal appraisal and Programme Board/Town Deal Board approval expected in June 2022.

Energising Blyth – Connectivity Project Costs				
PROJECT	FHSF	Town Deal	NCC	Total
Blyth to Bebside Cycle Connectivity	0	4,748,720	2,120,880	6,869,600
Northern Gateway Phase 2	0	2,100,000	900,000	3,000,000
The Link Bridge Street	1,668,508	0	860,682	2,529,190
Total	1,668,508	6,848,720	3,881,562	12,398,790

7.8 In accordance with the Town Deal Head of Terms and the Local Assurance Framework, the Council is required to submit a Summary Document for each Town Deal funded project to Department of Levelling Up, Housing and Communities (DLUHC) by 4 August 2022. These Summary Documents will

provide the basis upon which DLUHC will decide the Section 31 funding agreement with the Council as accountable body having been derived from detailed Outline Business Cases (OBCs) prepared in accordance with the HM Treasury Green Book.

- 7.9 In order to meet these requirements a significant amount of development work is required to inform the OBC development process ahead of funding confirmation by DLUHC. Some of this work has already commenced and will continue throughout this financial year. It is requested that this work is funded via the Town Deal 5% CDEL Section 31 grant of £1.045m received by the Council in December.
- 7.10 The intention of this grant is to enable early-stage activity in project development for Town Deal Projects. Funding can only be spent on projects listed in the Grant Offer Letter. This includes projects where business case summary documents have not yet been submitted to DLUHC. Should a project within a deal not prove viable, DLUHC will not seek to claw back the 5% early draw down. However it should be noted that the pre-payment is netted off the overall offer and DLUHC cannot guarantee that projects would be replaced at equivalent value. This mechanism has already been utilised for the Energy Central Campus – Phase 1 to expedite designs and business case development to meet critical programme milestones.
- 7.11 The need to accelerate these funds is applicable to both the Town Deal Connectivity Projects, i.e., Blyth to Bebside Connectivity and Northern Gateway Phase 2. The estimated cost of this development work is £250,000 and there is sufficient headroom in the capital CDEL Fund 2022/23 to enable this.
- 7.12 The Link Bridge Street project is not a Town Deal funded project. However, design work must also proceed at pace as there is a requirement to spend all FHSF funds (£1,688,508) by 31 March 2024. In this case there is sufficient allocation within the MTFP and the FHSF budget that has already been agreed (subject to Local Assurance).
- 7.13 The required acceleration of spend across the three projects to accommodate the above process results in a revised funding profile as set out in Annex 1. This involves an adjustment to the current MTFP profile in 2022/23, 2023/24 and 2024/25 (illustrated in yellow). However, the costs identified are all within the parameters of the overall budget for this project and do not impact on later years, other than in terms of re-profiling existing Council contributions to meet need.

Implications

Policy	The capital programme is part of the Medium-Term Financial Plan 2022-26. 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.
Legal	There are no direct legal implications.
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
Risk Assessment	The risks associated with the proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the proposals.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	Carbon Reduction measures have been considered within each project.
Health & Wellbeing	There are no Health and Wellbeing implications.
Wards	All wards.

Background Papers:

Medium Term Financial Plan 2022-26

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
Interim Deputy Chief Executive	Rick O'Farrell
Portfolio Holder	Richard Wearmouth

Author and Contact Details

Mike Turner, Head of Property Services and Capital Programming
(01670) 622905
Mike.Turner@northumberland.gov.uk

Annex 1 – Energising Blyth Connectivity Projects – Proposed Changes to the Financial Profile, June 2022

Current MTFP Profile

Town Deal Current MTFP Profile - Capital	2022-2023 BUDGET			2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 and beyond			TOTAL BUDGET		
Capital Costs	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING
Blyth Beside to Town Centre Connectivity	151,680		151,680	3,913,960	2,923,610	990,350	2,803,960	1,825,110	978,850	-			6,869,600	4,748,720	2,120,880
Blyth Town Centre Northern Gateway (Phase 2)	-			-			300,000	300,000		2,700,000	1,800,000	900,000	3,000,000	2,100,000	900,000
The Link	1,264,595	834,254	430,341	1,264,595	834,254	430,341							2,529,190	1,668,508	860,682
Total	1,416,275	834,254	582,021	5,178,555	3,757,864	1,420,691	3,103,960	2,125,110	978,850	2,700,000	1,800,000	900,000	12,398,790	8,517,228	3,881,562

Revised MTFP Profile

Town Deal Revised MTFP Profile - Capital	2022-2023 BUDGET			2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 and beyond			TOTAL BUDGET		
Capital Costs	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING
Blyth Beside to Town Centre Connectivity	251,680	100,000	151,680	3,813,960	2,823,610	990,350	2,803,960	1,825,110	978,850	0			6,869,600	4,748,720	2,120,880
Blyth Town Centre Northern Gateway (Phase 2)	150,000	150,000	0	0			150,000	150,000	0	2,700,000	1,800,000	900,000	3,000,000	2,100,000	900,000
The Link	200,000	200,000	0	1,468,508	1,468,508	0	860,682		860,682				2,529,190	1,668,508	860,682
Total	601,680	450,000	151,680	5,282,468	4,292,118	990,350	3,814,642	1,975,110	1,839,532	2,700,000	1,800,000	900,000	12,398,790	8,517,228	3,881,562