



CABINET

13 SEPTEMBER 2022

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## CULTURE PLACEMAKING PROGRAMME: OUTLINE BUSINESS CASE

**Report of:** Rick O'Farrell, Interim Chief Executive

**Cabinet Member:** Councillor Wojciech Ploszaj, portfolio holder for Business

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### **Purpose of report**

In accordance with the Energising Blyth Programme - Local Assurance Framework, the report seeks the approval of the Town Deal Outline Business Case (OBC) for the Culture Placemaking Programme which is pending approval by the (Department of Levelling Up, Housing and Community (DLUHC)). The OBC has been externally appraised with a recommendation to proceed to Full Business Case (FBC). It was approved by Town Deal Programme on 29 June 2022.

### **Recommendations**

**Cabinet is recommended to:**

- (1) Approve the Outline Business Case (OBC) for the Culture Placemaking Programme to enable progression to Full Business Case**
- (2) Delegate authority, in accordance with the Local Assurance Framework, to the Council's s151 Officer following consideration by the Energising Blyth Programme Board to approve the Full Business Case and report the capital implications to Capital Strategy Group for inclusion in the Capital Programme.**

### **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 across most of the Council's Corporate Plan Priorities but particularly to the living, enjoying, thriving and connecting strategic priorities.

## **Key issues**

Blyth faces a number of challenges including a declining Town Centre, with falling footfall and spend, a poor retail, culture and evening offer, and a deteriorating public realm. The decline of the high street is further exacerbated by its disconnection from industrial and leisure investment in adjacent areas including the quayside and south beach areas.

Evidence of decline includes:

- **High vacancy rate:** The town centre has a 15% vacancy rate, well above the national average and increasing rapidly.
- **Long term voids:** There is a concentration of long-term voids in the Market Place with around 1 in 2 units unoccupied, creating an expanse of dead frontage, lack of pedestrian draw and an epicentre of visual decline.
- **Low footfall and discount offer:** Footfall is declining and consumer spend reducing, evidenced by the mix of current occupiers, which are focussed on a 'discount' offer. Of the 265 units in the town centre; 7 stores sell 'low priced goods', 15 are takeaways, 40 are barbers, tattoo shops, vaping, hair and beauty or betting shops with a further 40 units vacant.
- **Leakage to other centres:** This worsening mix is resulting in significant leakage of spend to nearby centres, particularly Cramlington which is less than 7 miles away. This is evidenced by the fact that Blyth is the only centre in the county that has shown decline in its market share for comparison goods.
- **Few visitors:** It has the fewest number of regular visitors, with its appeal very localised related to spending power. The centre's main shoppers, who are often less socially mobile, have low levels of household income, some dependency on benefits and are reliant on shops and support services in Blyth town centre.
- **Port Town:** As a port town the factors above are exacerbated by the town's geographical position, bordered to the north by the River Blyth and to the east by the North Sea resulting in a lack of 'through trips' and a disconnection from the wider economy of the region.

Since the initial Town Deal funding award and Project Confirmation, a considerable amount of work has been undertaken to develop the Outline Business Case (OBC). This OBC is now fully prepared and ready for submission to the UK Government to serve two purposes. Firstly, to provide sufficient confidence to the Government that this is a deliverable and robust project providing considerable benefit and value for money to the Energising Blyth Programme with the Town Deal contribution of £1 million prioritised and commencing at the end of the calendar year. Secondly to provide a solid foundation for finalising the full business case, thereby securing approval of the project and confirming within the Capital Programme.

This report summarises the five cases (Strategic; Economic; Commercial; Financial; Management) contained within the OBC whilst highlighting the implications within each for the County Council.

The governance and assurance framework for the performance management of the Energising Blyth Programme was approved by Cabinet in July 2021.

A dedicated Programme Board of internal senior officers chaired by the interim Director of Regeneration has been established to provide strategic direction and exercise control and oversight to ensure successful delivery of the Programme, ensuring that the Council's accountable body responsibilities are met in full.

The Council's Cabinet is the final decision-making authority in relation to NCC's role as accountable body with responsibility for the final decision to accept all twelve projects into the Energising Blyth Programme, and to approve the business cases for individual projects requiring such capital funding from the Programme.

## **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. This substantial funding will stimulate confidence and further investment, create new jobs, bolster economic growth and transform the town ensuring it realises its full potential. This significant programme of renewal is underpinned by creative engagement with the community of Blyth demonstrating demand and support for positive change.
2. The Local Assurance Framework requires the completion of a 'Green Book' Business Case for all projects within the programme through 3 key stages, Strategic Outline Business Case, Outline Business Case and Full Business Case. The OBC has been externally appraised and approved by the Town Deal on 29<sup>th</sup> June 2022. This means that the project details through all '5 cases' within the OBC are largely finalised. There is little difference between the OBC and FBC in terms of the depth and substance of the project information included.
3. The main purpose of the FBC stage is to confirm any outstanding project details that were not finalised at the time of the OBC submission. This will include, confirmation of post-tender costs, draft construction contract, confirmation of funding, planning permission and programme.
4. By Full Business Case, the OBC Summary Document should be approved by DLUHC and the first-year funding received by NCC, allowing timely project delivery once the FBC and grant funding agreement are in place. Each subsequent year's funding will be released to NCC by DLUHC based on project progress and will enable payments to the applicant in accordance with the Grant Funding Agreement and subject to monitoring, reporting and evidence.

## **CULTURE PLACEMAKING PROGRAMME (CPP) - PILOT PROJECTS**

5. The initial concept of the CPP arose from Energising Blyth consultations with residents, businesses and community groups. In keeping with this participatory approach, the core CPP will be designed and delivered in partnership with key stakeholders including local people, established cultural organisations and local businesses, to ensure the whole town benefits from the extra investment in cultural growth.
6. To help inform the design of the CPP, the first phase of a programme of cultural pilot projects was delivered in Blyth in February and March 2022. This involved three cultural pilot projects (Mapping the Future; Icons and Text; and Animating Spaces) delivered across circa 23 participatory workshops / sessions which engaged 283 local people.

7. The second phase of pilot projects is running from June to November 2022, including an Environment and Ecology project, a Living History Photography-based project, and a second phase of the 'Animating Spaces' project, featuring the production of art for public spaces within Blyth.
8. The key objectives for the project are:
  - Support the growth of the visitor economy, creating new jobs, and making the town a more attractive place to live, work and visit.
  - Deliver a programme of distinctive cultural events alongside physical improvements to infrastructure and public realm, to boost footfall and spending by giving people new reasons to visit Blyth.
  - Develop a strong cultural brand and coherent visual identity that raises Blyth's profile and improves perceptions of the town among local audiences and external visitors.
  - Increase participation in culture and arts among local people in Blyth, through access to events, training, and volunteering opportunities in the creative industries.
  - Improve wellbeing among local people in Blyth and visitors, through new opportunities to engage in cultural activities and events.
  - Boost local pride by celebrating the town's distinctive culture and heritage.
9. A considerable amount of work has been undertaken to develop the Outline Business Case (OBC) along with a summary document, which has now been submitted to the UK Government. The summary document highlights all the key elements of the project as described in the following sections.

### **Strategic case**

10. The CPP will catalyse Blyth's cultural revival, supporting and amplifying the benefits of the wider investments in Blyth, through a programme of distinctive cultural events and placemaking interventions, alongside a high-profile branding campaign that will raise the profile and attractiveness of the town, retaining local residents and spending, and attracting visitors, businesses and investors. In particular, the Programme will complement planned investment in a new town centre Culture Hub as part of Blyth's Future High Streets Fund (FHSF) programme, with events animating the new venue at an adjacent marketplace performance space.
11. The Programme will enhance the town's attractiveness, raising its profile as an appealing place for visitors and investors, as well as enabling local people to celebrate Blyth's unique culture and heritage, galvanising a sense of local pride. It will encourage local people to spend more time and money in the town, and support efforts to attract business investment.

12. The CPP directly contributes to and aligns with the Energising Blyth Strategy and the Town Investment Plan, directly delivering against four of the core strategic priorities - Vibrant town, Growing Town, Inclusive Town and Clean Growth Town.
13. On this basis, the strategic case concludes by confirming the CPP is consistent with and will contribute towards the achievement of national, regional, and local strategic objectives and is needed for the following reasons:
  - There is a need to increase leisure and culture uses in Blyth, to attract visitors and local people to spend time and money in the town.
  - Blyth has potential to capitalise on its location to capture income from the Northumberland tourism market.
  - Public investment is required to increase the profile of the town through a cohesive and engaged approach that stimulates changes in perceptions and reinvigorates the former retail centre of the town.
  - Wider investment in Blyth creates an opportunity to bring more people and spend into the town.
  - The project will provide a critical foundation for building audiences and demand, securing local buy-in and ownership and encouraging much needed activation of the town centre in advance of the opening of the new Culture Hub.
  - There is an opportunity to raise the profile of Blyth by delivering a significant annual cultural events programme incorporating a combination of high-profile signature events, alongside smaller fringe events and activities.

## **Economic case**

14. The economic case assesses the benefits and costs of the potential delivery options for the project based upon its agreed critical success factors and strategic objectives. This assessment is undertaken in a standardised way in accordance with Treasury guidance to both define the preferred delivery option and to illustrate the extent to which the project provides value for money.
15. The critical success factors for the CPP are:
  - Strategic fit
  - Added value to Culture Centre investment and other cultural activities
  - Work in partnership with key stakeholders
  - Responding to market demand / capacity
  - Value for money
  - Achievability
  - Affordability
16. The seven delivery options for this project explored in the OBC were as follows:
  1. Do nothing/Business as Usual (reference case)

2. Do minimum (deliver on an ad hoc basis, subject to suitable funding)
3. Events programme only
4. Branding campaign only
5. Physical Improvements only
6. Core Culture and Placemaking Programme (preferred option)
7. Do more/larger scale option (an enhanced Culture Placemaking Programme)

This long list of options was assessed against the Critical Success Factors and the Strategic Objectives set.

17. Two options were then analysed in greater detail, focussing on the costs and benefits of each proposal. Options 2 and 6 were shortlisted on the basis that they best address the strategic objectives and the critical success factors and presented in terms of Benefit/Cost Ratio (BCR) as follows:
  - Option 2 - delivers a BCR of 3.2 at the local level; and a BCR of 1.5 at the UK level
  - Option 6 - delivers a BCR of 4.5 at the local level; and a BCR of 2.5 at the UK level
18. Given this, Option 6 of delivering a core culture and placemaking programme, was defined as the preferred option. This option addresses all of the strategic objectives and critical factors of success and will deliver the best value for money of the options considered.

## **Commercial case**

### *Physical Improvement/Event Infrastructure*

19. NCC will consider the potential for delivering some or all the physical improvement works in-house - the design and delivery of public realm works, and installation of the Blyth Beacons.
20. Some aspects of the works e.g. the installation of event infrastructure and lighting at heritage buildings, may require specialist skills/contractors. Further consideration of the work required will be undertaken by NCC and the delivery team before selecting the most appropriate approach. If third party contractors are required, NCC will lead on all aspects of procurement.

### *Cultural Event and Activities and the branding campaign*

21. There is no in-house capacity to deliver the events programme and branding campaign, within the timescale required. The management and delivery of the signature events and the branding campaign could be provided by third party

providers with the relevant expertise and capacity. Third party providers would be secured via appropriate procurement processes, led by NCC.

22. In addition, artists may be commissioned to develop content for the Animating Spaces programme, and the design of the physical improvement works.

#### *Procurement Process*

23. It is not expected that any single appointment will exceed current OJEU thresholds for services. A minimum of three competitive quotations will be sought for each appointment and the most economically advantageous proposition will be selected.
24. NCC's established procurement policies and procedures will be followed for all procurements within the CPP. Scoring and selection will be undertaken on the basis of quality/experience and cost, with the weighting to be discussed and agreed prior to starting the procurement process. NCC will assess the financial viability of all preferred suppliers before making a contract award.

#### **Financial case**

25. The total cost of the core Culture and Placemaking Programme is £1.5m, including £855,000 of capital costs, and £615,000 revenue costs. The breakdown is as follows:

<b>Item</b>	<b>Capital</b>	<b>Revenue</b>	<b>Total</b>
Cultural Events Programme	230,000	421,000	651,000
Physical Improvements	620,000		620,000
Branding		58,000	58,000
Delivery team / staff costs		136,000	136,000
Capital contingency	35,000		35,000
<b>Total</b>	<b>885,000</b>	<b>615,000</b>	<b>1,500,000</b>

26. The costs of the cultural events programme have been estimated by the creative team, in consultation with NCC's Regeneration team, and with suppliers (e.g. of event lighting to ensure the accuracy of cost estimates).
27. There are three main activities within the physical improvements programme – the Blyth Beacons, integrated physical works, and the heritage and cultural buildings lighting scheme. The Blyth Beacons will deliver 10 sculptural structures with integrated information panels and LED lighting. The capital contingency is based upon 3% of the total capital costs.
28. The cost of the branding campaign includes brand development, development and delivery of a comms plan, website design and build. The delivery team costs



include a FTE Arts and Audience Development post and a part-time creative team, who will support programme delivery.

*Project funding*

29. The breakdown of the proposed funding sources and amounts to cover the cost of £1.5 million is set out below. The Council's Capital and Revenue commitment will be £500,000 with the remainder funded by Towns Fund.

<b>Funding source</b>	<b>Capital</b>	<b>Revenue</b>	<b>Total</b>	<b>Status</b>
Town Deal	510,000	490,000	1,000,000	Subject to Outline Business Case approval
NCC	375,000	125,000	500,000	Capital identified in MTFP and Capital Programme, subject to subsequent Cabinet approval Revenue allocated through RRDF
<b>Total</b>	<b>885,000</b>	<b>615,000</b>	<b>1,500,000</b>	

*Financial profile*

30. The financial profile of anticipated spend and subsequent drawdown from the various funding sources is detailed below, obviously subject to approval confirmation of those financial contributions.

<b>Expenditure</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>Total</b>
<b>Capital</b>					
Physical improvements and Infrastructure	45,000	687,000	118,000		<b>850,000</b>
Contingency	10,000	10,000	10,000	5,000	<b>35,000</b>
<b>Sub-total</b>	<b>55,000</b>	<b>697,000</b>	<b>128,000</b>	<b>5,000</b>	<b>885,000</b>
<b>Revenue</b>					
Cultural Events Programme	38,000	159,000	159,000	65,000	<b>421,000</b>
Branding campaign	38,000	10,000	10,000		<b>58,000</b>
Delivery Team	40,000	57,500	38,500		<b>136,000</b>
<b>Sub-total</b>	<b>116,000</b>	<b>226,500</b>	<b>207,500</b>	<b>65,000</b>	<b>615,000</b>
<b>Total</b>	<b>171,000</b>	<b>923,500</b>	<b>335,500</b>	<b>70,000</b>	<b>1,500,000</b>

<b>Income</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>Total</b>
<b>Capital</b>					
Town Deal	55,000	350,000	100,000	5,000	<b>510,000</b>
NCC		347,000	28,000		<b>375,000</b>
<b>Sub-total</b>	<b>55,000</b>	<b>697,000</b>	<b>128,000</b>	<b>5,000</b>	<b>885,000</b>
<b>Revenue</b>					

Towns Deal	116,000	226,500	147,500	0	<b>490,000</b>
NCC	0	0	60,000	65000	<b>125,000</b>
<b>Sub-total</b>	<b>116,000</b>	<b>226,500</b>	<b>207,500</b>	<b>65,000</b>	<b>615,000</b>
<b>Total</b>	<b>171,000</b>	<b>923,500</b>	<b>335,500</b>	<b>70,000</b>	<b>1,500,000</b>

31. It is anticipated that the Town Deal and NCC initial investment in cultural activities in Blyth will stimulate and attract further funding and investment in culture in the town. The delivery team plan to capitalise on this initial core programme of cultural activity to secure additional funding, to deliver an enhanced culture and placemaking programme (The larger scale option).
32. Once delivery of the core CPP funded by NCC and Town Deal begins, the delivery team will develop a fundraising and income generation strategy to identify ways to generate income, and secure further funding to sustain and build on the events programme, beyond the life of the Town Deal and NCC funding.

### **Management case**

33. NCCs Programme Board and the Energising Blyth Town Deal Board will have overall responsibility for the Programme. They will provide strategic decision making and are the formal decision making bodies for the Programme.
34. A dedicated Programme Delivery Team will be established, who will be responsible for the successful delivery of the CPP. This includes monitoring progress against key programme milestones, assessing financial performance, reviewing risks, and managing the specialist team for the Programme. The Project Team will report progress to the Culture Centre Project Board and be accountable to the NCC's Programme Board, and the Town Deal Board.
35. The Programme Delivery Team consists of a Project Manager, the new Arts and Audience Development Officer, internal staff from NCC, including Regeneration, Culture, Finance, Procurement and Legal (as and when required) and the part time Creative Team. Specialist external organisations will be also appointed as and when required, including an events management provider, a branding agency and Artists/Creatives.
36. Programme delivery will be undertaken in close co-ordination with Blyth Town Council, the Energising Blyth Culture Advisory Group and the Blyth Culture Network.
37. In addition, the CPP delivery team will work with the Council's Employability Team, to enable residents registered with employability programmes are supported to access the volunteering and employment opportunities created.

38. A detailed programme plan has been developed, below are the key dates:

<b>Activity</b>	<b>Dates</b>
Arts Development Officer appointed	August to December 2022
Creative Team appointed	September to December 2022
Events Programme Delivery Plan	September to December 2022
Delivery of events	February 2023 to March 2026
Branding campaign	September 2022 to June 2023
Physical Improvements	April 2023 to March 2025

39. The programme plan will continue to be reviewed and updated on a monthly basis.

## **IMPLICATIONS**

<b>Policy</b>	The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Town Investment Plan
<b>Finance and value for money</b>	<p>For an allocation of £500,000, the Council is securing an external investment of £1m subject to approval of the full business case by the Energising Blyth Programme Board in October 2022. NCC resources for the project are identified in the Energising Blyth (EB) Programme identified 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>
<b>Legal</b>	<p>Subsidy control has been considered and the OBC and the project designed to ensure ongoing compliance with subsidy control requirements.</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>
<b>Procurement</b>	Project spend will be subject to the Council's recognised procurement procedures.
<b>Human Resources</b>	The project has being developed by NCC's EB Programme Team in conjunction with an external Creative Team. A new Audience and Development Officer will be appointed to support the delivery of the programme.
<b>Property</b>	Implications for council property will be considered in detail at Full Business Case stage – if applicable.
<b>Equalities</b>	(Impact Assessment attached)

	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A The Impact Assessment will be completed at Full Business Case, when information gathered from the ongoing Pilot activities will be drawn upon.
<b>Risk Assessment</b>	A risk register is in place for the CPP which will manage and monitor risk.
<b>Crime &amp; Disorder</b>	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.
<b>Customer Consideration</b>	There has been extensive partner and community consultation through the pilot projects.
<b>Carbon reduction</b>	The Programme will raise awareness of Climate Change and Net Zero, though linkages to the expanding Renewable Energy sector in Blyth
<b>Health and Wellbeing</b>	The Town Deal proposals include an underpinning objective to support the development of an 'Inclusive Town' supporting positive health and wellbeing outcomes through successful town centre regeneration.
<b>Wards</b>	All wards in the town of Blyth

### **Background papers:**

Culture Placemaking Programme - Outline Business Case – August 2022

### **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	Rick O'Farrell
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