



Northumberland

County Council

CABINET

13TH SEPTEMBER 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 4 July 2022 and 5th August 2022.

2. Recommendations

Cabinet is recommended to:

2.1 NFRS Fire Control Mobilising System:

Approve spend of £89,000 for further necessary upgrades to the Northumberland Fire & Rescue Service (NFRS) Fire Control Mobilising System to be funded from the FRS Risk Critical Equipment Budget for 22/23 (£25,000) and 23/24 (£64,000) in the Council's 2022-26 MTFP.

2.2 Longframlington Affordable Housing Units

Approve the acquisition of two 3 bedroom, section106 houses on the Cussins Lightpipe Farm Development in Longframlington at a total cost of £312,000 funded through the HRA Affordable Homes Budget included in the 2022-26 MTFP.

2.3 Desktop Refresh Preparation

Approve the transfer of £100,000 from the Cloud Migration Budget to the Desktop Refresh Budget in 2022/23 with a corresponding reversal in 2023/24 to enable the appointment of an external IT consultancy to commence the necessary planning and scoping for the roll out of the Desktop Refresh Programme which will commence in 2023/24.

2.4 Pegswood Childrens Home Grant Award

Accept a grant award of £429,000 from the Department for Education as a contribution towards the construction of the Childrens Home at Pegswood and increase the budget accordingly. The original project was approved by Cabinet in December 2019 at a cost of £648,000. However due to construction cost inflation since that date, the build cost has increased to £960,000. The Grant will therefore enable the project to be delivered within the approved budget limit.

2.5 B6344 Todstead Landslip Repairs

Approve repairs to the B6344 at Todstead at a total cost of £9,316,000, to be funded from the Todstead Landslip budget included in the Council's Medium Term Financial Plan for 2022-26 with £2,500,000 being spent in 2022/23 and £6,816,000 in 2023/24.

Delegate authority to the Council's Interim Chief Executive to sign the works contract for the project up to a value of £8,600,000.

2.6 Next Generation Flood Resilience

Approve the allocation and associated expenditure for Next Generation Flood Resilience within the Council's MTFP of £5,605,000 for the years 2022/23 to 2026/27 to be fully funded by the Environment Agency's Flood & Coast Resilience Innovation Fund and increase the budget accordingly.

Delegate authority to the Council's Interim Chief Executive to sign relevant works contracts up to a value of £5,000,000.

2.7 Contracts in excess of Delegated Limits

- Cabinet has previously approved capital investment for the County Hall Solar PV Carport Project in June 2019 and October 2020 to a total budget value of £3,362,120. In order to carry out the works, approval is now being sought to award the contract for the project to UK Power Network Ltd at a price of £3,059,767.
- Cabinet has previously approved capital investment of £5,500,000 to refurbish the vacant Richard Coates School in Ponteland to enable

the relocation of Atkinson House Special School from Seghill. Formal approval is now being sought to award a contract for the project to Robertson Construction Group Ltd for the sum of £4,943,168.

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 4 JULY 2022 AND 5 AUGUST 2022

5. NFRS Fire Control Mobilising System

5.1 CSG was asked to consider a proposal for further necessary upgrades to the Northumberland Fire & Rescue Service (NFRS) Fire Control Mobilising System.

Background

5.2 The NFRS Fire Control is part of an interoperable mobilising system delivered in conjunction with our partner, Tyne & Wear Fire & Rescue Service (TWFRS). The start-up of the interoperable mobilising and control project was funded by a £4,500,000 grant payment from the Home Office, with the system going fully operational in November 2013. The main contractor and current maintainer of the mobilising system is telent.

5.3 The initial capital application submitted in August 2021 requested £100,000 in 2022/23 for work to upgrade the system to accommodate upgrades to the Airwave communications system. This is essential to ensure that NFRS continues to maintain access to the emergency communications network. Airwave currently provides the resilient interoperable communications system, which enables all emergency services to communicate effectively during response to an operational incident.

5.4 At the time of submission, the costs were indicative. However, definitive costings provided to NFRS and TWFRS from telent and their sub-contractor Frequentis, identify that the NFRS share of this upgrade payment will now be £117,000 and therefore additional funding of £17,000 is required.

5.5 There is a further requirement to upgrade the '999' lines into fire control from ISDN/PSTN lines to Session Initiation Protocol (SIP) lines by the end of 2025. BT will no longer be providing ISDN/PSTN lines at this point. Home Office have already indicated to FRS nationally that they will not fund work to upgrade '999' lines following the cessation of ISDN/PSTN.

5.6 This requirement was forecast by NFRS and TWFRS and would have been subject to a future capital financing bid once upgrade plans and costs had been agreed. However, discussions with our partners TWFRS has established that it would be beneficial to undertake the SIP upgrade work as soon as possible to align resources and system development alongside work to upgrade the mobilising system voice integration system. The voice integration system upgrade is being fully funded to both FRS by Home Office grant payment.

- 5.7 The NFRS share of the cost of the SIP upgrade is £72,000. Therefore, the total additional capital requirement, including the additional £17,000 for the Airwave upgrade is £89,000.
- 5.8 Should the NFRS work to upgrade to SIP be delayed until nearer 2025, then the shared system will be out of sync with our partners, TWFRS. This would increase the risks associated with any remedial or improvement works carried out on the joint system, as well as making any such works more expensive. If implementation is delayed, there is a risk that engineers will have reduced availability to carry out the work due to increased demand across the emergency services sector. Previous experience suggests that Police Forces would most likely be prioritised at this time and that costs would be significantly higher than those currently being quoted.

6. Longframlington Affordable Housing Units

- 6.1 CSG were asked to consider a proposal to acquire two 3 bedroom, section 106 houses at the Cussins Lightpipe Farm Development in Longframlington at a total cost of £312,000.

Background

- 6.2 There are a total of six section 106 units to be delivered on this site but the Council are only bidding on 2 units (Plots 1 & 2) as the remainder are for Shared Ownership.
- 6.3 This acquisition is part of the Housing Delivery Pipeline that has been identified and progressed by the Housing Delivery team with a view to increasing the supply of affordable homes in areas where Northumberland County Council operate as a landlord.
- 6.4 This proposal meets the objectives of the recently adopted Local Plan, the NCC Housing Strategy, the findings of the Strategic Housing Market Assessment (SHMA) 2018 refresh and the emerging NCC Housing Delivery Strategy. It will contribute towards NCC's plans to provide additional affordable homes in locations where there is an identified housing need and where NCC already has a management presence.
- 6.5 In terms of identification of local housing need this site is located on the edge of the village and at the entrance of this Cussins market sale site. It has been identified from the Homefinder application and bidding data that there is a need for 3 bed houses that will be in high demand as they do not currently exist within the NCC stock profile of this village. The units will be advertised on Homefinder and allocated in line with a Local Lettings Plan giving priority to applicants with a local connection.

- 6.6 Cussins (North East) Ltd are a reputable developer working across Northumberland and they have delivered a pipeline of section 106 units that have been acquired by registered providers. The homes will be energy efficient and have a positive impact on carbon reduction as identified in the Carbon Impact assessment for this scheme.

Proposal

- 6.7 The cost for each unit is £156,000 and the total capital cost for the scheme is £312,000 which will be funded 50/ 50 through HRA and Capital Receipts. With the Open Market value of each unit being assessed at £260,000 this represents a transfer value of 60% which is comparable to other RP schemes in the area.
- 6.8 The homes will be constructed of traditional brick with tile roof but will have energy efficiency features and will provide residents with a high rated energy efficient home in this rural village.
- 6.9 Development has already commenced on this site and it is anticipated that these particular units will be ready for practical completion during the last quarter of the current financial year.
- 6.10 A detailed viability proposal has been completed which shows an accumulated surplus of £155,000 at the end of a 30 year period.

7. Desktop Refresh Preparation

- 7.1 CSG were asked to consider a request from IT to transfer £100,000 from the Cloud Migration Budget to the Desktop Refresh Budget to enable preparatory work to commence on the Desktop Refresh planned for 2023/24.
- 7.2 IT intend to employ an external consultancy company to support the future Desktop Refresh programme. They will assist NCC in building a modern approach to Desk Top Refresh (DTR) engaging the market to procure a new service to meet the needs of staff.
- 7.3 The consultancy will assist in exploring the expansion of the scope of services for a potential supplier, to include areas such as delivery/collection, asset management, stock management and disposal, as well as the use of self-service technologies to enable users to auto-provide applications. The over-arching aim is to enable best-use of Council resources, whilst also providing end-users with the best experience, recognising that a Desktop Refresh project affects almost all Council employees.
- 7.4 They will provide subject matter expertise and support to:

- Document the existing estate and understand the current applications, deployed devices and issues
- Establish the requirements for any new service, from a strategic perspective, a user perspective, a support perspective and a technical perspective
- Evaluate the potential options; Proposal for Desktop Refresh Requirements and Sourcing Support
- Engage the market through a suitable procurement route and select an appropriate service provider and solution that provides the best value for money.

7.5 There have been significant delays to Cloud Migration throughout the pandemic as IT have focused on operational priorities, meaning that this budget line will remain underspent for the current financial year. The request is therefore to utilise £100,000 of this budget for Desktop Refresh Preparation in 2022/23 and then allocate £100,000 from the Desktop Refresh budget back to the Cloud Migration budget in 2023/24.

8. Pegswood Childrens Home Grant Award

8.1 CSG was asked to consider acceptance of a grant of £429,000 towards the construction costs of a new Pegswood Childrens Home.

Background

8.2 The sufficiency duty to provide or procure placements for Children Looked After (Children in Care) is explicit in the Children Act 1989. These regulations require a strategy to be in place that describes how local authorities intend to provide sufficient care placements for its children in care. The introduction of Sufficiency Statutory Guidance (2010) and the Care Planning, Placement and Case Review Regulations have provided further clarity on the implementation of section 22G of the Act.

8.3 The Statutory Guidance sets out a requirement for local authorities to work with key partners to be able to secure, where reasonably practicable, sufficient accommodation for children in care which meets the needs of children and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area.

8.4 In 2019, a business case was submitted and approved by Cabinet with the proposal being to build two new four-bedroom children's homes within Northumberland, to provide medium to long term care for children aged 6 - 17 years old at a cost of £648,000 each. This was to be funded from the Childrens Homes Budget in the Councils MTFP.

- 8.5 Due to various complicating factors including the identification of suitable sites and issues with planning, progression of the new builds has been seriously delayed since the project was first approved. Anticipating a significant cost increase for the scheme, a bid to the DfE to match fund the Pegswood scheme was therefore made and this has been successful.
- 8.6 The contract for the project has now been awarded and the DfE grant of £429,000 therefore needs to be formally accepted into the Council's MTFP.

9. B6344 Todstead Landslip Repairs

- 9.1 CSG was asked to consider a proposal to repair the B6344 Todstead Landslip at a total cost of £9,316,000.

Background

- 9.2 The Todstead Landslip is located on our strategically important Resilient Road Network on the B6344 in the Coquet valley near Rothbury. The B6344 serves as an important link within the network which provides all weather access to Rothbury. The embankment carrying the road has been moving for a number of decades. The result has been that the carriageway continues to crack and become uneven, presenting a significant hazard to the travelling public. A regime of increasingly frequent repairs is required to maintain the road in a safe condition. This has included the road again needing to be closed and resurfaced in recent months to provide a safe running surface.
- 9.3 Various measures have been undertaken to reduce the pace of movement including the installation of deep drainage, implementation of speed restrictions and use of traffic management to move vehicles away from the weaker parts of the carriageway. The pace of movement has not slowed leaving the road unstable with an unsustainable maintenance burden attached. Without a comprehensive solution there is a likelihood of the slip developing to a point where the road is unusable.
- 9.4 The importance of the route was highlighted when the road was required to be used as a diversion route whilst essential works took place on the B6341. The increase in traffic volume resulted in rapid deterioration of the carriageway which necessitated urgent repairs.
- 9.5 £9,316,000 was allocated for the repair of Todstead Landslip in the Council's Medium Term Financial Plan 2022-26.
- 9.6 The project aims to realign the highway and construct a retaining structure to support the road therefore eliminating the possibility of further damage or ultimate loss of the highway. A sheet pile wall will be installed to arrest the movement of the slip. The carriageway will be realigned on the west end of the slip to move the road away from the river. Dewatering wells will be

installed to reduce the substantial ground water pressure and river bank protection measures will be installed to guard against erosion.

- 9.7 A ground investigation was carried out to in 2021 to inform the detailed design. The detailed design has also now been undertaken and completed. This process has been backed by Early Contractor Involvement to develop the proposed solution. Significant efforts combined with diligence and adequate allocation of resources and time in the planning phase has led to a well developed proposal aimed at managing project risk from the outset. A suite of tender documents have been prepared and the procurement process is underway.

Estimated Cost of Repairs

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

ITEM	Cost
Construction works	£7,322,000
Land purchase	£50,000
Detailed Design and Tender Documentation	£250,000
Consultants' fees	£190,000
Service Diversions	£90,000
Project Management	£78,000
Supervision (internal)	£70,000
Permitting	£10,000
Traffic Management	£65,000
Contingencies (risk and inflation)	£1,191,000
TOTAL	£9,316,000

The estimated cost of the project including contingency is in line with the original budget allocation included in the MTFP.

- 9.9 A robust and thorough risk based approach has been and will continue to be applied to manage the risks presented by the execution of this project which has led to an appropriate contingency being identified and allowed for. The works are expected to commence in early 2023 and are anticipated to run for 56 weeks.

10 Next Generation Flood Resilience

- 10.1 CSG was asked to consider a 5 year programme to improve flood resilience across Northumberland fully funded by the Environment Agency.

Background

- 10.2 On 14 July 2020, the Government set out its long-term ambition to create a nation more resilient to future flood and coastal erosion risk. Alongside this announcement, the Environment Agency published its new National Flood and Coastal Erosion Risk Management Strategy for England, which also focusses on improving overall flood resilience and provides a framework to guide the activities of those involved in flood and coastal erosion risk management.
- 10.3 A key objective of this strategy is that people will receive the information and support they need to transform how the nation better prepares and responds to flooding and coastal change, which includes an action to enhance the nation's flood warning services.
- 10.4 In April 2021, Defra and the Environment Agency announced the allocation of £150 million to the Flood and Coastal Resilience Innovation Programme to enable 25 local areas to demonstrate how practical innovative actions can work to improve resilience to flooding and coastal erosion. Northumberland County Council submitted a bid to this programme as the lead organisation (and accountable body) for a scheme. The Council was successful in its application and was allocated funding for 'Next Generation Flood Resilience' which aims to provide a new means for flood warning and reach those communities currently isolated from existing services.
- 10.5 The project arises from challenges in providing greater coverage and accuracy of warning services, as the existing flood warning arrangements operated nationally by the Environment Agency are limited to rivers and coastal flooding from the sea and there is a recognised need to enhance the flood resilience of rural and mid-catchment communities who are disproportionately challenged in managing flood risk from both surface water and rivers (particularly from smaller ordinary watercourses). This is recognised as a national issue, owing to:
- Lower concentrations of properties being at risk, which makes frequent flooding difficult to resolve due to challenges in demonstrating value for money and few opportunities for external contributions, particularly as infrastructure funding is strongly linked to growth which can be a challenge for rural areas. This often means the only viable interventions are property level resilience which is typically less robust than more traditional community scale interventions;

- Local rural economies largely consist of smaller businesses which find it more difficult to respond to the effects of flooding;
- A larger population of people aged 65 or above when compared to the national average, with age being a factor for increasing recovery time after a flood event, increased vulnerability to the effect of flooding, and reduced access to digital information;
- The sparsity of good data and the remoteness of these communities and poorer access to essential services and strategic transport links present challenges for response and recovery.

10.6 With climate change likely to mean more frequent and intense flooding, more properties will be flooded and livelihoods lost, even lives destroyed if resilience in these particularly vulnerable communities is not improved. The North East provides a great test ground for flood resilience innovation as 75% of its geography is rural. This increases to 97% in Northumberland where the project will be focused and where communities very much feel these disproportionate effects. The project will initially include six rural communities namely: Hepscomb, Ovingham, Riding Mill, Stocksfield, Haltwhistle and Acomb.

10.7 In particular, the project will:

- Provide a means of flood warning, appropriate for the end-users (community, operators etc.), which will reach the identified communities currently isolated from existing services;
- Evolve decision making in operational flood response to enable communities to make informed decisions regarding evacuation/property level defences.
- Create a prototype for wider national implementation among communities with similar flood risk behaviour properties.

10.8 The Table below details the forecast capital expenditure profile for the project:

	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	Total £'000
Annual Funding	678	1,541	1,212	1,049	1,125	5,605

The project will be fully funded by the Environment Agency's Flood & Coast Resilience Innovation Fund.

Key Risks

- 10.9 From a technical perspective, the principal aim of the project is to design a system that can issue flood warnings to the six identified communities. There are several key risks in achieving this aim:
- The system developed may be unable to issue warnings, and/or is unable to issue warnings with enough lead time for the end users to act as they need.
 - The system developed may issue inaccurate warnings thereby eroding trust and adoption of the system by the end users.
 - There will not be any significant weather events during the development and piloting stage of the project to test the system.
 - The project may not sufficiently engage the communities to a point where there is adequate uptake of the flood warning system to test its application.
- 10.10 Community engagement is critical to mitigating these risks, therefore, it is intended that a 'Community Steering Group' is set up to include key end-users such as flood wardens, riparian owners and professional responders.
- 10.11 The main risk, post development, is the adoption of the service. The funding for this innovation project has been allocated to develop a prototype that would be feasible to adopt. The Environment Agency has legislative responsibility to issue flood warnings and already has the technical infrastructure in place to issue flood warnings. However, owing to this being an innovative project for which the future resource requirements for adoption and scaling for national implementation are still largely unknown, the Environment Agency are unable to commit to adopting the service at this stage.
- 10.12 To mitigate this risk, the service will be designed to fit into existing EA operations and there will be collaboration / reviews throughout to allow for easy adoption and minimal disruption.
- 10.13 The Environment Agency will be a partner throughout project delivery, to help steer the project with a particular focus on the future operational needs and opportunities for national scaling. In addition, the project will be delivered in line with Government's Digital Service Agile Delivery model which promotes a review gateway between Alpha phase (service development) and Beta phase (testing). Routes to adoption will be reviewed at the end of Alpha phase before progressing to Beta. Community expectations will be managed as for any innovation project via the stakeholder engagement plan.

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 or external funding.
Legal	With regard to the NFRS proposal, NCC, as Fire Authority, has a legal obligation under the Fire & Rescue Services Act 2004 s7(2)c to make arrangements for dealing with calls for help and for summoning personnel. The requirement to have interoperability with other emergency services is also a legal requirement for the Fire Authority under the Police & Crime Act and the Civil Contingencies Act. .
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 not funding the NFRS proposal is that NCC, as Fire Authority may not be able to meet its statutory obligations established in the Fire & Rescue Services Act 2004 to provide a means for members of the public to make calls for emergency services response. In addition, there is an increased risk of death or injury to both firefighters and members of the community if robust interoperable communications is not maintained with all other emergency services. The risks associated with the other proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the projects.
Crime & Disorder	This proposal has a positive impact on crime & disorder, as it enables interoperability with police. This is particularly

	important for terrorist type incidents and incidents of anti-social behaviour..
Customer Consideration	If supported, this proposal provides our customers with the most modern means of contacting the fire and rescue service when reporting an emergency incident. It also provides our customers with the assurance that interoperability between emergency services responding to a multi-agency meeting is effective and resilient. .
Carbon reduction	Carbon Impact Assessments have been completed for the relevant projects.
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 Chief Executive	Rick O'Farrell
Portfolio Holder	Richard Wearmouth

Author and Contact Details

Mike Turner, Head of Property Services

Mike.Turner@northumberland.gov.uk