



Northumberland

County Council

CABINET

17 NOVEMBER 2022

BEBSIDE TO TOWN CENTRE CYCLING AND WALKING CORRIDOR: OUTLINE BUSINESS CASE

Report of: Rick O'Farrell, Interim Chief Executive

Cabinet Member: Councillor Wojciech Ploszaj, portfolio holder for Business

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 Bebside to Town Centre Cycling & Walking Corridor project which is pending approval by the Department of Levelling Up, Housing and Communities (DLUHC).

The OBC has been externally appraised with a recommendation to proceed to Full Business Case (FBC). It was approved by Town Deal Board on 28 September 2022.

Recommendations

Cabinet is recommended to:

- (1) Approve the Outline Business Case (OBC) for the Bebside to Town Centre Cycling & Walking Corridor project 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.**
- (3) Delegate approvals to the Executive Director to execute all contracts relating to the project subject to confirmation of associated funding being in place and 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 across most of the Council's Corporate Plan Priorities but particularly to the living, enjoying, thriving and connecting strategic priorities.

Key issues

Since the Town Deal funding award, 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. First, to provide sufficient confidence to the Government that this is an attractive and robust project; and confirm an ask of £4.75 million. Second, to provide a solid foundation for finalising the full business case, thereby securing approval of the project.

The approvals process for the Bebside to Town Centre Cycling & Walking Corridor project has commenced with the submission of the OBC to DLUHC for the proposed £6.9M scheme.

To date, Town Deal has provided a total of £75,000 towards the development of the Project.

When the Strategic Outline Business Case (SOBC) for the project was submitted in June 2022, the scope of the project, in terms of infrastructure requirements, was largely agreed.

The project programme anticipates that the project will commence in March 2024 with completion by February 2026.

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.

BACKGROUND

1. Northumberland County Council and its partners have been successful in attracting both Future High Streets (£11.1m) and Town Deal (£20.9m) 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 proportionate '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 was externally appraised on 16th September 2022 and approved by the Town Deal Board on 28th September 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 costs, draft construction contract and confirmation of funding, planning and programme.
4. By Full Business Case, the Summary Document should be approved by DLUHC and the first-year funding received by NCC, allowing 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.

PROJECT SCOPE

BEBSIDE TO TOWN CENTRE CYCLING & WALKING CORRIDOR

5. Bebside to Town Centre Cycling & Walking Corridor will create a 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. This 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. The project will support Blyth's vision to be a Connected, Vibrant and Clean Growth Town.

6. Designs for the project are currently at Preliminary Design stage. The design team are working with partners to progress more detailed designs and project costs.
7. The Strategic objectives for the project are:
 - Create a high-quality walking and cycling route between Blyth town centre and Blyth Bebside which support onwards journeys to the proposed Northumberland Line Station at Bebside
 - Provide increased opportunities for residents of Blyth to access employment and education opportunities
 - Reduce the necessity for residents to undertake journeys by private motor vehicles
 - Improve the health and wellbeing of residents by providing facilities that allow people to be more active
 - Reduce CO2 emissions and improve air quality by reducing the number of car journeys and thereby congestion
8. A considerable amount of work has been undertaken to develop the Outline Business Case (OBC) and Summary Document, which is now fully prepared and ready for submission to the UK Government.

Strategic Case

9. The Blyth Bebside Town Centre Connectivity (BBTCC) project is a new walking and cycling infrastructure scheme connecting the new passenger rail service at Blyth Bebside Station to the town centre, key employment sites including the Blyth Riverside Business Park, and residential areas in the north of the town (Kitty Brewster, Cowpen and Croft wards). The project will involve a mixture of traffic calming, road safety measures and segregation to encourage more walking and cycling.
10. The project directly contributes to and aligns with the Energising Blyth Strategy and the Town Investment Plan, delivering against three of the core objectives (Vibrant Town, Connected Town, Growing Town) as well as the Clean Growth Town cross cutting priority.
11. The project is consistent with and will contribute towards the achievement of national, regional, and local strategic objectives and will address the following two market failures:
 - **Public Good:** the infrastructure provided by the project corrects a market failure in that this will not be provided by the private sector. Active travel and public realm investment is non-excludable and non-rivalrous, meaning anyone can benefit from the provision and benefits to one person do not reduce the benefit

for others. There is limited incentive for the private sector to invest in the improvements and so the benefits are not likely to be realised without public sector intervention.

- **Investor Confidence:** Blyth town centre has a poor and declining retail offer, low footfall and high vacancies. This may create barriers to private sector investment and increase vacancies. An improvement to visitor numbers and expenditure via an enhanced active transport offer will demonstrate the opportunities for growth in the town centre.
- **Positive Externalities:** these will be generated by improved connectivity and pedestrian and cycle priority. Improved experience can support making the town centre more attractive, which can drive dwell time and spend. Improved health and low-carbon outcomes can also be met through better pedestrian priority and improved cycle links, which would generate economic and social benefits for local people.

12. Investment will help to connect the town centre to the Blyth Bebside Cycle / Walking corridor, linking to the new Bebside Station. This will promote sustainable transport choices that reduce congestion, improve air quality and support health benefits associated with active travel.

13. There is a clear need to invest in walking and cycling infrastructure in order to improve connectivity and encourage more active travel options.

Economic Case

14. The economic case assesses the benefits and costs of 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 extent to which the project provides value for money.

15. The preferred delivery option versus a no Town Deal/business as usual option were appraised. The quantified benefits considered journey ambience improvements and uplifts in walking and cycling, namely mode shift and health benefits.

16. The costs and benefits of the preferred option was calculated and **delivers a Benefits/Cost Ratio (BCR) of 1.60**. This demonstrates acceptable value for money according to DLUHC BCR categories.

Commercial case

17. Project Build/construction options

Two project build/construction options have been considered:

- Option 1 – In house build.

- Option 2a – Additional support/procure services via an established framework for operator plant and small works.
- Option 2b – Procure third party contractor for construction phase.

Whilst an ‘in house’ build (option 1) is preferred, other options have been considered to mitigate the risk of insufficient ‘in house’ capacity.

The Procurement process and timelines have been explored and sufficient time has been included within the Programme in order to mitigate risk of delays.

18. Project Delivery/Operation options

The scheme will form part of the public highway upon completion, ownership and long-term maintenance will be the responsibility of Northumberland County Council.

Financial case

19. The total anticipated capital cost of the project is £6,869,600 and anticipated revenue cost is £60,000. This will be confirmed at Full Business Case stage. The breakdown of the costs is as follows:

Item	Cost
Capital	
Design	296,396
Utilities	240,000
Construction	4,234,070
Inflation	762,659
Risk	1,336,475
Sub Total	6,869,600
Revenue	
Comms & Engagement	60,000
Total	6,929,600

20. Construction costs were estimated by NCC Technical Services and a qualified Quantity Surveyor based on the preferred Concept Designs available at this time and benchmarked against similar schemes.

Risk has been included at a conservative rate of 24%. The funding package is set out below.

Project funding

21. The breakdown of the proposed funding sources and amounts is set out below. As part of the Medium-Term Financial Plan, the Council Capital has identified a total of £2,120,880 with the remainder funded by Towns Fund.

Funding source	Capital	Revenue	Total	Status
Town Deal	4,748,720	60,000	4,808,720	Confirmed, subject to Outline Business Case approval
NCC (capital)	2,120,880	0	2,120,880	Capital identified on MTFP and Capital Programme, subject to Council approval of OBC.
Total	6,869,600	60,000	6,929,600	

Financial profile

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

Expenditure	22/23	23/24	24/25	25/26	Total
Capital					
Design	140,006	156,390			296,396
Utilities			240,000		240,000
Construction			2,000,000	2,234,070	4,234,070
Inflation		12,511	324,352	425,796	762,659
Risk			502,500	833,975	1,336,475
Sub Total	140,006	168,901	3,066,852	3,493,841	6,869,600
Revenue					
Comms & Engagement				60,000	60,000
SubTotal				60,000	60,000
Total	140,006	168,901	3,066,852	3,553,841	6,929,600

Income	22/23	23/24	24/25	25/26	Total
Capital					
NCC				2,120,880	2,120,880
Town Deal	140,006	168,901	3,066,852	1,372,961	4,748,720
Sub Total	140,006	168,901	3,066,852	3,493,841	6,869,600
Revenue					
Town Deal				60,000	60,000
SubTotal				60,000	60,000
Total	140,006	168,901	3,066,852	3,553,841	6,929,600

Management case

23. **Reporting and Governance** will continue in accordance with the Local Assurance Process and will include Cabinet approval and delegation to Town Deal Board to approve the post tender Full Business Case and award contracts. Monitoring and Evaluation will continue and will be reported to Towns Fund in accordance with the Heads of Terms and Grant Funding Agreement.

24. **NCC Technical Services** will project manage delivery of the capital project on behalf of the Energising Blyth team and have led on the Design.

25. A **Project Steering Group** will be established including the Project Manager and members of the design team, also involving members of EB Team, Technical Services, Highways, Strategic Estates and Regeneration Finance & Performance. This Group will cover key Project Delivery areas, including programming, procurement, cost and risk management, change control and quality assurance, health and safety.

Key Milestones

Project milestone	Target date
Preliminary design development & costings	30 June 2022
Strategic Outline Business Case Submitted	6 June 2022
Public engagement/consultation	28 July 2022
Outline Business Case (OBC) submitted	13 August 2022
OBC approved by Town Deal Board	28 September 2022
Summary Document submitted to DLUHC	30 September 2022
Cabinet Approval	8 November 2022

Summary Document approved by DLUHC	November/December 2022
Detailed design development & costings	2 June 2023
Full Business Case submitted	21 July 2023
Full Business Case approved by Programme Board	25 Aug 2023
Final approval of project funding (Town Deal & NCC GFA)	26 Oct 2023
TRO's/Stopping Up Orders in place.	January 2024
Construction Commences	3 March 2024
Project Completion	27 February 2026
Stage 3 RSA	27 March 2026

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

IMPLICATIONS

Policy	The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Town Investment Plan
Finance and value for money	For an allocation of £2,120,880, the Council is securing an external investment of £4,808,720. NCC resources for the project are identified in the Energising Blyth (EB) Programme identified in the Medium Term Financial Plan.
Legal	<p>No legal advice in relation to subsidy control advice has been received to date as land is predominantly owned by NCC and the project is not economic in nature and the Council will not be active in a market. Receiving contributions from public funds is therefore not anticipated to provide the Council with any sort of economic advantage.</p> <p>Legal advice will be obtained prior to Full Business Case submission in any event and more particularly if any work is to be undertaken on land outside the ownership of the Council, and / or any additional parts of the project which may be deemed to be commercial in nature.</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 £2 million.

Human Resources	The project is being developed by NCC's EB Programme Team in conjunction with partner leads, including NCC Technical Services.
Property	Implications for council property will be considered in detail prior to Full Business Case submission.
Equalities	(Impact Assessment attached) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Available on request
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.
Customer Consideration	There has been partner and community consultation during the development of the project. This will continue as detailed designs are developed.
Carbon reduction	The project will contribute towards carbon reduction and clean growth objectives by promoting sustainable modes of transport.
Health and Wellbeing	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.
Wards	Located across Kitty Brewster, Cowpen and Croft Ward with benefit to all wards in Blyth.

Background papers:

Beaside to Town Centre Cycling & Walking Corridor - 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	Helen Lancaster on behalf of Suki Binjal
Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Rick O'Farrell
Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Cllr Wojciech Ploszaj

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