



# Northumberland

## County Council

**CABINET**

**9 MAY 2023**

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### **Summary of New Capital Proposals considered by Officer Capital Strategy Group**

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

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

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#### **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 6th April 2023.

#### **2. Recommendations**

In relation to the matters at 2.1, 2.2, 2.3 and 2.4 which were considered by the Officer Capital Strategy Group, Cabinet is recommended to:

##### **2.1 Fly Tipping Intervention Grant Award:**

Accept a grant of £33,025 into the Capital Programme for 2023-24 awarded from DEFRA's fly tipping intervention fund for investment in CCTV to support fly tipping enforcement.

##### **2.2 Northumberland Play Zones:**

Approve an allocation of £300,000 from the Strategic Regeneration Projects budget within the Capital Programme for 2023-24 to support the development of a network of PlayZones across the county.

##### **2.3 Reallocation of funding for IT Capital Schemes:**

Approve the reallocation of IT capital funding to support the DeskTop Refresh Project as detailed in para 7.6 below noting no overall increase in capital spend for 2023/24.

#### **2.4 Local Authority Housing Fund Grant Award:**

- Accept a Local Authority Housing Fund (LAHF) grant award of £1,120,827 into the Capital Programme for 2023-24 to fund the acquisition of 12 homes.
- Approve match funding of £1,069,628 from the Council, funded from a revenue contribution of £566,400 from the Homes for Ukraine funding and £503,228 from the HRA Affordable Homes Budget as detailed in para 8.5 below.

### **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 6 APRIL 2023.**

### **5. Fly Tipping Intervention Grant Award**

- 5.1 CSG was asked to consider a request to accept a grant of £33,025 into the Capital Programme for 2023-24 awarded from DEFRA's fly tipping intervention fund for investment in CCTV to support fly tipping enforcement.

#### **Background**

- 5.2 Fly-Tipping in the towns of Ashington and Blyth. account for the main percentage of reports in the County. A breakdown of the issues shows that 2,413 of the 2,776 reports in 2022 occurred in these areas. The dumped items were household waste ranging from fridges and sofas to bagged food and general rubbish.
- 5.3 The areas which are problematic are older housing estates with back lanes which have high walls on each side providing many opportunities for the dumping of waste without detection. They are also the more deprived areas of the County where residents struggle to provide their own transport to dispose of their larger waste items lawfully.
- 5.4 The award was confirmed on 13<sup>th</sup> March 2023 to be used for the deployment of CCTV in hotspot areas to facilitate the identification of fly tippers and act as a deterrent.

### **6. Northumberland Play Zones**

- 6.1 CSG was asked to consider a request to allocate £300,000 from the Strategic Regeneration Projects budget within the Capital Programme for 2023-24 to support the development of a network of PlayZones across the county.

#### **Background**

- 6.2 Bringing together investment via the Football Foundation from the Premier League, The FA and the Government through Sport England, the PlayZones Programme aims to engage with local communities across the country to create outstanding sports and activity spaces and tackle inequalities in participation.
- 6.3 It is targeted in the first instance to the 25 areas, including Northumberland, previously shortlisted through the Active Through Football Programme. The rationale for this is to focus investment and resource into communities with

the greatest need. Priority groups across the country face stubborn inequalities in activity levels and access to sports facilities. As a result of the Covid-19 impact, this inequalities gap has widened further. The Programme therefore aims to offer safe and inclusive facilities that will help local communities overcome these challenges. The priority groups are as follows:

- Low Social Economic Groups
- Women and Girls
- Disabled and Long-Term Health Conditions
- Ethnically Diverse Communities

- 6.4 Community Engagement is at the heart of this programme. Facilities will be designed in partnership with local communities to ensure that the final design and surface works for football and other sports and activities identified for that area. Activation and management of the space is as important as the facility itself. PlayZones will be available for community use day and night, all year round.
- 6.5 The Football Foundation aims to deliver 330 PlayZones by 2025 via a portfolio-based approach with each application expected to consist of multiple sites. Although the investment is football-led, PlayZones are designed not only for recreational football, including Premier League Kicks, FA Weetabix Wildcats and walking football programmes, but a whole host of other sports and activities, from basketball to netball, rugby, hockey, cricket and more.
- 6.6 The cost of each facility depends on various factors including specification and site conditions. However, it is broadly estimated that a new build facility will cost around £350,000, with lower costs for refurbishing existing spaces. For each Play Zone, a minimum partnership funding contribution of 25% of the total capital cost across the portfolio of facilities is required.
- 6.7 In terms of outcomes, each successful application will be measured against two key outcomes:
- Increased physical activity levels in priority groups using PlayZones
  - Behaviour change leading to improved and sustained long-term physical activity habits

### **Approach adopted in Northumberland**

- 6.8 In July 2022, NCC submitted an Expression of Interest (EOI) to Sport England detailing 11 communities in areas of Northumberland where a PlayZone had a high chance of being developed. The EOI took into consideration:
- Demographics of target audience
  - Mapping of facilities available to target audience.
  - Potential site to be developed either as refurbishment or new build

- Interest from stakeholders in response to widespread communication to all Town and Parish Councils and Elected Members and Community Networks and a series of workshops delivered.
- 6.9 In October 2022, Sport England confirmed that the EOI had been accepted and as such, the Council was invited to submit a full application, confirming all aspects of the bid, by 14 April 2023. It was also made clear that a further bidding round would be undertaken with a deadline of 14 October 2023, before the Programme is opened up to all local authorities / organisations in the country.
- 6.10 Over the past six months, extensive community engagement with key stakeholder organisations and Elected Members have been held in each community to identify preferred and potential sites. As part of this work, additional locations were revisited with the portfolio of possible PlayZones across the county rising to 16. Feasible sites in each community were identified at each location.
- 6.11 For each potential site, the Football Foundation will conduct site surveys to produce options of design that will be matched with the results from the community engagement on the sports and activities that community requires. This process will generate accurate capital build and indicative maintenance costs. Until these surveys are complete, all costings are based on predicted costs provided by Sport England. All costs tend to be on the higher end of prediction to reduce risk of insufficient match funding.
- 6.12 Whilst each PlayZone is a fantastic asset to the community, they require ongoing maintenance. As a result, consistent with the Programme, the Council is encouraging lead organisations or consortiums within the community to assume responsibility for the subsequent maintenance and management of the PlayZones.
- 6.13 For Council-owned sites, both Strategic Estates and Neighbourhood Service have been involved in agreeing the local arrangements, whilst on other sites, the owner has approved the proposed scheme. In addition, planning officers have been consulted to highlight any potential planning concerns ahead of full Planning Application being submitted and no major concerns have been raised at this stage.

### **Phasing**

- 6.14 In order to maximise their success rate, the Council is taking a two-phased approach to its applications with potential PlayZones prioritised based on their ability to meet all criteria in time for the first deadline of 14 April 2023. Match funding is already in place for this first phase covering sites at Alwick, Amble, Newbiggin, Ashington, Bedlington, Hexham, West Wylam and Choppington. These largely relate to existing Multi Use Games Areas (MUGAs) which need upgrading and/or the insertion of floodlights.

- 6.15 A further potential 8 facilities are being explored for Phase 2 including sites at Haltwhistle, Seaton Valley, Berwick, Cramlington, Wooler, Blyth, Lynmouth and East Bedlington. Some of these, as yet, do not have a site or lead organisation identified but there is sufficient interest and reason to be optimistic. Equally, more work is required to exploit all the potential opportunities for match funding.
- 6.16 In order to enable Phase 2 to be progressed, a match funding allocation of £300,000 is being sought with specific amounts for each site being confirmed in a later paper once detailed designs and costs have been received and further consultation carried out with interested stakeholders and partners. The number of sites ultimately taken forward will depend on costs for individual sites and our ability to identify other match funding sources.

## **7. Reallocation of funding for IT Capital Schemes**

- 7.1 CSG was asked to consider a request to reallocate capital funding across several IT budget categories as detailed below to support the DeskTop Refresh Programme.

### **Background**

- 7.2 The DeskTop Refresh (DTR) scheme is a capital programme to replace our desktops and laptops to ensure that our staff are using devices that are secure, in warranty and perform reliably and reduce ongoing support, repair and replacement costs. Devices typically reach end of life after 3-4 years and require replacing.
- 7.3 The DeskTop Refresh – Phase 1 capital funding was set in 2018 for the initial 3-year period, with Desk Top Refresh – Phase 2 set in 2020. Both budgets were based on hardware prices at the time of Phase 1 (6 years ago). Since the budget was allocated to the schemes, costs of hardware have increased by approximately 40% due to the pandemic, microchip shortages, Brexit and inflation amongst other factors. In 2021 and 2022, NCC Tupe'd in 944 staff from NHCT and 67 from Action for Children and Barnardo's. The devices for these staff will cost an extra £530,000 to incorporate into the DTR programme.
- 7.4 With the assistance of Mason Advisory and internal Procurement colleagues, IT completed a procurement exercise starting in October 22 and running through to tender evaluation in Feb 2023. This allowed us to seek to adopt a more modern way of delivering the Desktop Refresh programme and

provided an accurate cost for replacement of our end-user device estate. With guidance from Procurement colleagues, we will be looking to move from a 4-year programme to a 1 year, rolling replacement programme.

- 7.5 This modern approach to Desktop Refresh is aligned with the BEST programme, allowing us to deploy devices more cost-effectively to end-users. Laptops can be delivered directly to our end-users without IT officers needing to perform time-consuming “Build” activities.
- 7.6 The combination of increased costs of hardware, and our increase in staff numbers, has resulted in the total cost of replacing the entire estate rising by around £1.5million to £2.75million (this is based on a 90-10 split of standard, to “enhanced” laptops). Some of our Service Level Agreement customers are also due to have their devices replaced. They pay annually and are contracted to receive replacement devices in year 4.

### Capital Scheme budgets

#### 1. Current Scheme Profile (includes estimated slippage from 2022-23)

	2023-24	2024-25	2025-26	Total
DTR Phase 2	150,000	500,000	750,000	1,400,000
CISCO	953,000	100,000	100,000	1,153,000
Cloud	352,600	0	0	352,600
<b>Total</b>	<b>1,455,600</b>	<b>600,000</b>	<b>850,000</b>	<b>2,905,600</b>

#### 2. Proposed Scheme Profile (includes estimated slippage from 2022-23)

	2023-24	2024-25	2025-26	Total
DTR Phase 2	922,600	920,000	920,000	2,762,600
CISCO	533,000	100,000	100,000	733,000
Cloud	0	0	0	0
<b>Total</b>	<b>1,455,600</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>3,495,600</b>

#### 3. Net Proposed Adjustments (includes estimated slippage from 2022-23)

	2023-24	2024-25	2025-26	Total
DTR Phase 2	772,600	420,000	170,000	1,362,600
CISCO	(420,000)	0	0	(420,000)
Cloud	(352,600)	0	0	(352,600)
<b>Total</b>	<b>0</b>	<b>420,000</b>	<b>170,000</b>	<b>590,000</b>

Information services will include the Capital growth bids for 24/25 and 25/26 as part of capital budget setting in summer 2023.

## **CISCO (FA210015)**

- 7.7 The CISCO Infrastructure Capital Scheme was created in 2020 and was established to replace all the perimeter/ security equipment that protects the Councils network, the switching equipment in all our buildings and the WiFi equipment in all buildings. If this equipment is not replaced in a timely fashion, then the Council Network could become vulnerable to cyber-attacks and penetration. This was last replaced in 2011 but needs to have a rolling programme of upgrades established to ensure that devices do not become end-of-life or unsupported.
- 7.8 This scheme has incurred delays. This was partly due to the unavailability of hardware and exceptional lead times on some equipment. This has resulted in IT having to rationalise perimeter devices and to re-evaluate the outcomes of this Capital scheme and prioritise accordingly. In 2023/24 we will be able to perform the Cisco Firewall Replacement project using funds unspent in 2022/23. Planned works for 2023/24 will be carried out in 2024/25 using profiled capital funds in the CISCO Scheme. The CISCO project can therefore be completed utilising the remaining funding already approved in the Capital Programme.

## **Cloud Migration (FA210016)**

- 7.9 The Cloud Migration Capital scheme was created in 2021 and was established to assist in investigating the move of on-premise infrastructure to Cloud Services. The Council's Digital strategy supported the move of aspects of hardware infrastructure to the Cloud over coming years. The Council didn't have the skills to implement and support this move and therefore external project resource was required. Investigations into using cloud-based containerisation to host websites proved only partially successful and was halted. Funds were also used for professional services to assist in the migration to Amazon Connect Contact Centre.
- 7.10 The £100,000 which was reprofiled from Cloud into DTR was used to bring in professional services from Mason Advisory to assist IT with a full review and modernisation of the Desktop Refresh tender process due to lack of resource in this area.
- 7.11 Further cloud migration was completed as part of a Disaster Recovery As A Service Project (DRAAS) - allowing us to decommission one of our data-centres. The costs are revenue based and have been funded via contingency. We therefore need not transfer the £100k from DTR back into the cloud scheme. The cloud scheme can now be closed down.

## **Desktop Refresh Project**



7.12 To maintain high speed, secure and reliable access to systems and data, our end user hardware (laptops and desktops) need to be replaced at least every four years. Longer refresh cycles would result in staff using devices that are out of warranty and any faults and replacements would be costly.

7.13 NCC currently have a desktop estate of approximately 5,000 Enterprise devices, largely Lenovo, but also a smaller number of Dell, Microsoft and HP devices. The estate also consists of a mix of desktop, laptop, and hybrid devices. These have been provisioned through the outgoing contract which provided the initial tranche of devices four to five years ago and have continued to provide devices on an ad-hoc basis since.

**Data on age of devices and profile**

Year of Installation (Age)	Approx No of Devices	Replacement Due	Proposed replacement year (*estimate)
2018 (5-Year-old)	1320	2021	Year 1 (2023)
2019 (4-Year-old)	1620	2022	350 in Year 1 (2023) 1270 in Year 2 (2024)
2020 (3-Year-old)	947	2023	400 in Year 2 (2024) 547 in Year 3 (2025)
2021 (2-Year-old)	1000	2024	Year 3 (2025)
2022 (1-Year-old)	160	2025	Year 3 (2025)

\* Based on 1670 device replacements per year.

7.14 The reasonable, usable life of a modern laptop is 3-4 years. Older devices become slow, unreliable and unusable more quickly than newer devices which have more modern components and processing power. All NCC devices are purchased with an extended 3-year warranty, so failures are irreparable after that time.

- 7.15 The new DTR program will allow us to realise the following benefits:
- **Autopilot** - the pre-configuration of devices at manufacturer level to allow them to not require old fashioned, traditional manual and insecure build methods by IT staff.
  - **Bios configuration** – software asset tagging, and security enhancements without manual intervention.
  - **Delivery** - devices can be delivered direct to the end user’s home address as well as centralised NCC buildings without the need for IT intervention.
  - **Environmental** - improved device and material recycling and re-selling with payback. CO2 offsetting resulting in carbon neutral device lifespan.
  - **Cost saving**. Reduction in number of unnecessary high specification devices due to customising and vetting any requests for advance machines. Small form factor devices are now available as standard.

**Cost Benefits**

7.16 In comparison with continuing to buy devices on an ad-hoc basis and by dramatically reducing the unnecessary procurement of enhanced devices, the following cost reductions have been estimated over the proposed DTR period.

Device Type	Total Number	Previous Cost	Proposed Cost	Estimated Saving
Desktop	750	£588.50	£439.26	£111,930
Notebook	3300	£614.80	£511.14	£342,078
Ultrabook	1000	£939.75	£520.28	£419,470
<b>Total</b>	<b>5050</b>			<b>£873,478</b>

\*Estimated based on pricing as of Feb 2023, based on standard devices only.

## 8. Local Authority Housing Fund Grant Award

8.1 CSG was asked to recommend acceptance of a Local Authority Housing Fund ( LAHF) grant award of £1,120,827 into the Capital Programme for 2023-24 for the acquisition of 12 homes.

### Background

8.2 The LAHF was launched on 14 December 2022. It is a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure their own accommodation that meet certain eligibility criteria.

8.3 In summary the objectives of LAHF are to:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer-term accommodation to those they support.
- Reduce emergency, temporary and bridging accommodation costs.
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends).
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
- Reduce pressures on the existing housing and homelessness systems and those waiting for social housing.

### Grant Terms

8.4 DLUHC has accepted the Council's plan to provide 12 homes ('the delivery target') under LAHF, and DLUHC will provide a grant of £1,120,827 ('the total allocation'). The Council has agreed the following targets to deliver at least:

- 8 x 2 & 3 bed properties ('main element') to be allocated to Ukraine visitor households that now need to move into their own independent housing
- 4 x Four+ bed properties ('the bridging element') to be allocated to Afghan households currently in bridging accommodation located outside of Northumberland

8.5 Estimated costs and funding split:

<b>Total Cost</b>	
8 properties	£1,104,000
4 Properties	£1,086,455
	<b>£2,190,455</b>
<b>Grant</b>	
8 properties	£537,600
4 Properties	£583,227
	<b>£1,120,827</b>
<b>NCC Contribution</b>	
8 properties	£566,400
4 Properties	£503,228
	<b>£1,069,628</b>

8.6 The Grant from DLUHC will be matched by contributions from NCC with funding for 8 'main element' properties being met from the Homes for Ukraine levy and funding for 4 'bridging element' properties being met from the HRA affordable homes capital programme.

8.7 As a result of the tight timescales under the grant terms (in contract by Nov 2023) properties will be acquired rather than new build. Due to the restrictive level of the funding per unit and the need for Afghan families to be located near to Tyneside for cultural facilities, all of the 12 units will be acquired in the South East of Northumberland. The Asylum Seeker and Refugee team will be responsible for allocating these properties which will sit within the Housing Revenue Account and will remain there as affordable housing stock and rented out on an affordable rent basis.

## Implications

<b>Policy</b>	The capital programme is part of the Medium-Term Financial Plan 2023-27. The plan supports the Corporate Plan.
<b>Finance and value for money</b>	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.
<b>Legal</b>	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
<b>Procurement</b>	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
<b>Human Resources</b>	Not applicable.
<b>Property</b>	The properties affected by the proposals are identified in the main body of the report.
<b>Equalities</b> (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.
<b>Risk Assessment</b>	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.
<b>Crime &amp; Disorder</b>	There are no Crime and Disorder implications.
<b>Customer Consideration</b>	Any impacts on customers are addressed under the relevant item.
<b>Carbon reduction</b>	Carbon Reduction measures have been considered within each project and Carbon Impact Assessments have been completed for the relevant projects.
<b>Health &amp; Wellbeing</b>	Health and wellbeing implications are addressed under each relevant item.
<b>Wards</b>	All wards.

## Background Papers:

Medium Term Financial Plan 2023-27

Cabinet: 9 May 2023

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**Report sign off:**

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

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