

CABINET

9 MAY 2023

ENERGISING BLYTH PROGRAMME: CULTURE HUB AND MARKET PLACE OUTLINE BUSINESS CASE

Report of: Councillor Wojciech Ploszaj, Portfolio holder for Business

Lead Officer: Janice Rose, Interim Executive Director of Regeneration

Purpose of report

This report seeks the approval of the Outline Business Case (OBC) and project budget for the Culture Hub and Market Place project. This flagship project will initiate the regeneration of Blyth town centre.

Recommendations

Cabinet is recommended to:

- (1) Approve the Outline Business Case (OBC) summarised in this report for the Culture Hub and Market Place project to enable progression to Full Business Case**
- (2) Approve a total revised budget in the Capital Programme of £14,705,732. There is a current budget in the Capital Programme of £12,536,685 this report requests approval of £2,169,047 drawn from existing Council funds allocated to the Energising Blyth Programme. The project is funded by HM government Future High Streets Fund and the Council as set out in Financial Tables 3-5**
- (3) Note that Jam Jar Cinema Community Interest Company (CIC) will be formally appointed as the main operator of the Culture Hub and that an operator for the Creative Play concession within the facility will be appointed in due course subject to Cabinet approval of the recommendations in this report**
- (4) Delegate authority, in accordance with the Energising Blyth 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 any subsequent capital implications to Cabinet (via the Capital Strategy Group) for inclusion in the Capital Programme**
- (5) Delegate approvals to the Executive Director for Place and Regeneration to**

enter into any 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 £70m Energising Blyth Programme to grow, renew and connect the town supported by Northumberland County Council, HM Government Future High Streets Fund and Town Deal, North of Tyne Combined Authority and other funding partners. 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

- Northumberland County Council and its partners have been successful in attracting Future High Streets Fund (£11.1m) and Town Deal (£20.9m) funding from HM Government to deliver 11 major projects supporting the objectives of the Blyth Town Investment Plan (TIP) which aims to grow, renew and connect the town.
- This includes a focus on transforming Blyth town centre given the significant market failure evident in the area.
- This funding now forms part of the £70m Energising Blyth regeneration programme and is matched with identified NCC budgets in the capital programme and contributions from other funding partners including the North of Tyne Combined Authority.
- The first major project in the town centre is the development of a new Culture Hub and improvements to Market Place to stimulate renewed confidence in the area.
- It includes vibrant new additional facilities including three screen cinema, creative play and café to attract new spend and visitors and attract further investment.
- This new flagship project will provide a major attraction to stimulate the wider rejuvenation of the town, helping to kick start the transformation of the town centre.
- The new Culture Hub, combined with public realm improvements and the creation of a new outdoor performance space in the Market Place will deliver the central attraction the town currently lacks, encouraging visitors to consume, engage and participate in culture and creativity and in the wider leisure offer.
- Since the Future High Street Fund (FHSF) award, a considerable amount of work has been undertaken to develop the Outline Business Case (OBC). This OBC is now prepared and serves two purposes. Firstly, to provide sufficient confidence to the Council that this is an attractive and robust project. Secondly, to provide a solid foundation for finalising the full business case, thereby securing approval of the project.
- The OBC has been externally appraised with a recommendation to proceed to Full Business Case (FBC). It was approved by Blyth Town Deal Board on 28 March 2023.
- This Cabinet report seeks approval for the updated budget for the project which now stands at £14,705,732. There is a current budget in the Capital Programme of

£12,536,685 this report requests approval of £2,169,047 drawn from existing Council funds allocated to the Energising Blyth Programme. The project is funded by HM government Future High Streets Fund and the Council as set out in Financial Tables 3-5.

- Planning permission has been submitted with determination by June 2023, construction will commence in October 2023 and complete in October 2024, with the FHSF allocation needed to be defrayed by March 2024.
- A main operator has been procured for the building – the successful award-winning local operator Jam Jar Cinema CIC. Jam Jar currently operate in Whitley Bay and will be formally appointed upon agreement of this report's recommendations. A separate operator for Creative Play will be procured over the forthcoming months.
- This report explains the rationale and scope of the project as the first catalytic project to change the future of the town centre. It summarises the five cases (Strategic; Economic; Commercial; Financial; Management) contained within the OBC whilst highlighting the implications within each for the County Council.
- Appendix 1-6 provides the Energising Blyth Project Map, visual CGI images and maps of the project area referred to in the body of the report as well as additional information about the design rationale.

BACKGROUND

1. Northumberland County Council and its partners have been successful in attracting Future High Streets Fund (£11.1m) and Town Deal (£20.9m) funding from HM Government to deliver the Blyth Town Investment Plan (TIP) which aims to grow, renew and connect the town. This includes a focus on transforming Blyth town centre given the significant market failure evident in the area.
2. This funding now forms part of the £70m Energising Blyth regeneration programme delivering 11 major projects in the town between 2022-2026 and is matched with identified NCC budgets in the capital programme and contributions from other funding partners including the North of Tyne Combined Authority. See Appendix 1 for the Energising Blyth Project Map.
3. HM Government has also recently awarded the town £20.7m funding from the Levelling Up Deep Dive for a range of new projects which will be integrated and add to the existing Energising Blyth Programme and provide further impetus to transform the town including housing renewal, town centre living and measures to tackle anti-social behaviour and retail crime alongside additional investment in the new Energy Central Campus. A separate report will be brought back to Cabinet later this year to establish this new funding package as part of the Energising Blyth Programme.
4. The establishment of the Energising Blyth Programme was agreed by Cabinet in July 2021 and the Future High Streets Fund bid was agreed by Cabinet in June 2020. The Future High Streets Funded element of the Programme has a particular focus on rejuvenating the town centre and addressing market failure.
5. 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.
6. The first major project in the town centre is the development of a new Culture Hub and improvements to Market Place to stimulate renewed confidence in the area. It includes vibrant new additional facilities including three screen cinema, creative play and café to attract new spend and visitors and attract further investment. This new flagship project will provide a major attraction to stimulate the wider rejuvenation of the town, helping to kick start the transformation of the town centre.
7. The new Culture Hub, combined with public realm improvements and the creation of a new outdoor performance space in the Market Place will deliver the central attraction the town currently lacks, encouraging visitors to consume, engage and participate in culture and creativity and in the wider leisure offer.

8. The delivery of the investment and change in the area through the Energising Blyth programme is sequential and predicated on the early success of this major intervention. Further major development in the town centre including additional improvements to the public realm and new hotel, restaurant, education and innovation uses will add to this new and exciting offer. This cumulative impact will be to reposition the town centre as a place which is able to fully contribute and benefit from the wider growth and success of Blyth as a Clean energy port and as a major part of the Northumberland and North East economy connected by the investment in the Northumberland Line including two stations in Blyth.
9. The Energising Blyth 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 14 March 2023 and approved by the Town Deal Board on 28 March 2023.
10. 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 and will include, confirmation of costs following completion of the second stage tender process, draft construction contract and confirmation of funding, planning and programme. The FBC is due to be completed by 11 August 2023.
11. This report provides a summary of the project context and rationale, project scope and outlines the OBC sections to provide an overview of the scheme. The appendices provide a visual overview of the project including scheme area map and CGI visuals of the new Culture Hub and Market Place demonstrating the significant positive change the project will deliver.

PROJECT CONTEXT

12. There is a significant reliance on retail to bring residents and visitors into Blyth Town Centre, however as the retail market continues to decline and commercial confidence decreases, residents have fewer reasons to travel into the town centre. This has led to significant market failure in the town centre environment which provided the rationale to secure Future High Streets Fund support and establish the Energising Blyth Programme with the new Culture Hub and Market Place as the flagship scheme in the town centre.
13. Therefore, investment in a transformational development, that gives residents and visitors alike new and compelling reasons to visit the town centre is essential. This will attract residents, including the growing population of higher earners and families, as well as visitors into the town centre, capturing their spending power for the benefit of the local economy.

14. The creation of a new cultural venue in Blyth Town Centre will deliver that much needed buzz and vitality, by bringing more people into the Town Centre, increasing footfall and dwell time, encouraging people to spend time and money in the area.

15. The Strategic Objectives for the project are:

Culture Hub and Market Place – Project Objectives

- Revitalise the town centre experience through culture-led renewal, creating a welcoming, safe, and vibrant destination.
- Improve the culture, leisure, and evening economy offer in Blyth, encouraging more residents to spend time and money in the area.
- Increase annual footfall in Blyth Town Centre by attracting audiences and visitors to the centre.
- Support the growth of the visitor economy, creating new jobs, and making the town a more attractive place to live, work and visit.
- Re-develop Blyth Market Place, creating an attractive, safe, and welcoming outdoor space, suitable for a variety of uses (e.g. outdoor performances, markets, temporary displays, pocket parks).
- Increase participation in culture and arts in Blyth by creating accessible, affordable, and enjoyable opportunities to engage.

16. The proposed Culture Hub, will incorporate 2,344 m² (GIA) of new floorspace for cultural and leisure activities, aligned to and informed by the needs of local communities across Blyth. The new Culture Hub will be located in the Market Place, which itself will be transformed into an attractive outdoor meeting and performance space where people can meet and socialise. See Appendix 2-5 for a full overview of the scheme area, CGI visuals, building design and supplementary information.

17. The facilities to be provided at the new Culture Hub are based on extensive consultation with local stakeholders and communities, and a market analysis of current provision. The feasibility study identified; a lack of cinema provision in Blyth; a general shortage of live performance venues in Blyth, and a specific shortage of venues able to accommodate larger audiences; demand for gallery space to exhibit locally produced work, and a lack of creative and developmental play facilities.

18. The demand for the Culture Hub and Market Place improvements stems originally from the development of the Future High Streets fund bid to regenerate the town centre.

19. This indicated significant market failure due to retail dieback and a lack of significant attractors in the town centre. As a result of consultation and engagement with the public a significant demand from the public and businesses became clear around the need to make Market Place a more welcoming, safer and more attractive place to visit.

20. Significant concerns about safety, anti-social behaviour and the general poor appearance and lack of positive activities for the community were key messages. This followed town centre showcases and business survey work targeting both the community and businesses in the area and wider town. There was also longstanding evidence from Arts Council funded studies of the need for a central culture anchor in the town centre reaching back a number of years.
21. As a result, the Council's Future High Streets Fund bid focused on introducing a new Culture Hub in the town centre. The business case presented to Cabinet in this report is based on demand work with potential operators and independent demand assessment work and options appraisal considering various uses including the Culture Hub concept and site availability, suitability and deliverability in the context that to secure funds a project will need to be delivered by Spring 2024.
22. This concluded that to meet community and business demand for a new positive use the Market Place is the optimum site to meet the project objectives and address the issues outlined above by creating a transformative new central attraction with improved Market Place features around it. A number of sites around Market Place were discounted due to issues regarding ownership, capacity and costs which would of lessened the likelihood of success in bidding for competitive funding nationally to regenerate the town.
23. Since the bid was approved the demand for the new Hub has been further tested via independent analysis through a demand and feasibility study combined with community and partner engagement and consultation to develop the planned specification and delivery model for the project as the project has progressed through RIBA design stages.
24. Operator demand has been confirmed as part of this process and Jam Jar Cinema CIC have been appointed as the main cinema led operator, subject to final approval by NCC Cabinet.
25. On the basis of the above development work, the business case for the Culture Hub and Market Place project establishes that it will create opportunities for local people, communities, and visitors to enjoy a range of new leisure and cultural activities, both indoors and outdoors, including events, festivals, and markets. The evidence and research demonstrate demand for the facilities which is further summarised in Appendix 5.
26. Cultural and leisure activities are also needed to encourage activation of the town centre and of the wider town. The complementary Culture and Placemaking Programme (funded through Towns Fund and NCC) will build audiences, deliver cultural events alongside a programme of 'animating spaces' and investment in infrastructure and placemaking improvements.

27. The designs are currently at RIBA Stage 3 and a considerable amount of work has been undertaken to develop the Outline Business Case (OBC). A design specification was produced based on the findings of the feasibility reports and used as the basis of Tender documents to procure a Design Team.
28. In January 2022 an experienced and reputable multi-disciplinary team were appointed led by Faulkner Brown Architects. Since then, they have developed the designs through RIBA Stages 1 to 3.
29. As the project has developed in more detail, there have been some changes to the original proposal. The floorspace has increased from 1,616 GIA at RIBA 1 to 2,344 GIA (allowing for circulation and plant) at RIBA Stage 3. Appendix 3 shows the ground and first floor plans.
30. The area of the Market Place to be improved has also increased from 6,277m² to 8,250m². Appendix 2 shows the red line boundary.
31. The floor plans and Computer-Generated Images (CGIs) were presented to the public as part of a Showcase Event in July and November 2022 and were generally very well received. See Appendix 3 for the CGIs and Appendix 6 for a summary of the design rationale for the building.

Outline Business Case Summary

Strategic Case

32. The Culture Hub will be an iconic flagship building, located in the Marketplace, in the heart of Blyth's town centre. It will provide a significant boost to Blyth's culture and leisure offer and evening economy, creating a new 'anchor' development which will attract more people into the town centre throughout the day and into the evening, increasing footfall, dwell time and spend. It will offer a range of culture and leisure opportunities, providing residents and visitors with new reasons to visit the town centre. (see Appendix 3 for Computer Generated Images of how the building will look).
33. The project reflects the towns proud heritage, being located on the site of the former central cinema and music hall, returning the area to its historic role as a cultural attraction.
34. The Culture Centre and Market Place project contributes to, and aligns with the Energising Blyth Town Investment Plan (TIP), directly delivering against three of the core strategic priorities – namely Vibrant Town, Growing Town, and Inclusive Town.
35. The project is consistent with and will contribute towards the achievement of

national, regional, and local strategic objectives and will address the following three market failures:

- *Positive externalities* – Investment is required to increase Blyth’s profile, change perceptions, and reinvigorate the town’s former retail centre
- *Equity* – There is a strong case for public investment in new and improved economic infrastructure in peripheral and smaller towns, where the incentives for private landlords and investors are weaker.
- *Information gaps (asymmetries) and the free rider problem* – both businesses and consumers in the visitor economy suffer from knowledge / communication gaps.

36. To address this market failure, there is a strong case for public investment in offers and assets that strengthen Blyth’s position in the minds of visitors. Investing in a new culture centre and promoting a broader and more attractive culture and leisure offer across Blyth, will have a significant impact on improving information and understanding among visitors, offering them compelling reasons to visit the town.

Economic Case

37. 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.

38. The Culture Centre and Marketplace project was part of an integrated economic appraisal including several projects in Blyth town centre within the FHSF programme (undertaken in June 2020). The costs and benefits of the Culture Hub and Market Place were considered alongside other projects to arrive at an overall BCR for the programme in June 2020. On this basis, the FHSF package successfully met DLUHC’s value for money threshold. Therefore, the Culture Centre and Market Place project has already passed an HMT Green Book compliant value for money assessment.

39. However, in the time that has elapsed, the costs of the project have increased, and there have been some minor changes to the benefits. Therefore, the value for money assessment has been revisited to reflect the current position. However, considering the increase in costs the project still returns a positive BCR of 2.7, which is an acceptable value for money according to DLUHC BCR categories.

Commercial case

Construction options

40. Three construction options have been considered:

- Option 1 - In house build
- Option 2 - Procure third party contractor
- Option 3 - Design and Build – two stage procurement

41. The recommendations from the Design Team were to proceed with a two-stage design and build procurement (Option 3) as this provides greater flexibility and ongoing engagement with the contractor to ensure the project delivers on the vision and outcomes required by the client.
42. To progress Option 3, a number of options were considered, with NEPO207 Building and Construction Works Framework being selected as the preferred way forward. This option involves a 2 stage call off process through an established multiple supplier framework, with five contractors appointed to the relevant Lot (Lot 5: Building Construction Works)
43. This option was selected as it provided the shortest route to market. In addition, the framework usage costs are reimbursed to NCC, providing a cost-neutral option, and it allowed for early contractor appointment and development of supply chain/sub-contractors post award, with visibility of proposed sub-contractor costs and competition at Stage 2. However, as stage 2 costs are not set at the point of award, it does not fully test the market.
44. Three expressions of interest were received from Kier, Wilmot Dixon and Wates. A formal bid was received from one potential supplier – Kier. Kier have now been appointed under a Pre-construction Services Agreement (PCSA) and will support the team to complete the design and develop a final contract sum (construction price). Final award of the full contract is subject to the final contract sum being presented and approved by NCC late Summer 2023.

Operation options

45. Four operation options have been considered:
- Option 1 - In-house service delivery
 - Option 2 - Procure commercial operator for the cinema plus other key elements of the culture offer.
 - Option 3 - Procure commercial operator for the cinema only, with other elements contracted out to a partner organisation/operator of other facilities
 - Option 4 - Procure commercial operator for the cinema only, with other elements contracted out to a special purpose vehicle
46. Following a review of the options, Option 2 to procure an operator for the cinema, studio, multi-purpose space, and café/bar was chosen.
47. In Autumn 2022, the Council issued an Invitation to Tender to appoint an independent commercial operator for the new Culture Hub. Jam Jar Cinema CIC

were confirmed as the preferred operator, they have several years' experience running an independent cinema as a successful commercial business. Since January 2023 they and have been working with the design team to input into the designs, as well as developing a detailed business plan for the operation of the Culture Centre.

48. Jam Jar will operate the cinema, the studio space, multi-purpose space, and the food and beverage offer on a 15 year lease basis. The contract was signed in January 2023 and the lease and SLA will be signed in May/June 2023 subject to Cabinet approval of the OBC.
49. To ensure the new facility has an exciting mix of functions for families with an emphasis on health and well-being outcomes a creative play facility has been included in the design. An allocation of £100,000 from the Cultural Investment Portfolio was agreed by Cabinet in February 2023 and will be used to support a free Creative Play facility within the Culture Hub delivering tangible health and well-being outcomes for the community of Blyth - a key objective of the project and meeting the council's corporate commitment to this agenda.
50. As Creative Play will be free at the point of delivery for customers and not based on a commercial model (the Council will be buying a service) it will be procured separately under a Services Contract for 3 years. Before the tender documents are agreed further discussions with key stakeholders are being undertaken around the level of offer and any match funding opportunities.
51. Following these discussions, the opportunity will be advertised with an aim of having an operator appointed by Autumn 2023, one year before the building completes

Financial case

Capital budget allocation in the Energising Blyth Programme

52. This Cabinet report seeks approval for the updated budget for the project which now stands at £14,705,732. This will be drawn from the identified existing allocated Energising Blyth budgets in the Capital Programme funded by external grant from Future High Streets Fund and the council as set out in the recommendations.
53. The costs in this report update the initial estimates provided in June 2020 as part of the Future High Streets Fund bid and which the ongoing provisional allocation to the project has been based upon as part of the programme to date. This was submitted based on outline costs for the project which at that stage were £7,253,198.
54. At that stage in 2020 it was likely that the funding available from FHSF would not meet the scale and ambition of the project to transform the town centre environment and provide a new flagship central attraction.

55. As such, as part of establishing the Energising Blyth programme budgets NCC capital was identified to contribute to the final budget of the project and this potential contribution was retained and agreed by Cabinet as part of the establishment of the programme in June 2021.
56. This budget is part of the overall Energising Blyth Programme budgets within the Energising Blyth project delivery support budget and this report seeks to formally agree its use for this project moving existing allocations within the Capital Programme between Energising Blyth budget headings.

Rationale for costs

57. The rationale for the project budget at this stage relates to the objectives to:
- Deliver a project that fully meets the ambition to kick start the regeneration of the town centre
 - Ensure the project is of an appropriate scope and scale which meets both community demand and operator requirements
 - Deliver a high quality, high impact scheme.
58. The costs have also been impacted, as with all major capital schemes by inflationary pressures and a competitive contractor environment. All costs have been subject to an extensive value engineering exercise by the project team.

Total Project Budget

59. As the design has progressed the latest budget has been reported regularly to the Energising Blyth Programme Board including with oversight of the s151 Officer at each RIBA stage to meet the above objectives combined also reflecting costs changes due to the impact of inflation.
60. The project has now progressed to RIBA stage 3 (see diagrams and CGI's in Appendix 1-3) and the total capital project budget is now estimated as £14,705,732 (See also Financial Table 1 overleaf).
61. This is based on cost estimates for the Culture Hub and Market Place project's delivery included in the Outline Business Case (OBC) and additional budget allocations related to complimentary projects and NCC PM costs as described below:

Included in the OBC

- **Culture Hub and Market Place - £14,316,816** (inclusive of construction, design and associated fees and also client contingency of £450k to address any unforeseen costs during construction).

Additional Budget allocation from NCC included in total budget

- **Complimentary Projects – public toilets and remembrance garden improvements** – An additional allowance of £275,000 for two complimentary projects on Market Place described below – public toilets and remembrance garden improvements which are being treated as separate interventions to the main scheme for business case purposes.
- **Project Management Costs (NCC)** – The Energising Blyth Programme team is funded partly by NCC revenue (agreed as part of the Economy and Regeneration Service budget) and capital contributions from the projects in the Programme. The budget shows a £113,916 allowance for the capital contribution to these staff costs for the duration of the project. This is drawn from the Energising Blyth Future High Streets fund budget heading in the Capital Programme.

Complimentary works to Market Place public toilets and the remembrance garden

62. As part of the project development, design and consultation process, additional capital works to the public toilets on Market Place and the remembrance garden area adjacent to St Mary's Church have been identified.
63. Improvements in these areas would further enhance the town centre adjacent to the Culture Hub and Market Place project and tie the whole area together in terms of the look and feel of the town centre as a high quality attractor.
64. Both projects are included in the overall financial allocation in this report but are separate small-scale interventions and as such are not included in the Business Case for the Culture Hub and Market Place. Final costs for these projects will be progressed in quarter 1 of 2023-24 within the £275k budget estimate requested. A summary of the two projects is set out below.
65. Both projects will be delivered under the main contract of Kier with the timing and phasing of these works to be agreed within the overall construction of the Market Place.

Refurbishment of the public toilets in the Market Place

66. Community and stakeholder feedback has identified how important the provision of quality public toilet provision is in Blyth town centre given its role in hosting a range of events in addition to the new facilities within the Culture Hub. The current toilets are among the most utilised facilities in the county however are in a poor state of repair and in need of improvements. Survey work has been undertaken with an estimated cost established for internal and external refurbishment. Without these works the new Culture Hub and Market Place will be sited beside a significant

premise which detracts from the new works.

Public realm improvements to remembrance garden adjacent to St Mary's Church

67. This area is a valued and important part of the overall Market Place however was not originally included in the improvement plans for the area. The area is positively viewed given its role as a memorial garden for remembrance and aspects of greenery. The design of the Market Place has considered how the area can be integrated and enhanced to ensure that it feels fully a part of the new Market Place and so there is no risk of the area feeling separate or disconnected from the new improvements.
68. There is therefore a budget allocated to undertake minor landscaping, access and repair works which will retain the current assets in the area and enhance them so they fully tie into the overall scheme. The works will also ensure that the High Street Car Park is fully accessible to Market Place for a range of pedestrians including features such as dropped kerbs which are currently not in place and will make the area safer and more accessible particularly for disabled visitors and visitors with any mobility issues.
69. The total cost of the above works is estimated at £275,000 and will be funded from the requested NCC capital programme funding from within the existing project delivery support budget.

Total costs and financial allocation in the capital programme

70. With the above allocation included the total project financial allocation is **14,705,732**. The breakdown of the costs is as follows:

Financial Table 1 – Project Budget Summary	
Item	£
Building construction and external works	11,351,440
Design development	£507,193
Inflation	£559,828
Sub-total	£12,418,461
PCSA fees	£136,420
Design fees	£1,005,380
PM fees (Advance)	£118,555
Statutory fees	£72,988
Surveys	£65,012
Sub-total	£1,398,355
Client contingency	£450,000

Additional FFE / signage allowance	£50,000
Sub-total	£500,000
TOTAL (OBC Culture Hub and Market Place project costs)	£14,316,816
Complimentary Works (Public Toilets and Remembrance Garden Improvements)	£275,000
PM fees (NCC)*	£113,916
TOTAL FUNDING	£14,705,732
<p>The costs do not include VAT. Northumberland County Council is the funding applicant and the asset owner, and is able to reclaim VAT.</p> <p>* This is drawn from the Energising Blyth Future High Streets Fund budget heading in the Capital Programme.</p>	

71. The project was established in the Capital Programme approved in November 2021 by Cabinet to allow eligible capital expenditure to progress the design and development of the project. Since then, a total of £703,444 has been incurred to date on project development e.g. design team, project management and surveys included in the above budget.

Operational costs and income

72. There are no revenue requirements for the main operator (Jam Jar) as the building will be run on a commercial basis. Jam Jar will pay rent to NCC for the building, which is a total of £93,000 over 5 years.
73. The building, as an asset owned by the County Council will be maintained and insured by the council's asset management team as is the case with a number of other culture venues in the county.
74. Maintenance, repair and replacement requirements were set out in the procurement specification developed in liaison with the councils legal and strategic estates teams. This includes details for both the Council as the asset owner and operator as the tenant within the draft lease agreement. The operator has included the allowance for these requirements above allowing for depreciation, repair and replacement of specialist equipment.
75. A final repairs and maintenance agreement will be finalised as part of the stage 4 RIBA process and at this stage are expected to be met by the above rental income proposed by the new operator. The final arrangements will be confirmed in a future progress report linked to the Full Business Case.
76. As noted earlier in the report an allocation of £100,000 from the Cultural Investment Portfolio was agreed by Cabinet in February 2023 and will be used to support a free (to the customer) Creative Play facility within the Culture Hub delivering tangible health and well-being outcomes for the community of Blyth - a key objective of the

project and meeting the council's corporate commitment to this agenda. This provision will be procured later this year.

Financial Table 2 - Creative Play		
Revenue budget allocation (NCC Cultural Investment Portfolio)		
Year	Period	Amount
1 (5 months)	1 Nov 2024 to 31 Mar 2025	£40,000
2 (12 months)	1 Apr 2025 to 31 Mar 2026	£60,000
	Total	£100,000

77. As the funding allocated to the Cultural Investment Portfolio is only currently agreed until March 2026, the allocation for April 2026 to March 2027 cannot be included in the tender documents. Discussions are taking place with key public sector stakeholders to explore match funding opportunities.

Project Funding

78. The breakdown of the proposed funding sources and amounts is set out below.

Financial Table 3 – Project Funding Sources		
Funding source	Capital	Status
FHSF	7,253,198	Confirmed by DLUHC subject to Local Assurance
NCC	7,452,534	Requested revised allocation from the Energising Blyth Programme funds in the Capital Programme
Total	14,705,732	

Financial profile

79. The financial profile overleaf provides a summary of the project budget on an annual basis.

Financial Table 4 - Financial Profile						
Expenditure	21/22 actual	22/23 actual	23/24 forecast	24/25 forecast	25/26 forecast	Total
Capital						
Design fees		504,714	392,997	107,669		1,005,380
PM fees (Advance)	9,656	49,570	37,439	21,890		118,555
PM fees (NCC)		41,916	42,000	30,000		113,916
Stat fees		32,576	36,411	4,001		72,988
Surveys		65,012				65,012
Pre construction services agreement			136,420			136,420
Building works and landscaping			8,673,054	3,372,854	372,553	12,418,461

Contingency			300,000	150,000		450,000
FF&E			50,000			50,000
Complimentary Projects				275,000		275,000
Total	9,656	693,788	9,668,321	3,961,414	372,553	14,705,732

80. The financial profile of anticipated spend and subsequent drawdown from the various funding sources is detailed below.
81. It is requested that the current budget in the Capital Programme is amended to reflect the revised profile below.

Financial Table 5 – Funding Source Annual Profile						
Income	21/22 Actual	22/23 Actual	23/24 Forecast	24/25 Forecast	25/26 Forecast	Total
Capital						
FHSF	9,656	693,788	6,549,754	0	0	7,253,198
NCC	0	0	3,118,567	3,961,414	372,553	7,452,534
Total	9,656	693,788	9,668,321	3,961,414	372,553	14,705,732

Management case

82. NCC are the project lead, with overall responsibility for delivery of the Culture Hub and Market Place project. Advance Northumberland will project manage delivery of the capital project, on behalf of the Council.
83. NCC's Programme Board and the Energising Blyth Town Deal Board will have overall responsibility for the Project. They will provide strategic decision-making and are the formal decision-making bodies for the Project.
84. The Culture Hub Project Board involving representation from key teams within Northumberland County Council, meet on a monthly basis. The Project Board will have overall responsibility for managing the Culture Centre, including reviewing performance against key delivery milestones, spend and output targets, reviewing and updating the programme risk register, identifying any issues or areas of concern, and agreeing any corrective or remedial action to be undertaken. The Project Board will report to, and be accountable to the Councils' Programme Board, and the Town Deal Board.
85. The Project Delivery Team consisting of Advance Northumberland, core consultants, and NCC meets fortnightly. The Design Team meets on a monthly basis, while the Principal Designers (Faulkner Brown) meet weekly with Advance to report on progress. The Project Delivery Team uses established programme control measures and resource management software to support effective project management, reporting, and performance monitoring.

86. A new internal Programme Delivery Group, with representation from Finance, Funding and Programmes, and the Director, has been established to oversee all Energising Blyth projects. The monthly progress and performance report will also be considered by this group, which is responsible for providing project assurance.

Key Milestones

87. The key milestones for the subsequent delivery of the project are set out below. The programme plan will continue to be reviewed and updated on a monthly basis.

Project milestone	Target date
Stage 4 Design and Report	16 May 2023
NCC Approvals (Cabinet)	9 May 2023
Press Release announcing Project Approval, Operator, Contractor and Planning Permission (date tbc)	30 May 2023
Planning Determination	9 Jun 2023
Final Contract Sum	21 Jul 2023
Project Board Approval to award contract (delegated approval from Cabinet)	11 Aug 2023
Full Business Case Submitted	11 Aug 2023
Construction starts on site	7 Oct 2023
Practical completion	4 Oct 2024
Handover	4 Oct 2024
In Use and Defects period	Nov – Dec 2024

IMPLICATIONS

Policy	The project fully supports the NCC Corporate Blyth Town Investment Plan
Finance and value for money	<p>This Cabinet report seeks approval for the updated budget for the project which now stands at £14,705,732. For a capital allocation of £7,452,534, the Council is securing an external investment of £7,253,198. There is a current budget in the Capital Programme of £12,536,685 this report requests approval of £2,169,047 drawn from existing Council funds allocated to the Energising Blyth Programme. The project is funded by HM government Future High Streets Fund and the Council as set out in Financial Tables 3-5.</p> <p>All funding requested is drawn from existing NCC resources for the project which are identified in the Energising Blyth (EB) Programme identified in the Capital Programme.</p>

Legal	<p>The appointment of the Hub operator has been undertaken through a fully compliant procurement process in accordance with the council's recognised procedures. As part of the business case process subsidy control advice is a condition of grant funding for the project. The specialist legal advice on this is being prepared and will be confirmed as part of the full business case approval.</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	<p>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.</p>
Human Resources	<p>The project is being developed by NCC's Energising Blyth Programme Team within the Economy and Regeneration Service in conjunction with Advance Northumberland as appointed project management service providers and appointed contractors/operator.</p>
Property	<p>The property will be owned by NCC and managed as part of the council portfolio of assets. The costs of maintenance and insurance are anticipated to be met by operator rental income. Once final costs are available as part of the next stage of project development any implications for council property will be considered in detail prior to Full Business Case submission and subject to additional reporting.</p>
Equalities	<p>(Impact Assessment attached)</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Available on request</p>
Risk Assessment	<p>A risk register is in place for the project which will manage and monitor risk.</p>
Crime & Disorder	<p>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. This project in particular concentrates on addressing community perceptions of the area as being unsafe due to the poor public realm, lack of things to see and do and perceptions about anti-social behaviour and crime. The project is anticipated to have a significant positive impact as a new positive attractor making the area more welcoming and safe as a destination.</p>
Customer Consideration	<p>There has been detailed and regular partner and community consultation during the development of the project. This will continue as detailed designs are developed.</p>
Carbon reduction	<p>The project will contribute towards carbon reduction and clean growth objectives by promoting sustainable modes of transport.</p>
Health and Wellbeing	<p>The Town Investment Plan proposals include an underpinning objective to support the development of an 'Inclusive Town' supporting positive health and wellbeing outcomes through successful town centre regeneration. This project as a whole and particularly through the new Creative Play facilities will make a meaningful contribution to</p>

	improving health and well being for the whole community including young people and families.
Wards	All wards in Blyth

Background papers:

Culture Hub and Market Place Strategic Outline Business Case – May 2022

Appendices

Appendix 1 – Energising Blyth Project Map

Appendix 2 – Culture Hub and Market Place Scheme Boundary

Appendix 3 – Culture Hub and Market Place CGI Visuals

Appendix 4 – Culture Hub Building Diagram

Appendix 5 – Culture Hub and Market Place – Facilities demand summary

Appendix 6 – Culture Hub Building - Design rationale summary

Report sign off

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

	Full Name of Officer
Interim Director of Law and Governance and Monitoring Officer	Suki Binjal
Executive Director of Resources and Transformation (S151 Officer)	Jan Willis
Interim Executive Director for Regeneration	Janice Rose
Chief Executive	Helen Paterson
Portfolio Holder for Business	Wojciech Ploszaj

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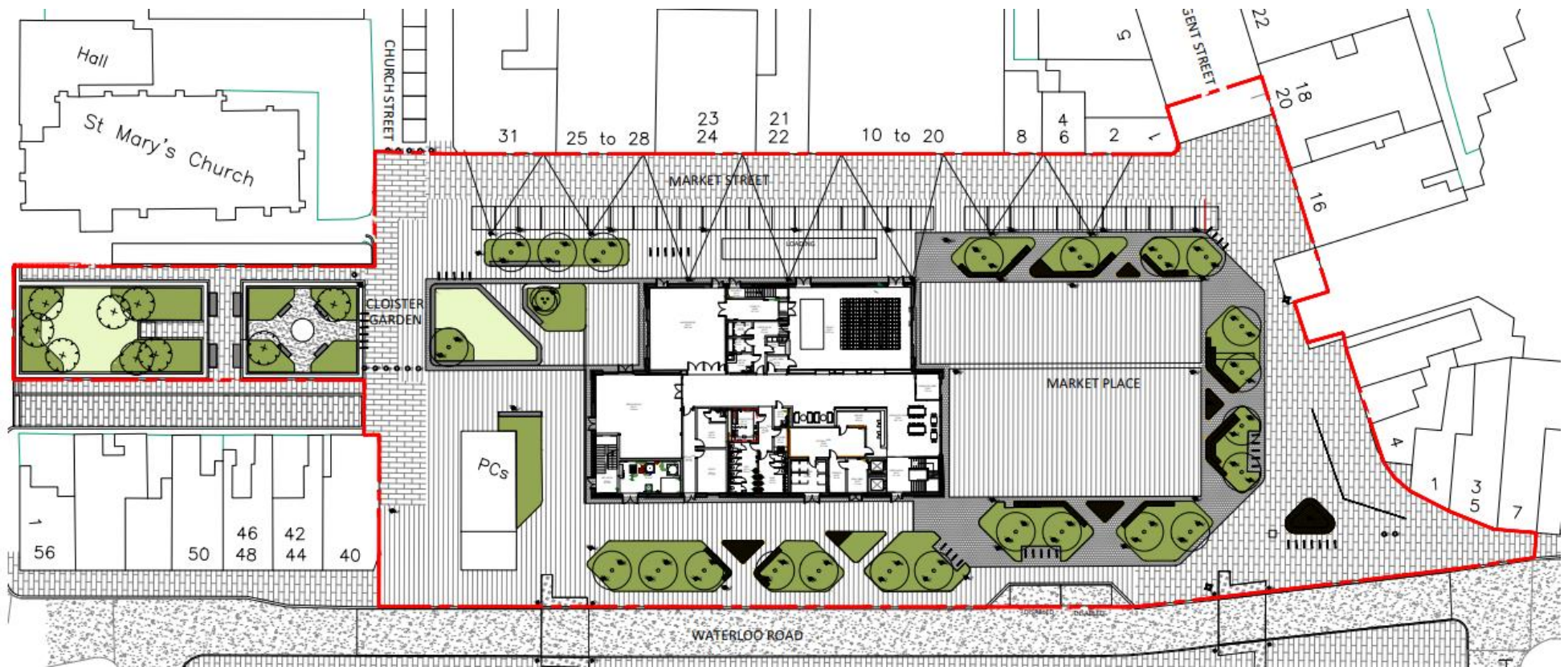
Appendix 1 – Energising Blyth Programme Project Map

Energising Blyth Town Centre Project Map



Appendix 2 – Culture Hub and Market Place Scheme Boundary

Red Line Boundary



Appendix 3 – Culture Hub and Market Place CGI Visuals

Looking West from the Keel Row Shopping Centre



View from Waterloo Road looking West

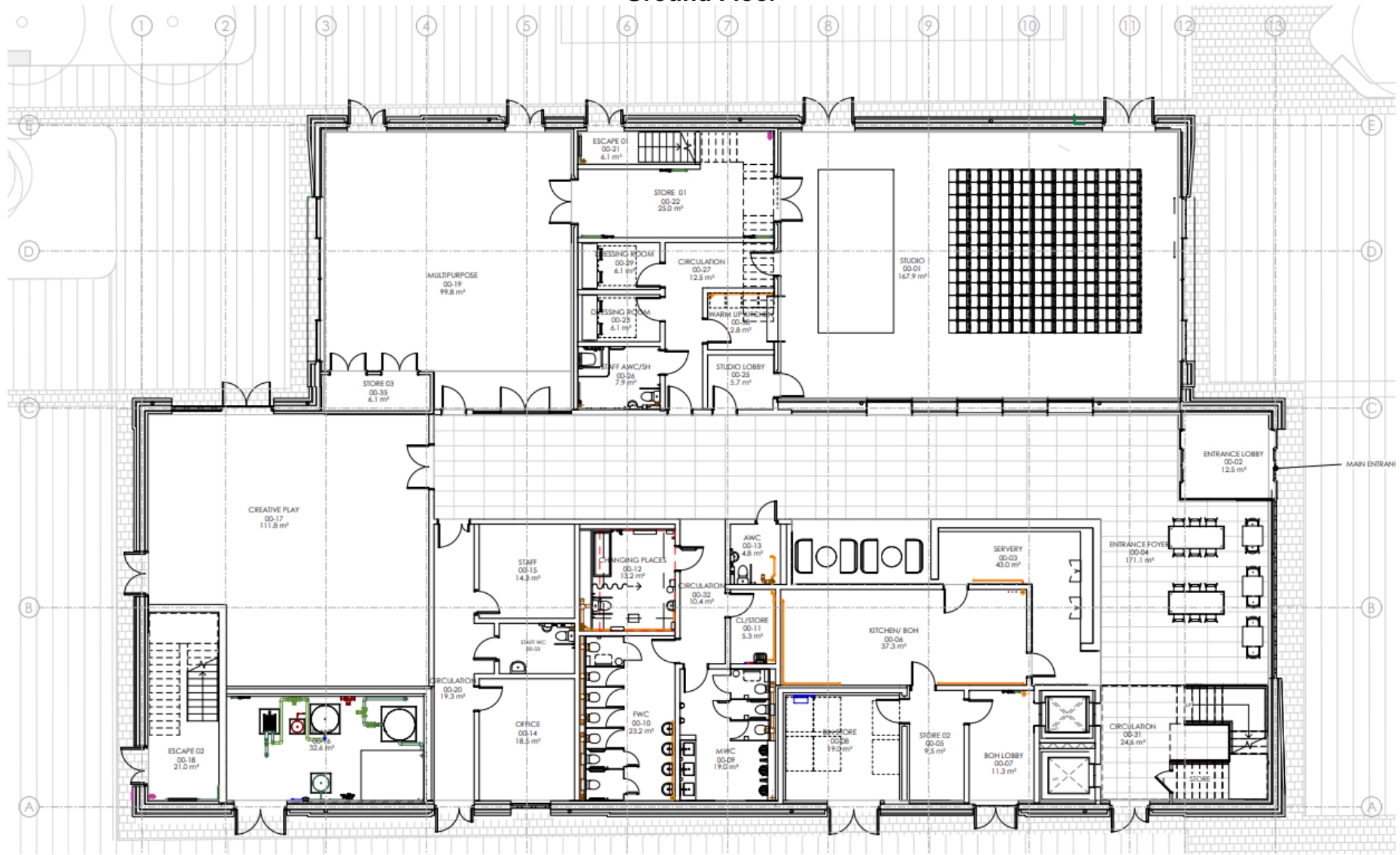


View from St Marys Church looking East

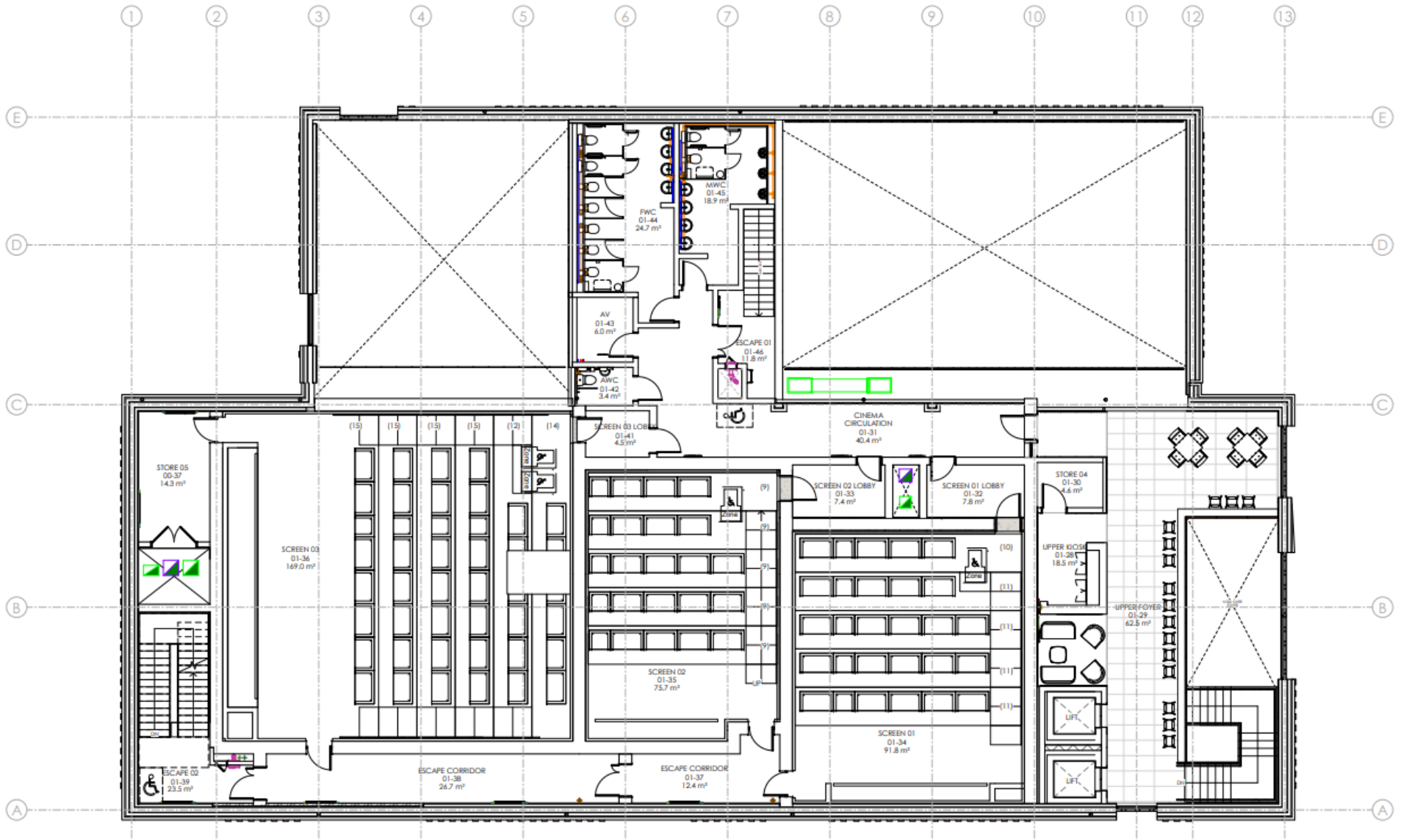


Appendix 4 – Culture Hub Building Diagram

Ground Floor



First Floor



Appendix 5: Culture Hub and Market Place – Facilities demand summary

Cinema

- The research for the project, undertaken by specialists in the industry continues to support a distinctive three screen cinema offer in the town centre operating full time with a focus on first day releases, carefully attuned to local demand, providing a comfortable setting at a reasonable price.
- The Culture Hub proposes three fully digital cinema screens in a comfortable setting with capacity to accommodate a total audience of 190 people (90, 55, and 45 seats)
- The above demand identifies market demand for a complimentary offer to the wider market in the area. This includes consideration of the context that there have been no cinemas in Blyth since 2004, and the existence of multiplexes within a reasonable drivetime of the town. Also in 2022, the Phoenix Theatre also added cinema to its existing theatre offer, through a single screen, part time offer providing releases within the existing theatre environment (film releases are a number of weeks following 'first releases' at other cinema venues). This additional provision was introduced following the approval of the Future High Streets Fund bid including the new Hub and cinema provision planned in the town centre.

Studio Space (Performance) and Multi-purpose Space (Arts/health and wellbeing)

- Consultation with stakeholders and secondary market research evidenced a gap in the market for a flexible multipurpose flat floor performance space, capable of seating around 120 people or 200 standing.
- This will provide a much-needed facility for live music, comedy, drama, dance and community celebrations. This facility will be different from spaces currently available in community centres, pubs and bars and The Phoenix Theatre studio space, which all have considerably smaller capacity.
- Further consultation identified the need for an area for health, wellbeing, arts development activities, community events, courses, workshops, and meetings.
- As there are other spaces at this scale available in the town, provision at the Culture Hub will focus on arts/health and arts development functions, rather than extending to more general functions so as not to compete with existing spaces, particularly in community centres.
- The Culture Hub proposes a flat floor performance space, known as the Studio Space able to accommodate around 120 people seated/200 standing, for live music, comedy, drama, dance, and community celebrations. As well as a multi-purpose space suitable for health and wellbeing activities.

Creative and Development Play

- There is a high level of support from stakeholders in Blyth for this type of facility to underpin a family offer. Creative play environments give children opportunities to play

in open-ended and non-prescriptive ways, so children make more of their own decisions about how to play, how to 'lead' the play process and shape the play environment through imaginative interaction.

- Creative play is seen as an effective way of enriching children's lives, particularly in the early years, building confidence, resilience, creativity, positive social connections, and a long-lasting desire to learn, thereby helping to overcome low aspiration levels and barriers to achieving full potential.
- The Culture Hub will have a dedicated area for play activities to build confidence and social skills (through arts, crafts, music, dance, drama) for children and families.
- This provision is a critical element in providing positive health and well being outcomes through the new centre acknowledging and seeking to make a positive impact on the significant health inequalities in Blyth.

Café/Bar Offer

- The performance space and cinema facilities will bring the primary demand for social space and a café/bar food and beverage offer, catering both for event/cinema attenders but also diversifying the commercial café / food offer in the town centre and driving footfall day and evening into the culture centre

Outdoor Space

- Public realm improvements are also essential to create a safe and welcoming environment.
- The planned public realm improvements to the Market Place, include a new outdoor performance space, areas for events and markets, green spaces and improved public realm will create a safe and welcoming environment for both residents and visitors to the town.

Appendix 6 - Culture Hub Building Design Rationale Summary - The following sections detail the design rationale and how the operational requirements have been considered.

- **Building Access** - The main building entrance is situated to the eastern elevation with a lobby and double automatic doors. A lobby has been incorporated into the main entrance which will act as a draft lobby, as Market Place can be windy due to its coastal location. Further entrance/exit points are included on the ground floor; namely, the studio space has a specific 'Get in' point to the northern side of the facility, this is complimented with a one-way vehicular route onto Market Place from Waterloo Road to support deliveries and event set up. Creative Play has its own access onto Market Place, so the offer has the ability to open up and spill out onto the newly landscaped area.
- **Studio Space** - A 168m² Studio is incorporated into the North-eastern side of the building, a blackout feature will be incorporated into this room if certain performances require such setting, whether this be in the form of a moveable partition, blinds or curtains. The space is generously sized for medium scale events by having capacity to seat 120 with tables or 200 standing comfortably. Adjacent to the Studio sits a 21m² storeroom with direct access from both the Studio and Multi-function room. A dressing room to cater 3 persons with a separate accessible shower room is included and a warmup kitchen facing and opening into the Studio to support any catering during events.
- **Multi-purpose Space** - This is situated to the north-western elevation of the building, it has been designed in a way to work well and compliment other aspects of the building such as the Studio Space and Creative play. The room is embedded with flexibility by the means of a folding/ sliding partition so the space could be open to the foyer (allowing a café overspill or a fluid event space) or closed off for private events/hire. The space is double height which whilst is distinctive and attractive, it also provides further flexibility for potential events/hirers. The space commands attractive views across to St Mary's Church and cloister gardens as part of the new public realm which provides additionality to the space and its ability to host combined indoor and outdoor experiences for the cafe and/or events.
- **Creative Play** - Is located to the western side of the building and is generously sized at 110m². It has direct access to the proposed cloister garden and like the Studio, it could open and extend programming onto Market Place. Due to the successful operator having the opportunity to programme this space, the room will remain an empty shell to provide further flexibility of the space.
- **Back of house (BOH) accommodation** - is situated to the southern side of the building, with an aim to contain as much BOH accommodation together as possible. The Servedy, kitchen, store, bin store and office are all incorporated together to provide operational ease.
- **Cinema Screens** - are located on the first floor of the building, one of the projects aspirations is to re-activate Market Place as much as possible by generating increased footfall. Cinemas are often referred to as 'black boxes' therefore, the decision to place the screens on the upper floor allows the buildings ground floor activity to be visible from Market Place, lobbies to the cinema screens are required for two reasons. Firstly,

for fire regulations and secondly, acoustic performance of the space. Having the cinemas on the first floor in a self contained manner, provides the operator with further flexibility of control allowing the whole floor to be closed/locked off during certain periods of the day/week.

- **Lifts and Stairs** - Two lifts (to support unexpected breakdowns) and a main staircase are located at the main entrance towards the eastern side of the building. All visitors regardless of accessibility needs shall therefore arrive at the same point on the first floor. In addition to the main staircase, a further 2 escape stairs have been introduced, one with a disabled refuge point for staff to manage during a fire evacuation.
- **Café, Servery and Kiosk** - It is envisaged the café will have free standing furniture to provide further flexibility. The L shaped servery allows staff to monitor building activity at all parts of the building, supported directly by a kitchen to the south. Further seating and a smaller kiosk are shown on the first floor, to support the cinema offer.
- **WC provision** - A generous WC provision is proposed on both floors.