

# CABINET

13 JUNE 2023

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

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**Report of:** Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services

**Lead Officer:** Jan Willis, Executive Director - Transformation and Resources

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### 1. Purpose of Report

The report summarises proposed amendments to the Capital programme.

The amendments to the programme were considered by the officer Capital Strategy Group (CSG) via email on 3rd May 2023.

In relation to the matters at 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6 these were considered by the Officer Capital Strategy Group and accordingly, Cabinet is requested to approve the recommendation as set out below.

### 2. Recommendations

Cabinet is recommended to approve as follows:

#### 2.1 Capita One EMS System Modules:

Approve the reallocation of £19,920 in 2023-24 from Craster Mast project to Capita One in relation to securing additional modules for the Capital One EMS system (Children's Services Education Management System) incorporated within the contract renewal for ongoing licencing, support and maintenance.

#### 2.2 County Hall Solar PV Carport:

Approve an increase in the County Hall Solar PV Carport Project budget of £423,000 funded by an additional contribution from the European Regional Development Fund.

#### 2.3 Great Northumberland Forest – Storm Arwen Restoration:

Approve the inclusion of an additional £1.500 million from the national Nature for Climate Fund within the capital programme for the Great

Northumberland Forest.

#### 2.4 New Hartley First School Classroom Modifications:

Approve the reprofiling and reallocation of Devolved Formula Capital (£14,267) and Energy Efficiency (£12,913) capital budgets to fund the

increased capital requirement for classroom modifications at New Hartley First School.

### **2.5 Energising Blyth Energy Central Campus Phase 1- Learning Hub:**

Approve the allocation from the Energising Blyth Acquisitions and Deliveries budget within the MTFP for the acquisition and construction works costs at the Commissioner's Quay Carpark (£0.555m) in 2023-24 in order to maintain a realistic contingency in the original Energy Central Learning Hub budget.

### **2.6 Prudhoe Waterworld Improvement Scheme:**

Approve an allocation of £1.500 million (£0.250 million in 2023-24 and £1.250 million in 2024-25) from the Capital Contract Price Inflation contingency budget within the MTFP for improvements at Prudhoe Waterworld.

## **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 3 MAY 2023.

### 5. Capita One EMS System Modules

5.1 CSG was asked to consider a request to reprofile existing capital budget totalling £19,920 into the Capita One Project to reflect the requirement for the additional implementation costs for new modules obtained in the Capita One contract renewal.

#### Background

5.2 NCC's current capital programme for 2023-24 includes a £30,000 allocation, approved in February 2022, towards Capita One implementation costs supporting the migration of the internally hosted Capita One Education System to Capita's Software as a Service (SaaS) cloud offering "Capita One Education (SaaS)."

5.3 In-line with both Government strategy and the stated aims of the NCC ICT strategic direction, Capita One has made significant strategic investments providing services through this SaaS "utility" model, with the key organisational benefits being;

- Low risk transition from the previous service model;
- Cloud service supports digital transformation;
- Cost effective high value solution;
- Supporting mobile working;
- 24/7 Service availability 365 days per year; and
- Full Disaster Recovery service.

5.4 Information Services Officers at the Council have identified additional modules, incorporated within the Capita One contract renewal for ongoing licencing, support and maintenance, that will enable the Council to have one source of data for all education service areas data held within Capita One. With the improvement of the system, Northumberland residents will be able to self-serve and access the system 24/7 to fit in with their requirements.

5.5 The system provides a single, comprehensive record of children, young people and their families, giving Officers a clear picture of a child or family's circumstances and reducing the risk of 'hidden' data in local systems.

5.6 Service areas affected are; Admissions, Inclusions, Transport, SEN, Governors, CSS, Data Team, Performance (data analysis) and Information Services (Application Development / Support and upgrades).

5.7 New modules are required to ensure that the service areas can make full use of the Capita One system;

- Transport** – Automated applications 24/7 for mainstream, post 16 and SEND; applicants can check on progress; appropriate driver/vehicle checks; complaints recorded centrally in one place;

- **Exclusions** – Exclusions online being implemented which will lead to data only being recorded in one place;
- **Admissions** - In Year Citizen Portal and Appeals process can be automated fully online;
- **Free School Meals Portal** – Applicants can apply online and check eligibility and schools will have access to real time data so they can provide meals/vouchers quicker;
- **Data Archive and Delete** – Accurate data to help achieve GDPR compliance;
- **Address Tidy** – Improve catchment postcodes and provide accurate calculations of home to school distances;
- **GIS** – Automated calculations of home to school distances negating the need for Information Services to upload LLPG data for every admissions round; and
- **Children’s Support Services (CSS)** - Data from various teams being recorded in one place improving data, timelines and providing a chronology of events for all applicable practitioners to review.

### Capital Scheme Budgets

- 5.8 The cost of implementing the additional modules outlined at 5.7 of the report is £19,920. The proposal is to fund this additional cost by reallocating budget from IT’s Craster Mast project, within the Council’s capital programme, to the Capita One implementation project for 2023-24, as per the table below;

2023-24	Current	Proposed	Net Adjustment
Capita One Implementation	£30,000	£49,920	£19,920
Craster Mast	£75,000	£55,080	(£19,920)
<b>Total</b>	<b>£105,000</b>	<b>£105,000</b>	<b>0</b>

## 6. County Hall Solar PV Carport

- 6.1 CSG was asked to consider a request to increase the County Hall Solar PV Carport Project by £423,000 from £3,362,120 to £3,785,120, funded by an additional contribution from the European Regional Development Fund (ERDF).

### Background

- 6.2 A proposal to construct a solar PV carport farm in the rear car park at County Hall, Morpeth was approved by Cabinet in June 2019 with an initial budget allocation of £2,939,120 (£1,469,560 funded by NCC with the remainder match funded by a grant from ERDF).
- 6.3 The solar PV carport farm will generate electricity to be used by the County Hall building and support electric vehicle charging and thus will encourage

building users to take up electric and hybrid vehicles. The solar PV will provide approximately 40% of the building's usage requirements. In addition to the roof mounted solar this will provide approximately 50% of the buildings annual requirements. This would equate to approximately 240 tonnes of carbon saved per annum which directly supports the council's commitment to carbon reduction.

- 6.4 A recent business case estimates that over the 25 year life of the system electricity revenue savings generated will be around £4 million, averaging £160,000 per annum.
- 6.5 A contractor procurement exercise was undertaken in the summer of 2020 which yielded a preferred bidder but resulted in a revised capital cost which was £423,000 above the capital budget allocation of £2,939,120. The main reason for the increase was linked to the cost of the battery element of the scheme which was significantly above the figures generated from the soft market testing prior to the previous budget approval.
- 6.6 Approval was given by Cabinet in October 2020 to increase the budget allocation by £423,000 to a total of £3,362,120. Ultimately, the project was not able to enter into a contract with this bidder and so a second procurement exercise was required.
- 6.7 Following the second procurement exercise the project successfully appointed a contractor and has been in contract for over a year. Some elements of the scheme have proved to be more expensive than anticipated, such as drainage and the steel for the carport structure. On top of this the project has added a number of extra elements of work to the contract.
- 6.8 The project is now nearing completion and requires the additional funding that was provided by the ERDF to be added to the capital programme. The latest cost estimate for the project is currently £3,785,120 due to the above.

## **7. Great Northumberland Forest – Storm Arwen Restoration**

- 7.1 CSG was asked to consider a request to include an additional £1.5 million from the national Nature for Climate Fund towards the Great Northumberland Forest Project in financial years 2023-24 and 2024-25.

### **Background**

- 7.2 The Great Northumberland Forest (GNF) initiative was announced by Government in September 2019 to facilitate and support an increase in tree and woodland cover through Forestry Commission Grants, Forestry England delivery, Countryside Stewardship, Green Recovery and private financed schemes.
- 7.3 To help facilitate this work, DEFRA gives the Council an annual revenue allocation from the national Nature for Climate (NfC) Fund that funds a dedicated delivery team of 4 staff to be employed. The role of this team is to

coordinate and promote tree and woodland planting, particularly in “low risk areas” in collaboration with the Northumberland Woodland Creation Partnership (WCP).

- 7.4 To complement this, the GNF was successful in securing additional capital funding over the next three years from the NfC Fund. This funding will be targeted at filling the gaps in the existing national tree planting grant opportunities with the aim being to facilitate positive experiences, build confidence and unlock opportunities to do more. This additional capital was previously approved by Cabinet in May 2022.
- 7.5 The GNF has now secured further capital from DEFRA and the Forestry Commission to support an additional project within the GNF programme; a restoration response to Storm Arwen damage.
- 7.6 In November 2021, Storm Arwen created significant damage to trees, woodlands and forests in Northern England and Central/Eastern Scotland. Initial estimates suggested around 2,300ha had blown in England (most in Northumberland) but Forest Research led mapping reveals a more accurate extent of damage from 2021’s winter storms with 3,200ha in England damaged (almost 12,750ha across Great Britain). Of the figure for England, it is estimated by Forest Research that 2,800ha of damage was in Northumberland (approx. 90%).
- 7.8 Typically, windblown crops are worth a third less than standing ones and the cost of replanting after damage is a third higher. If the area of windblow is large (greater than, say, 10ha) and the vehicular access is good, then it can still be economic to harvest these trees and to replant. However, with smaller (less than 10ha), and less accessible woodlands it is rarely financially viable to utilise the specialist extraction machinery necessary, given the low volumes and normally low quality of timber involved.
- 7.9 The proposal is to support landowners of small woodlands by introducing a grant for restoring and enhancing storm damaged woodlands with more resilient species mixes in Northumberland, within the following scope;
  - 0.5ha to circa 5ha farm woodlands and shelterbelts that have suffered recent storm damage and have blown to the extent that a conditional felling licence would not have been required or there is a risk that they would be left to deteriorate further – potentially leading to further carbon emissions and a decrease in tree cover;
  - Data would be collected to complete the scheme application – this would consist of location, woodland size, species, extent of windblow and then future design;
  - Where restoration and enhancement will deliver increased diversity and resilience or other public benefit such as biodiversity and nature recovery, landscape, or public access;

- Expansion of the woodland through additional woodland creation where appropriate will be encouraged (although not required).
- A maximum area of 20ha of windblown/restoration per property will be set because even with small, scattered woodlands, if they are on the same estate there is economy of scale;
- Any areas on peat where the new Forestry Commission/Natural England decision support tool advocates peat restoration will be excluded – re-siting of these woodlands to different locations would be supported;
- Funding would also support surveys and condition assessments in these locations which could lead to peat restoration through Nature for Climate;
- Where applicable, woodland management plans would also be encouraged to support the establishment and development of the replanted woodlands;
- Public land such as MOD estate would be eligible for support; and
- The grant will be a competitive process with schemes which provide greater enhancements given a higher score.

7.10 The lack of grant support and associated remediation will cause;

- Carbon loss from windblow – timber degrading in situ;
- No planting leading to a reduction in carbon sequestration;
- Forgoing the potential for the creation and expansion of more resilient woodlands and trees;
- Loss of an opportunity to engage positively with the land managers to encourage additional woodland creation;
- Potential increase in spread of pathogens/pests;
- Potential increase in risk and impact of wildfire; and
- Potential reduction in woodland area.

7.11 In addition, the absence of grant support for restocking these small windblow woodlands will have a negative effect on biodiversity, the landscape and public access, as well as on landowners/managers and their opinions/inclinations on managing and owning trees as well as woodland creation.

7.12 It is proposed that the funding would be allocated and awarded through the processes in place to distribute the previously awarded capital.

<b>Project</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>TOTAL</b>
Northumberland Trees on Your Land	300,000	300,000	300,000	<b>900,000</b>
Woodland Creation and Management Support	85,000	85,000	80,000	<b>250,000</b>

Strategic Acquisition Grant	100,000	100,000	100,000	<b>300,000</b>
Project Management	50,000	50,000	50,000	<b>150,000</b>
<b>Storm Arwen Restoration</b>		<b>750,000</b>	<b>750,000</b>	<b>1,500,000</b>
<b>REVISED TOTALS</b>	<b>535,000</b>	<b>1,285,000</b>	<b>1,280,000</b>	<b>3,100,000</b>

## **8. New Hartley First School Classroom Modifications**

8.1 CSG was asked to recommend the reprofiling and reallocation of Devolved Formula Capital (£14,267) and Energy Efficiency (£12,913) Education capital budgets to fund the increased capital requirement of £50,000 for classroom modifications at New Hartley First School.

### **Background**

8.2 New Hartley First School has longstanding issues with its irregular shaped classrooms, which were a hallmark of school classrooms designed back in the 1960's and 1970's where open plan rooms used curtains to separate off spaces so different activities could take place.

8.3 NCC funding of £22,820 was approved in February 2022 to support work to be carried out on;

- Creating two separate classrooms (Year 1 and Year 2) within the existing space;
- Removal of current dividing walls and installation of new walls to ensure both classrooms are regular shapes and same size;
- Creation of entrance corridor to KS1;
- Relocation of additional communications cabinet to an existing outer wall;
- Creation of new wet areas in each classroom.

8.4 There are ongoing cost increases within the construction industry, which makes cost estimation very difficult in terms of inflation and material costs. Latest estimates suggest that the total cost of the required work outlined above will be £50,000, an increase of £27,180 on the initial estimate built into NCC's capital programme for 2023-24.

8.4 Following a Devolved Formula Capital application submitted by the School and its Governors in March 2023, it is proposed that the revised £50,000 cost will be funded as follows;

- £22,820 – NCC contribution previously approved by County Council
- £12,198 – Reallocated from New Hartley First School Devolved Formula Capital allocation for 2023-24;
- £2,069 – Reprofiling of Devolved Formula Capital forward spend from 2024-25 allocation;
- £12,913 – Reallocated from Energy Efficiency capital allocation for 2023-24.



## **9. Energising Blyth Energy Central Campus Phase 1- Learning Hub**

- 9.1 CSG was asked to consider an allocation from the Energising Blyth Acquisitions and Deliveries budget within the MTFP for the acquisition and construction works costs at the Commissioner's Quay Carpark (£0.555m) in 2023-24 in order to maintain a realistic contingency in the original Energy Central Learning Hub budget.

### **Background**

- 9.2 Northumberland County Council and its partners have been successful in attracting both Future High Streets and Town Deal funding to transform Blyth town centre. NCC's Cabinet approved the Outline Business Case in September 2022 to enable progression to Full Business Case.
- 9.3 Following an extensive value engineering exercise, the confirmed total cost of the project approved by Cabinet at Full Business Case was £13,580,504. This was an increase of £2,405,504 to the estimated pre-tendered costs which were approved by Cabinet following OBC external appraisal.
- 9.4 Reported construction costs at £10.486m were based on Galliford Try's proposed contract sum for the works, and a value engineering (VE) exercise undertaken by Hall and Partners (quantity surveyors and employers agent). The value engineering exercise covered 85 separate items across 20 subcontract packages which required redesign and retendering from January 2023. The VE identified £1.600m of savings, however, on completion of tenders only £0.931m of savings have been achieved.
- 9.5 The key areas where savings were not achieved are as follows;
- Intumescent paint (fire protection) - the saving was offered on the basis that a water based paint could be used rather than solvent based. However due to the marine environment and the time required to encapsulate the steel frame in the building envelope it was not possible to fully realise the savings.
  - Metalwork – the previously selected subcontractor has been removed from Galliford Try supply chain due to poor performance and a decline in financial stability, the 2nd place contractor is now being proposed at an increase of £0.101 million.
  - Roofing and cladding – a VE shortfall of £0.300 million due to planning approval issues, errors in the initial proposal and inflation of certain cladding element which has eroded savings in other areas.
  - Fencing – reductions in specification were not permitted by the Harbour Master and the length of fencing increased resulting in £0.050 million increase.
  - The programme duration has been extended resulting in a £0.020 million increase.
- 9.6 A small additional saving in the Mechanical and Engineering costs of £0.08 million has also been achieved.

- 9.7 As a result of the above the construction costs are now confirmed at £10,561,790. However, it should also be noted that the contract sum still includes provisional sum allowances of £0.610 million due to delays in securing tenders and the volatility of construction prices. These sums can vary up or down and so have been reviewed in detail with Galliford Try and the design team to assess the risk associated with them. The majority of the items are of low risk and the allowances made are robust.
- 9.8 Enabling works have increased by £0.023 million. This covers the relocation of the leading light marine station by Port of Blyth and increased costs incurred removing ground obstructions during the installation of the drainage pumping station.
- 9.9 Fees have also increased from £0.871 million to £0.999 million. This covers the additional design fees to achieve the £0.931 million VE as well as fees associated with the land transfer and acquisitions between NCC, Port of Blyth, ECC Ltd and Advance Northumberland.
- 9.10 In order to cover the lower VE sums achieved and the subsequent increases in enabling works and fees, the Council will be able to draw on the contingency budget allocated to the project. Drawing on the contingency budget ensures the total cost of the project falls within the delegated limits approved by Cabinet in April 2023. However, this will reduce the contingency budget from £0.823 million to £0.074 million prior to commencement of the main contract.
- 9.11 To ensure there is an adequate contingency budget for the project, costs to acquire the Commissioners Quay car park (£0.555 m) will now be met from the Energising Blyth Acquisitions & Deliveries budget.
- 9.12 The original and proposed capital budgets are set out in the table below;

<b>Energy Central Learning Hub</b>			
<b>Item</b>	<b>Original Budget approved by Cabinet</b>	<b>Proposed Budget (May 2023)</b>	<b>Change</b>
<b>Capital</b>			
Construction	10,485,506	10,644,669	159,163
Demolition and Enabling Works	800,956	823,368	22,412
Furniture, equipment and specialist services	250,000	250,000	
Professional fees, surveys, investigations	870,550	999,918	129,368

Acquisition of Commissioners Quay car park	200,000		-200,000
Relocation	150,000	150,000	
Contingency	823,492	712,549	-110,943
<b>Sub-total</b>	<b>13,580,504</b>	<b>13,580,504</b>	<b>0</b>
Commissioners Quay car park		555,000	555,000
<b>Sub-total</b>	<b>0</b>	<b>555,000</b>	<b>555,000</b>
<b>Total - Capital</b>	<b>13,580,504</b>	<b>14,135,504</b>	<b>555,000</b>
<b>Revenue</b>			
Centre Management/Learning delivery	200,000	200,000	
<b>Sub-total</b>	<b>200,000</b>	<b>200,000</b>	<b>0</b>
<b>Total Project Costs</b>	<b>13,780,504</b>	<b>14,335,504</b>	<b>555,000</b>
<b>Funded by</b>			
Town Deal	4,700,000	4,700,000	
NCC (Capital)	2,500,000	2,500,000	
NCC Acquisitions & Delivery Budget	4,580,504	5,135,504	555,000
NTCA	2,000,000	2,000,000	
<b>Total Funding</b>	<b>13,780,504</b>	<b>14,335,504</b>	<b>555,000</b>

## 10. Prudhoe Waterworld Improvement Scheme

10.1 CSG was asked to consider an allocation of £1.500 million (£0.250 million in 2023-24 and £1.250 million in 2024-25) from the Capital Contract Price Inflation contingency budget within the MTFP for improvements at Prudhoe Waterworld.

### Background

10.2 Prudhoe Waterworld was opened in 1990 by Tynedale District Council. It features a 25x9 metre main pool, wave pool, gym, fitness studio, softplay and cafe. During 2022-2023 the facility attracted 140,401 visits, with 105,476 visits from members, and 34,925 from non-members.

- 10.3 Following the delivery of new build Leisure projects in Berwick, Morpeth, Ponteland, and the upgrade of both Blyth Sports Centre and Newbiggin Sports Centre, a requirement to improve the customer experience at the ageing Prudhoe site has been identified.
- 10.4 In 2016/2017 the gym and studio areas were refurbished with minor M&E works carried out over the next three years including modifications to the flume. The pool plant was upgraded in 2020/2021.
- 10.5 The proposed improvement project will focus on a refresh of the pool area as many of the finishes and fittings are end of life. The project cost of £1.500 million is indicative until a brief is agreed, and a design team appointed. The works will potentially include;
- full re-tiling of the pool areas;
  - addition of decorative acoustic panelling to the pool walls;
  - a remodelled pool entrance with automatic doors and lobby;
  - decoration to the main entrance and pool area;
  - new ceilings and lighting within the changing areas;
  - new RFID lockers, cubicles and vanity areas;
  - new signage throughout the building;
  - new glazing to the rear of the building;
  - Disability Discrimination Act (DDA) upgrade to flume tank exit;
  - addition of a Pool Pod (DDA Hoist); and
  - a DDA ramp to the front entrance.
- 10.6 The project will require an estimated investment of £1.500 million, with a spend of £0.250 million estimated for 2023-2024 and remaining £1.250 million required during 2024-25. This spend will be funded by an allocation from the Capital Contract Price Inflation contingency budget.

### **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

**Report sign off:**

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

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