



# Northumberland

## County Council

### CABINET

11 JULY 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 of Transformation and Resources (Section 151 Officer)

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#### 1. Purpose of Report

This report summarises proposed amendments to the Capital Programme considered by the Capital Strategy Group.

#### 2. Recommendations

Cabinet is recommended to:

##### 2.1 Children's Residential Homes:

- a) Approve the reallocation of capital funds of £1.260 million in 2023-24 from Black Close House to purchase six private residential properties which will support the development of multi-building children's residential homes in Northumberland.
- b) Approve that delegated authority is given to the Executive Director for Children, Young People and Education to enter into a contract(s) for the acquired units as and when they are identified up to the approved budget limit.

##### 2.2 BT Openreach Gainshare receipt

- a) Approve the receipt of BT Openreach gainshare funding amounting to £2.145 million.
- b) Approve the addition of £2.145 million to the Council's capital expenditure budget in 2023-24 to be split as follows:
  - i) Repayment to Building Digital UK (BDUK) of £0.989 million (46.11% of the total gainshare receipt) as per terms of the Contract; and,
  - ii) £1.156 million into Community Broadband in respect of enabling additional premises to access the £2,500 top up voucher to help provide gigabit connectivity in the hardest to reach areas

##### 2.3 Levelling Up Funding for Rapid Electric Vehicle (EV) Chargers:

- a) Approve the receipt of Levelling Up funding amounting to £0.453 million awarded to the Council for the provision of ten new rapid EV chargers to be delivered between April 2023 and March 2025, split as follows:
  - o £0.347 million in 2023-24; and,

- £0.106 million in 2024-25.
- b) Note the match funding NCC contribution of £0.050 million (10%) from the existing capital allocation in the Climate Change Capital Fund in 2024-25, creating a total budget of £0.503 million.

#### **2.4 Alnwick Playhouse – Replacement of Lighting Rig:**

- a) Approve the creation of a new capital project in 2023-24 for the installation of a new lighting rig at Alnwick Playhouse to ensure that the main auditorium is fully health and safety compliant.
- b) Approve the reallocation of capital funds of £0.100 million in 2023-24 from Ashington North East Quarter Redevelopment (Phase 2) to Alnwick Playhouse Lighting Rig to fund installation of the new rig.
- c) Note that the Strategic Regeneration Projects budget will reallocate £0.100 million to the Ashington North East Quarter Redevelopment (Phase 2) project in 2024-25.

### **3. Links to Corporate Plan**

The Council's Capital Programme is consistent with the priorities in the Corporate Plan 2023-2026, in particular the 'Achieving Value for Money' And 'Tackling Inequalities' priorities.

### **4. Background**

This paper summarises reports considered by the officer Capital Strategy Group on the allocation of funding within the Medium-Term Financial Plan to specific projects.

The amendments to the Programme were considered by the officer Capital Strategy Group (CSG) via email on 1 June 2023.

## **SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP VIA EMAIL ON 1 JUNE 2023**

### **5. Children's Residential Homes**

- 5.1 CSG was asked to consider a reallocation of approved capital funds of £1.260 million from the Black Close House project to acquire up to six 2–3-bedroom residential houses which will support the development of multi-building children's residential homes in Northumberland.

#### **Background**

- 5.2 A proposal was presented to Cabinet on 14 March 2023, to approve the use of the remaining approved capital funding to purchase the private property, Black Close House and complete a refurbishment to enable it to be used as a children's home.
- 5.3 This proposal was endorsed by Cabinet with the approval of funds totaling £1.260 million. Following this agreement, the Council has not been able to secure the purchase of the identified property, resulting in the scheme not being able to progress.

- 5.4 The inability to progress the Black Close property has afforded residential services the opportunity to consider the recently introduced multi-building children's home registration. This allows the service to apply to register a children's home where the care and accommodation is provided in more than one building. This permits a provider to care for up to six children across four buildings within this one single registration.
- 5.5 A multi-building children's home should enable residential services to make child-centered decisions about where each child lives and ensure that their individual needs are met within this one registration. It will mean that the service will be better equipped to offer a place to a child who needs somewhere to live quickly or who cannot easily live with other children immediately.
- 5.6 It is proposed that the existing portfolio, of 4 children's homes, are re-registered as multi-building children's homes. Subsequently, the 6 properties purchased in this proposal will be split across the portfolio as follows:
- 2 of the properties will be registered as part of the registration for the newly acquired Pegswood property.
  - The 4 remaining properties will be split across the registrations of the remaining 3 children's homes.

The 6 properties in this proposal will all be used for solo placements.

- 5.7 The current housing market within Northumberland would suggest that there are sufficient properties available that would meet the needs of the standards identified for the multi-building children's home registration. It is estimated that the properties will range between £0.150 million and £0.200 million for a 2-3 bedded property.
- 5.8 This will therefore increase the in-house bed availability from 15 to 21, with the 6 additional placements being able to support children with the most complex needs, or older young people that are preparing for adulthood and independence.
- 5.9 This enhances the requirements of the capital funding which was agreed in 2019, with the proposal being to build 2 new four-bedroom children's homes within Northumberland, those being Pegswood House and Black Close House, increasing our bed offer from 11 to 19 beds. This will result in a more cost-effective delivery of care due to the increased number of available beds and the significant savings on the projected refurbishment costings of £0.660 million for Black Close House.
- 5.10 At 8 May 2023 there were 460 children living in care in Northumberland, 57 of these children are identified as living in children's homes. Of these, 9 live in 3 provisions operated by the Council and are located within the county. The remaining 48 children live in children's homes operated by private providers. 1 of these placements is located within Northumberland which means that only 10 of the 57 children (17.5%) are located within the county. The remaining 47 children (82.5%) are located in a variety of commissioned placements spread across a wide geography within England and Scotland. The introduction of multi-building children's homes into the Council's portfolio would provide an additional 6 placements for children in the county, above the initial sufficiency proposal in 2019.
- 5.11 The Council has committed to the sustainability of this project by including it in the plans

to meet sufficiency duties in 2019. The projected implementation of Black Close House commencing within the fiscal year 2024-25 would have potentially offered a net saving of £0.267 million per year, equating to £66,785 per child.

- 5.12 The current costs per week for a child to live in an external residential placement can vary significantly depending on the level of support provided, but based on the average it is £4,810.70, this equates to an annual spend of £0.250 million per child. The average bed price for an in-house provision is £3,539.33, this equates to an annual spend of £0.184 million, offering an annual saving of £66,111 per child against the private sector.
- 5.13 The original net budget saving for both the Pegswood and Black Close House project was £0.662 million and the revised proposed saving for Pegswood and the 6 individual beds is £0.669 million, a slight increase in net revenue budget savings of £0.007 million.
- 5.14 To support the purchase of the properties it would be requested that delegated authority is given to the Executive Director for Children, Young People and Education to enter into a contract(s) for the acquired units as and when they are identified up to the approved budget limit.

## **6. BT Openreach Gainshare receipt**

- 6.1 CSG was asked to note the receipt of £2.145 million Gainshare payment from BT Openreach, and consider an addition to the Council's 2023-24 capital programme of £2.145 million, split as follows:
- Repayment to BDUK of £0.989 million (46.1% of the total gainshare receipt) as per terms of the Contract; and,
  - £1.156 million into the Community Broadband project to enable additional premises to access the £2,500 top up voucher to help provide gigabit connectivity in the hardest to reach areas.

## **Background**

- 6.2 The Council's contracts with BT for the rollout of superfast broadband in Northumberland included an element referred to as "Gainshare funding". This is the funding returned by BT where take-up of superfast broadband was higher than anticipated. As a result, there was less market failure than the initial funding calculation was based upon and an over subsidy by the public sector funders (i.e. Northumberland County Council and the Department for Culture, Media and Sport (DCMS)).
- 6.3 The original intention was that this gainshare funding along with any unutilised funding could be used in full if it was reinvested by the Council in further deployment of superfast broadband infrastructure in the county. However, following the announcement by DCMS of a £5.000 billion investment through "Project Gigabit", an amendment to the original grant funding agreement between DCMS and all local authorities (including Northumberland County Council) has resulted in a need for the DCMS element of unspent gainshare funding to be returned to central government to help fund this £5.000 billion programme.
- 6.4 The Council is contractually obliged to pay a proportion of these funds to DCMS (46.1%).

- 6.5 In April 2023, officers were notified that the Council would be receiving a further £2.145 million in Gainshare funding from BT Openreach. As per the terms of the contract, the Council will have to repay 46.1% of this to BDUK, a payment amounting to £0.989 million.
- 6.6 It is proposed that the outstanding balance of the receipt, totalling £1.156 million, is allocated to the Community Broadband project to enable a minimum of 462 premises in the county the opportunity to access a £2,500 top up voucher to help provide gigabit connectivity in the hardest to reach areas of Northumberland.

### Capital Scheme budgets

#### 6.7 Current Scheme Profile (2023-24)

Capital Project	Gainshare CA160003	Community Broadband CA170001
	£	£
Current Allocation	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

#### 6.8 Proposed Scheme Profile (2023-24)

Capital Project	Gainshare CA160003	Community Broadband CA170001
	£	£
Funds received from Openreach	(2.145)	-
Payment to be made to BDUK	0.989	-
Transfer funds to Community Broadband project	1.156	1.156
<b>Total</b>	<b>Nil</b>	<b>1.156</b>

## 7. Levelling Up Funding for Rapid Electric Vehicle (EV) Chargers

- 7.1 CSG was asked to note the receipt of Government Levelling Up funding amounting to £0.453 million awarded to the Council for the provision of ten new rapid EV chargers to be delivered between April 2023 and March 2025. This grant funding is to be split across the two financial years with £0.347 million allocated in 2023-24, and the remaining £0.106 million in 2024-25.

CSG also noted a further match funding NCC contribution of £0.050 million (10%), from the existing capital allocation in the Climate Change Capital Reserve Budget in 2024-25, creating a total capital budget addition of £0.503 million.

### Background

- 7.2 In August 2022, the North East Combined Authority (NECA) submitted a bid of £19.500 million into the second round of the Government's Levelling Up Fund. The bid will fund the delivery of zero emission buses in Tyne and Wear and 92 electric vehicle charging

stations across the region. On 19 January 2023, officers were notified that the bid had been successful.

- 7.3 The EV charging element of the bid includes ten new rapid chargers in Northumberland at town centre locations and sites close to the strategic road network. The programme starts immediately and must be delivered by 31 March 2025. The ten charging locations in Northumberland were submitted by the County Council for inclusion in the bid, as set out in the table below:

<b>Location</b>	<b>90% Grant</b>	<b>10% NCC</b>	<b>Total Budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Ashwood Business Park, Ashington	0.060	0.007	0.067
Chapel Street Car Park, Berwick	0.045	0.005	0.050
Greenwell Road, Alnwick (x2)	0.082	0.009	0.091
Newmarket Car Park, Morpeth (x2)	0.079	0.008	0.087
Otterburn village	0.062	0.007	0.069
Queen Street Car Park, Amble	0.044	0.005	0.049
Wentworth Car Park, Hexham (x2)	0.081	0.009	0.090
<b>Total</b>	<b>0.453</b>	<b>0.050</b>	<b>0.503</b>

- 7.4 These sites will be added to the Council's existing programme of EV Charger installations, which during 2023/24 entails the provision of an additional 75 EV charge points (including these 10 rapid chargers). Work will be carried out by the Council's existing installation team. It is anticipated that the majority of the work will be completed during 2023-24, with the remainder delivered in 2024-25, as set out below. The table also shows the funding split between external grant and NCC contribution. The Council's capital contribution will be accessed during 2024-25 in accordance with the existing Medium Term Financial Plan:

<b>Location</b>	<b>2023-24</b>		<b>2024-25</b>		<b>Total</b>
	<b>Grant</b>	<b>NCC</b>	<b>Grant</b>	<b>NCC</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Ashington	Nil	Nil	0.067	Nil	0.067
Berwick	0.050	Nil	Nil	Nil	0.050
Alnwick (x2)	0.091	Nil	Nil	Nil	0.091
Morpeth (x2)	0.087	Nil	Nil	Nil	0.087

Location	2023-24		2024-25		Total
	Grant	NCC	Grant	NCC	
	£m	£m	£m	£m	£m
Otterburn	0.069	Nil	Nil	Nil	0.069
Amble	0.049	Nil	Nil	Nil	0.049
Hexham (x2)	Nil	Nil	0.040	0.050	0.090
<b>Total</b>	<b>0.346</b>	<b>Nil</b>	<b>0.107</b>	<b>0.050</b>	<b>0.503</b>

- 7.5 The new rapid chargers will be added to the Council's existing network of 243 EV chargers. There will be no net impact on the Council's revenue budget as the additional costs incurred for electricity and maintenance will be covered by the income received from the users. A higher tariff is charged for rapid chargers (compared to fast chargers) given the higher demand/greater convenience of these facilities, which reflects the pricing methodology used at commercially operated EV charge points. The revenue budget will be adjusted to accommodate these additional chargers once they are installed and operational.
- 7.6 Monitoring of the project will be carried out by Transport North East and a working group has been set up to ensure the various elements of the bid are delivered.
- 7.7 Funding will be paid in stages with payment in arrears. NECA has completed a project Memorandum of Understanding with the Government and will now prepare a Grant Funding Agreement with the County Council for the delivery of its element of the wider project.
- 7.8 The Council's 10.0% funding contribution of £0.050 million will be funded from the Climate Change Capital Reserve Fund, as confirmed by the letter of support from the Interim Director of Finance to Transport North East on 29 June 2022.

## **8. Alnwick Playhouse – Lighting Rig**

- 8.1 CSG was asked to consider a reallocation of approved capital funds in 2023-24 of £0.100 million from the Ashington North East Quarter Redevelopment (Phase 2) project to Alnwick Playhouse, to enable the installation of a new lighting rig and ensure the main auditorium is fully health and safety compliant.

### **Background**

- 8.2 Following the extensive refurbishment of Alnwick Playhouse in late 2019, the lighting rig for the main auditorium was reinstalled. The rig was subsequently inspected after installation and then again in late 2020 with no issues raised.
- 8.3 However, in early 2022, a further inspection by a new engineer was carried out and highlighted the lack of manufacturers' stamps. The rig was not condemned but a lower

weight limit across the rig was recommended. Such a course of action had significant implications as the cinema screen was part of the load.

- 8.4 Over the past 18 months, staff at the Playhouse have been trying to source an engineer to load-test and certify the ladder beams as they stand. This has proved to be a complicated process.
- 8.5 In May 2023, the insurers for the Playhouse advised that they can no longer offer cover without a new certification with the appropriate stamps confirming that the manufacturers specification is being met. This led to the closure of the main auditorium to both live performances and cinema screenings, a situation which would not be financially sustainable for the Playhouse.
- 8.6 As an interim measure, a temporary ground supported system has been installed to allow the main auditorium to reopen.
- 8.7 The Playhouse has now sourced a highly experienced rigger to define the optimum long-term solution. This assessment has highlighted that the current 'fixed' rig presents health and safety issues around the loading/unloading of lamps, speakers, and cloths. Given this, it is considered that the existing ladder beams need to be replaced with a box truss system. This will provide a fit for purpose rig that will last well into the future.
- 8.8 It is estimated that the total cost of the installation of the new rig could be up to £0.100 million. Staff at the Playhouse have been working hard to raise funds, however in reality the work needs to be undertaken as quickly as possible to minimise the ongoing hire costs for the temporary solution and to restore the main auditorium to its full operational level.
- 8.9 The Strategic Regeneration Projects budget is fully committed for 2023-24, however due to delays in Government approval, a separate planned capital investment in 2023-24 in relation to Ashington North East Quarter Redevelopment Phase 2 (£2.430 million) will now be deferred until 2024-25.
- 8.10 It is proposed that £0.100 million is reallocated from the Ashington North East Quarter Phase 2 project in 2023-24, to a newly created Alnwick Playhouse Lighting Rig project to fund the installation of the new rig and allow the Playhouse to maximise its income at a traditionally lucrative period of the year.
- 8.11 The subsequent shortfall on the Ashington North East Quarter Phase 2 project will be corrected by a reallocation of £0.100 million from the Strategic Regeneration Projects budget in 2024-25.



## Implications

<b>Policy</b>	The schemes identified in the report support the priorities within the Corporate Plan 2023-26, in particular the 'Achieving Value for Money' And 'Tackling Inequalities' priorities.
<b>Finance and value for money</b>	<p>The report outlines proposed project allocations and amendments to the approved Capital programme 2023-24. The financial implications of these proposals are outlined in the main body of the report.</p> <p>The projects and the proposals identified in the report will be funded from the existing capital programme and external funding.</p> <p>s.17 Housing Act 1985 empowers the Council to acquire land and property for the purposes of housing.</p>
<b>Legal</b>	Subject to any contractual implications arising from the receipt of grant funding, there are no direct legal implications. Under Regulation 4 of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and under the Council's constitution the adoption of the Capital Programme as part of the Council's budget is a matter reserved to Full Council following the formulation of the capital programme by Cabinet.
<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 checked="" type="checkbox"/>	Not applicable.
<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 specific crime and disorder implications within this report.
<b>Customer Consideration</b>	The proposals will carefully consider the impact upon both customers and residents of Northumberland.

<b>Carbon reduction</b>	Carbon Reduction measures have been considered within the proposals.
<b>Health &amp; Wellbeing</b>	The Council's Capital budget is founded on the principle of promoting inclusivity
<b>Wards</b>	All wards.

**Background Papers:**

22 February 2023 Report to full Council: Budget 2023-24 and Medium-Term Financial Plan 2023-27

**Report sign off:**

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

	<b>Name</b>
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