



Northumberland

County Council

Cabinet

Tuesday, 12 December 2023

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of Councillor(s) Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Resources

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1. **Link to Key Priorities of the Corporate Plan**

The Council's Capital Programme is consistent with all of the priorities in the Corporate Plan 2023-2026, being 'Achieving Value for Money', 'Tackling Inequalities' and 'Driving Economic Growth'.

2. **Purpose of report**

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

3. **Recommendations**

3.1 Cabinet is recommended to:

3.2 **Blyth Relief Road**

- a) Authorise the allocation of £0.561 million from the 2023-24 budget allocation for the Salt Barns project to the Blyth Relief Road project. Then subsequently reallocate £0.561 million from the Blyth Relief Road project to the Salt Barns project in 2024-25.
- b) Authorise the amendment of the Medium-Term Financial Plan spend profile for the Blyth Relief Road as set out in Table 2.

3.3 **Kyloe House New Recreation Area**

- a) Approve spend of £0.271 million for a recreation area and secure walls to the High Dependency Unit at Kyloe House. Note the spend is externally funded by the Department for Education (DfE).
- b) Authorise the amendment of the capital programme as outlined in the spend profile in Table 1.

3.4 **Kyloe House New Media System**

- a) Approve spend of £0.043 million for a new media system at Kyloe House. Note the spend is externally funded by the Department for Education (DfE).
- b) Authorise the amendment of the capital programme to include the proposed spend in 2023-24.

4. **Forward plan date and reason for urgency if applicable**

This report was added to the forward plan on 30 October 2023.

5. **Background**

- 5.1 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) on 30 October 2023.

Summary of New Capital Proposals Considered by Officer Capital Strategy Group on 30 October 2023

6. **Blyth Relief Road**

- 6.1 CSG was asked to consider amendments to the Capital Programme. Firstly, a reallocation of £0.561 million from the 2023-24 budget allocation for the Salt Barns project to the Blyth Relief Road which would then be reversed in 2024-25. Secondly an amendment to the capital programme as set out in table 2.

Background

- 6.2 The Blyth Relief Road project is a key council priority aimed at reducing congestion on key radial routes into Blyth, providing a safer and more reliable network for public transport and active travel trips and facilitating delivery of the Local Plan aspirations for the town.
- 6.3 The project continues to progress through the development stages and Consultants are now engaged to move the project forward towards a planning application submission in early 2024.

- 6.4 However, emerging scheme development costs do not align with the originally assumed profile and therefore funding needs to be reallocated to ensure that the project remains on track.
- 6.5 In April 2023, following a report approved through Capital Strategy Group, Cabinet:
- a) Approved a request to allocate an additional £0.431 million from the 2023-24 MTFP Capital Contract Price Inflation Budget to meet inflationary pressures for the Blyth Relief Road (BRR) Project.
 - b) Authorised an amendment to the Medium-Term Financial Plan (MTFP) to reflect a revised contribution from the Department for Transport's National Roads Fund of £39.783 million to the Blyth Relief Road project.
- 6.6 Based on that Cabinet approval, the current budget for Blyth Relief Road is shown in Table 1 below:

Financial Year		Gross £ million	DfT £ million	NCC £ million
2022-23	Actual	0.180	-	0.180
2023-24	Budget	4.832	3.343	1.489
2024-25	Budget	16.873	14.576	2.297
2025-26	Budget	24.918	21.864	3.054
Total		46.803	39.783	7.020

- 6.7 The above budget profile was based on several assumptions on the anticipated cost to progress the design as well as an assumption, based on discussions with the DfT, that funding could be released from the National Roads Fund (NRF) to support scheme development in financial year 2023-24.
- 6.8 The Council has welcomed the recent publication by the DfT of 'Network North: transforming British Transport' which was issued on 4th October 2023 which confirms the Government's commitment to support the delivery of the Blyth Relief Road, namely '*We will provide £460 million to ensure the delivery of 21 smaller road schemes, including the A582 South Ribble Distributor; Kendal Northern Access Route; Wigan East-West Route; Shipley Eastern Bypass; and the **Blyth Relief Road***'.
- 6.9 However, as things stand, the Outline Business Case (OBC) has yet to be formally approved by the DfT as the project team continues to respond to technical queries. Release of NRF funding is therefore unlikely until the OBC is signed off and on that basis, the DfT funding allocation should be reprofiled to the back end of the programme.
- 6.10 In addition, the total anticipated expenditure for year 2023-24 is now estimated at £2.050 million. This includes items in excess of previous budget estimates such as surveys (ecological, topographical and drainage) and additional ground investigation works. Additional costs can be covered from allocations within the risk pot.
- 6.11 On that basis, the total anticipated expenditure for year 2023-24 is £0.561 million short of the current budget allocation of £1.489 million. It is recommended that this budget shortfall is covered as follows:

- a) £0.561 million is transferred from the 2023-24 budget allocation for Salt Barns to the 2023-24 allocation for Blyth Relief Road. (Expenditure on Salt Barns project is expected to be delayed into the 2024-25 financial year as negotiations over site acquisition are on-going and once agreed completion of the legal documentation to execute the purchase is expected to take place early in 2024-25).
- b) £0.561 million budget is reallocated from the current 2024-25 Blyth Relief Road allocation to the Salt Barns project budget allocation in 2024-25.
- c) £0.500 million budget for Blyth Relief Road is reprofiled from 2025-26 into 2024-25.

6.12 This will result in a revised spend profile for Blyth Relief Road which is shown in Table 2 below:

Financial Year		Gross	DfT	NCC
		£ million	£ million	£ million
2022-23	Actual	0.180	-	0.180
2023-24	Budget	2.050	-	2.050
2024-25	Budget	8.866	6.630	2.236
2025-26	Budget	35.707	33.153	2.554
Total		46.803	39.783	7.020

- 6.13 The assumed capital cost for the project remains unchanged. However, the risk of NCC's up-front design and development costs being abortive has been significantly reduced given the commitments made by DfT to support the scheme and we now await formal confirmation from DfT that they have approved the Outline Business Case.
- 6.14 It is important to note that the successful delivery of this scheme will be dependent upon several key factors. A number of possible constraints exist, and these have been summarised below and are supported by a detailed risk register:
- a) Strategic issues, for example changes in Government transport policy and funding landscape could impact delivery of scheme.
 - b) Change in appraisal guidance, or in gaining formal 'sign-off' from funding decision makers may delay delivery.
 - c) Changes in the outturn costs of the scheme could impact on the value for money of the scheme.
 - d) The majority of the environmental surveys have now been undertaken but new habitats or wildlife that need to be considered in the scheme development could still be identified in the remaining surveys.
 - e) Public consultation outcomes.
 - f) The scheme has only been developed to feasibility stage and detailed design could highlight further issues.
 - g) Problems could be encountered when seeking the necessary approvals to construct the scheme.

- h) The preferred option requires the purchase of land and discussions with landowners are ongoing.
- i) A bridge over the railway is being constructed as part of the Northumberland Line scheme. However, this will need to be dualled as part of the Blyth Relief Road proposals. This will need to be undertaken to minimise disruption to the railway network.
- j) The preferred option would affect public utilities at several locations.

7. Kylee House New Recreation Area

7.1 CSG was asked to consider capital spend of £0.271 million for a new recreation area at Kylee House. The capital spend is fully funded by the Department for Education (DfE).

Background

- 7.2 Kylee House is a Secure Children’s Home. Children live in one of two six bed living units. In some instances, it is necessary to separate a child from other children in the group. The existing room that is used for this purpose sits within the heart of the building and has no access to external areas. This project addresses the need to provide a suitable external space. Allowing a child, independently of other children, to go outside can help children to relax and staff to engage with them in an informal setting.
- 7.3 The current supportive / high dependency room at Kylee House has no direct access to an external recreation space. This has been criticized on OFSTED inspections of the building. This proposal will meet this requirement.
- 7.4 The total cost of the project is £0.271 million and Compass Developments (NE) Ltd have been granted a procurement exemption to undertake the project. Compass Developments (NE) Ltd are currently costing the design to ensure that the costs will not exceed the budget.
- 7.5 The profiling of the spend is shown in Table 1 below:

Financial Year	Gross £ million	DfE £ million	NCC £ million
2023-24	0.020	0.020	-
2024-25	0.251	0.251	-
Total	0.271	0.271	-

- 7.6 If the costs were to unexpectedly exceed the budget this would be funded by additional funds from DfE.
- 7.7 Planning permission for this project was granted on 16 May 2023.
- 7.8 The project will benefit both the children and staff at Kylee House. It allows for disruptive children to be separated from the main group thereby assisting in maintaining the stability of that group. The ability for that child to use an external space

should assist in management of disruptive children. When the yard is not being used by the High Dependency Unit it will be possible for children in Willow Unit to utilise the space thus maximising the use of the space.

8. Kyloe House New Media System

- 8.1 CSG was asked to consider capital spend of £0.043 million for a new media system at Kyloe House. The capital spend is fully funded by the Department for Education (DfE).

Background

- 8.2 Kyloe House is a Secure Children's Home. Children live in one of two six bed living units. Each child has their own bedroom in which they can access television and radio.
- 8.3 The project addresses the lack of a phone system within the bedrooms. Currently children in each unit have to use a single unit phone. The existing phone is a traditional hard-wired phone and is located in an airlock on the unit. Use of the phone by young people therefore has to be risk assessed. This can cause behavioural issues in children who, following risk assessment, are unable to use it.
- 8.4 The lack of flexibility in terms of phone availability can also heighten tension within the child cohort. This is because the location of the phone causes privacy issues and impacts on a child's freedom to make calls to Child Care Organisations. The hard-wired hand-held phone poses a safety and security risk.
- 8.5 The project upgrades the media system which is outdated and coming to end of life. It has been difficult to find a system that allows an upgrade without having to modify the building. The upgrade can be achieved without the need for major alterations to the building fabric or bedrooms, making the project cost effective.
- 8.6 Physical equipment sometimes has to be taken to a bedroom to supplement the TV. Use of this has be risk assessed. The new system will minimise this requirement.
- 8.7 The impact on children will be to provide the means of making or taking a phone call from within their bedroom as opposed to having to use a shared facility. The system can be tailored to each child's individual needs. The system will allow children use of a phone when previously risk assessment would have precluded them from doing so. They will have greater and freer access to the phone system.
- 8.8 The installation of the new system will also give staff greater flexibility and ease of management in operating the phone system.
- 8.9 The new phone system will reduce the risk of self-harm and or harm to staff and other Children.
- 8.10 The system will provide an updated media system similar to that provided in other homes. Updating the system will reduce the potential for disruption to the system. A malfunctioning media system can lead to heightened tension and behaviour flashpoints in the home.
- 8.11 Installation of the system will eliminate the need for the use of physical equipment thereby reducing the risk to young people. Young people that previously, following risk assessment, would have restricted access to aspects of the media system will be able to have greater access to it.

- 8.12 The cost of the project is estimated at £0.043 million in 2023-24. The estimate is based on costs provided by a supplier of £0.020 million and £0.023 million for associated builders work. The project is subject to usual NCC Procurement Procedures.
- 8.13 The estimate of costs includes contingency so there is minimal risk of overspending. If the project did happen to overspend then this would be funded by additional DfE funding.

9. Implications

Policy	The schemes identified in the report support all of the priorities within the Corporate Plan 2023-26.
Finance and value for money	The report outlines proposed project allocations and amendments to the approved Capital programme 2023-24 and 2024-25. The financial implications of these proposals are outlined in the main body of the report. The projects and the proposals identified in the report will be funded from either external funding or existing funding in the Capital Programme.
Legal	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
Procurement	Procurement will follow the Council's standard procedures and financial rules. The Corporate Procurement team will be consulted as appropriate
Human resources	Not applicable
Property	Not applicable
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point EIA is not applicable to the subject of this report.
Risk assessment	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.

Crime and disorder	There are no specific crime and disorder implications within this report.
Customer considerations	The proposals will carefully consider the impact upon both customers and residents of Northumberland.
Carbon reduction	Carbon Reduction measures have been considered within the proposals.
Health and wellbeing	The Council's Capital budget is founded on the principle of promotion inclusivity.
Wards	(All Wards);

10. Background papers

Not applicable

11. Links to other key reports already published.

Network North: transforming British Transport, Department for Transport, Oct 2023
– see link [Network North](#)

12. Author and Contact Details

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