



# Northumberland

## County Council

Cabinet

Tuesday, 16 January 2024

### 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 **Greensfield Farm Alnwick**

a) Approve the spend of £0.333 million to acquire 2 3-bedroom houses on the Wynyard Homes Greensfield Farm development in Alnwick. Note this will be funded using in year capital receipts and retained capital receipts within the Housing Revenue Account.

##### 3.2 **Lyndon Walk**

- a) Approve the updated spend of the Lyndon Walk 13 bungalows proposal of £2.796 million. This will be funded from Housing Revenue Account reserves.
- b) Approve the amendment to the Capital Programme for the updated spend as profiled in the report.

### 3.3 Dene Park Windows

- a) Approve the spend of £0.184 million to replace the windows at Dene Park House. Note that the funding for this project will come from the existing Property Stewardship Budget allocation within the Capital Programme.
- b) Approve the amendment to the Capital Programme to reallocate £0.184 million from the Property Stewardship Budget to Dene Park House in 2023-24.

### 3.4 Energising Blyth Programme – Energy Central Institute

- a) Approve the amendment to the Capital Programme to establish the Energy Central Campus Phase 2 (Energy Central Institute) as a defined project in the Capital Programme with a total budget of £15.421 million as profiled in the body of the report.
- b) Approve the proposal to accelerate capital spend of £1.404 million in advance of business case approval to drive forward project development inclusive of spend in 2022-23.
- c) Delegate authority to the Executive Director for Place and Regeneration to enter into a contract to the value of £1.060 million to appoint a multi-disciplinary Design Team, subject to the appropriate procurement processes being followed.
- d) Approve the spend of £0.750 million to commence work on demolishing Keel Row Shopping Centre and 3-5/7-9 Bridge Street.
- e) Delegate authority to the Executive Director for Place and Regeneration to enter into a contract for the demolition of Keel Row Shopping Centre and 3-5/7-9 Bridge Street, subject to the appropriate procurement processes being followed.

### 3.5 Energising Blyth Programme – Technical Fit-Out and Equipment

- a) Approve the amendment to the Capital Programme to establish the Energy Central Campus Phase 1 – Technical Fit-Out and Equipment as a defined project with a total budget of £1.450 million as profiled in the body of the report.
- b) Delegate authority, in accordance with the 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 capital implications to Capital Strategy Group for consideration in the Capital Programme.

### 3.6 Woodhorn Lift Replacement

- a) Approve the spend of £0.121 million to replace the lift in the Winding House at Woodhorn. Note that this is funded from the existing Property Stewardship budget in the Capital Programme.
- b) Approve the amendment to the Capital Programme to reallocate £0.121 million from the Property Stewardship Budget to Woodhorn Lift Replacement.
- c) Approve the novation of the MEND grant and accept the Grant Funding Agreement Terms (subject to Legal review) from the Arts Council for the sum of £0.107 million.

### 3.7 County Hall – Print Room Refurbishment

- a) Cabinet are asked to note the spend of £0.125 million for the refurbishment of the County Hall Print Room. Noting that the Refurbishment work commenced on 28 November 2023, and that this is funded from the existing Property Stewardship budget in the Capital Programme.
- b) Approve the amendment to the Capital Programme to reallocate £0.125 million from the Property Stewardship budget to County Hall – Print Room Refurbishment.

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

The date this report was added to the forward plan was 29 November 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 28 November 2023.

## Summary of New Capital Proposals Considered by Officer Capital Strategy Group on 28 November 2023

### 6. Greensfield Farm Alnwick

- 6.1 CSG was asked to consider capital funding of £0.333 million to acquire 2 3-bedroom homes on the Wynyard Homes Greensfield Farm development in Alnwick. This spend will be funded using in year capital receipts and retained capital receipts in the Housing Revenue Account.

### Background

- 6.2 The proposal is to acquire 2 3-bedroom houses from Wynyard Homes on their Greensfield Farm Development, Alnwick. This acquisition is part of the Housing Delivery Pipeline that has been identified and progressed by the Housing Delivery team. The market value of the individual units is £0.269 million and the Council will offer 60% of market value at £0.161 million per unit.
- 6.3 The site is Land South of Greensfield Farm, Weavers Way, Alnwick and was granted planning approval for 23/02660/VARYCO under original application 21/04074/FUL. The development will comprise 19 units in total with a range of 2,3 and 4-bedroom homes being available. As part of the development there is a requirement that 25% of the dwellings should be provided as affordable housing. This equates to 5 units for affordable housing and in agreement with the Housing Delivery team the developer will be requesting that the affordable rented units are provided as 2 3-bedroom houses by the Council and that 3 2-bedroom houses are provided as Shared Ownership by Heylo Housing. The units provided by the Council will be let at an affordable rent as stated in section 106.

- 6.4 The plots under consideration are number 8 and 9 and development is planned to commence on site in March 2024 with anticipated practical completion in October 2024.
- 6.5 This acquisition model offers a quicker delivery solution than if the units were built by the Council because development on the site is due to commence in Spring 2024.
- 6.6 The new build energy efficient units meet with some of the Council's zero carbon objectives and can be realised due to a very quick build time. The proposed scheme will meet local housing need and meet the objectives of the recently adopted Local Plan, the Council's housing strategy and the Council's Housing Delivery Strategy.
- 6.7 The financial implications are as follows:

Capital	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
<b>Expenditure</b>					
Construction	0.032	0.292	-	-	<b>0.324</b>
SDLT	0.004	0.005	-	-	<b>0.009</b>
<b>Total</b>	<b>0.036</b>	<b>0.297</b>	-	-	<b>0.333</b>
<b>Funding</b>					
Retained Capital Receipts	0.014	0.119	-	-	<b>0.133</b>
Capital Receipts	0.022	0.178	-	-	<b>0.200</b>
<b>Total</b>	<b>0.036</b>	<b>0.297</b>	-	-	<b>0.333</b>

Revenue	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
<b>Expenditure</b>					
Premises related (depreciation)	-	0.004	0.004	0.126	<b>0.134</b>
Running costs	-	0.004	0.004	0.218	<b>0.226</b>
<b>Total</b>	-	<b>0.008</b>	<b>0.008</b>	<b>0.344</b>	<b>0.360</b>
<b>Income</b>					
Rents	-	0.011	0.012	0.540	<b>0.563</b>
<b>Total revenue savings</b>	-	<b>0.003</b>	<b>0.004</b>	<b>0.196</b>	<b>0.203</b>

- 6.8 Key dates and milestones:
- a) 31.10.23 NCC presented initial offer to Wynyard Homes.
  - b) 10.11.23 Verbal agreement by Wynyard Homes to offer made by NCC.
  - c) 28.11.23 CSG approval to be sought.
  - d) 29.11.23 Housing Delivery team to progress with formulation of Heads of Terms.
  - e) 16.01.24 Cabinet approval to be sought.
  - f) 17.01.24 NCC Legal to progress with contract.
  - g) March 2024 Construction Start on Site.
  - h) Oct 2024 Practical Completion, handover and allocation of new homes.

i) The project should be completed within 12 months from approval.

- 6.9 This scheme will provide new energy efficient homes for tenants currently in housing need. It will also provide the Council with a valuable new asset estimated to be £269,215 per unit and rental income of £119.39/week per unit.
- 6.10 The proposal meets the objectives of the recently adopted Local Plan, the Council's Housing Strategy, the findings of the Strategic Housing Market Assessment (SHMA) 2018 refresh and the emerging Council's Housing Delivery Strategy. This is an opportunity to acquire 2 3-bedroom affordable homes in the Alnwick area where currently the council mainly has ageing housing stock.
- 6.11 The Housing Team have identified, from the Homefinder application, that there is a need for 3-bedroom houses. There were 488 applicants for the 10 advertised 3-bedroom properties. The bidding rate was an average of 48 bids per property. The proposal will provide a local alternative to residents who have outgrown their current 2-bedroom affordable home.

## **7. Lyndon Walk**

- 7.1 CSG was asked to consider an increase in the capital funding to £2.796 million for the Lyndon Walk proposal. The proposal is to build 13 2-bedroom bungalows. This spend will be funded using Housing Revenue Account reserves.

### **Background**

- 7.2 Since original approval of the Lyndon Walk project there have been severe delays due to protracted service disconnection and demolition of the site, design and specification of the specialist units that will now employ Modern Methods of Construction (MMCC), delays in planning permission and difficulties in finding a procurement route to work with Advance Developments.
- 7.3 In line with market conditions this delay has led to an increase in the construction costs and it has been identified that an Employers Agent and Quantity Surveyor are required as these resources are not available within the Council's Housing Delivery team.
- 7.4 Lyndon Walk is a specialist development of 13 2-bedroom bungalows designed to support people living with Dementia by providing on site care. The scheme is a pilot scheme aiming to support people living with Dementia/Alzheimer's and their informal carer/spouse to continue to live independently in the community, helping to maintain the family and support network. There will be a care provider on site to support, provide respite and reassurance to enable the carer to continue in their caring role.
- 7.5 The bungalows will be developed and owned by the council through the Housing Revenue Account and managed by the in-house operational housing management team. The land is owned by the Council and has been novated to Housing. The bungalows will be allocated through the complex housing process to people with a care and support need.
- 7.6 The site known as Social Services Lyndon House Day Care Centre, 1 Lyndon Walk Blyth, was granted planning approval for 22/02324/FUL on 10 March 2023. Land remediation work is expected to start in January 2024 with construction planned to

commence on site in March 2024. Completion is anticipated to be February/March 2025.

- 7.7 The Council's Corporate Plan sets out the Council's ambition to increase the supply of Extra Care Housing for older people as a priority. Extra Care Housing acts as a preventative model, supporting independence and avoiding admission into residential care or hospital. The Council's Extra Care and Supported Housing Strategy sets out the Council's intention to increase accommodation options for residents of Northumberland who need various levels of supervision, support and/or care to enable them to live as independently as possible in their community. The Market Position Statement identifies supporting people living with Dementia to continue to live independently in the community as a priority. The objectives of this proposal contribute to the Council objectives and national initiatives.
- 7.8 The proposal is part of the Housing Delivery Pipeline that has been identified and progressed by the Housing Delivery Team. A budget of £45.000 million from the Housing Revenue Account was approved the Medium-Term Financial Plan to resource the Housing Delivery Pipeline with a view to increasing the supply of affordable homes in areas where the Council operates as a landlord. Additional funding in the form of Brownfield Housing Fund (£0.395 million), Opportunity Development Fund (£0.013 million) and Adult Social Care (£0.100 million) has been made available to this project. It is anticipated an increased Homes England grant will be received at a rate of £0.050 million per unit.
- 7.9 The grant funding per unit equates to £0.089 million, £1.158 million in total.
- 7.10 The cost in the original proposal for Lyndon Walk was £1.320 million which had no allowance for land remediation, Employers Agent and Quantity Surveyor Services, zero technologies and MMC. On top of these costs, inflation over the last 4 years has impacted on cost estimates. As a result the capital cost is now estimated at £2.761 million (£0.212 million per unit).
- 7.11 The financial implications, both capital and revenue, are as follows:

<b>Capital</b>	<b>2023-24 £ million</b>	<b>2024-25 £ million</b>	<b>2025-26 £ million</b>	<b>2026-2055 £ million</b>	<b>Total £ million</b>
<b>Expenditure</b>					
Construction	0.168	1.564	1.064	-	<b>2.796</b>
<b>Total</b>	<b>0.168</b>	<b>1.564</b>	<b>1.064</b>	<b>-</b>	<b>2.796</b>
<b>Funding</b>					
Grants (Homes England and S106)	-	0.579	0.579	-	<b>1.158</b>
Capital Receipts	0.168	0.985	0.485	-	<b>1.638</b>
<b>Total</b>	<b>0.168</b>	<b>1.564</b>	<b>1.064</b>	<b>-</b>	<b>2.796</b>

Revenue	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
<b>Expenditure</b>					
Premises related (depreciation)	-	0.035	0.035	1.141	<b>1.211</b>
Running costs	-	0.032	0.034	1.582	<b>1.648</b>
<b>Total</b>	-	<b>0.067</b>	<b>0.069</b>	<b>2.723</b>	<b>2.859</b>
<b>Income</b>					
Rents	-	0.068	0.074	3.309	<b>3.451</b>
<b>Total revenue savings</b>	-	<b>0.001</b>	<b>0.005</b>	<b>0.586</b>	<b>0.592</b>

7.12 Key dates and milestones:

- a) Spring 2022 site novated from Social Care to Housing
- b) Feb 2023 final site disconnections
- c) Mar 2023 demolition completed
- d) 07.11.23 LOI signed between NCC and Advance Northumberland Developments
- e) 28.11.23 CSG approval to be sought on updated cost plan
- f) 16.01.24 Cabinet approval to be sought
- g) Jan 2024 Grouting of site
- h) Feb/March 2024 Construction Start on Site
- i) Feb/March 2025 Practical Completion, handover and allocation of new homes.
- j) The project should be completed within 15 months from approval.

7.13 The dementia diagnosis rate in Northumberland is 68.6%. There are 878 people in the Blyth Valley area with a GP registered diagnosis of dementia, 5% of all patients registered in the area.

7.14 There are 814 service users receiving Homecare in South/Central according to Swift data, 118 of these service users have a diagnosis of dementia, this equates to 14% of Homecare clients. The cost of Homecare for service users with dementia is £0.873 million per year. This equates to an average of £0.007 million per service user per year. There are 378 service users living with dementia in residential or nursing homes in South/Central. This is at a cost of £10.500 million per year. Economies of scale can be achieved by care staff supporting a greater number of service users in one location and supporting family carers where appropriate.

7.15 At present the approval from the Coal Authority to commence the grouting is outstanding. The grouting process carries some risks for the project due to the nature of the work. The grouting contract has been awarded on a fixed price so any unforeseen issues won't result in any additional costs.

## 8. Dene Park Windows

- 8.1 CSG was asked to consider a capital spend of £0.184 million to replace the windows at Dene Park House. This spend will be funded from the existing Property Stewardship Budget allocation within the Capital Programme. At present there is £1.215 million available budget in the 2023-24 Property Stewardship budget.

### Background

- 8.2 A detailed condition survey has been carried out at Dene Park House and the recommendation is that the windows are beyond economic repairs and that replacing the windows with modern double glazed uPVC units will improve thermal efficiency and make the building more weathertight.
- 8.3 Dene Park House is located in the East of Hexham. The existing windows are the original single glazed wooden framed units. The current condition of the frames varies but is overall poor. A small number of frames have been replaced already however the vast majority are now deemed beyond economic repair.
- 8.4 The financial implications are as follows:

Description	2023-24 £ million
Schedule of works	0.160
Contingency	0.008
Design fees and surveys	0.016
<b>Total</b>	<b>0.184</b>

- 8.5 If the project does not go ahead then it will mean there is ad hoc replacement of windows as repair becomes unviable. This is a less efficient process of window replacement when compared to scale of achievable savings from a focused scheme.
- 8.6 The poor condition of the windows has resulted in them not being fit for purpose. In some cases, the windows are no longer wind or weatherproof and therefore do not provide protection from rain and cold in the winter. Some are seized closed which prevents air movement during periods of hot weather.

## 9. Energising Blyth Programme – Energy Central Institute

- 9.1 CSG was asked to consider a capital spend of £15.421 million for the Energy Central Institute, including £1.404 million spend prior to approval of the full business case and £0.750 million to commence work on demolishing Keel Row Shopping Centre.

### Background

- 9.2 The Council and its partners have been successful in attracting Future High Street Fund, Town Deal and Levelling Up Deep Dive funding to transform Blyth town centre. This funding will stimulate confidence and further investment, create new jobs, bolster economic growth and transform the town, ensuring it realises its full potential. This programme of renewal is underpinned by creative engagement with the community of Blyth demonstrating demand and support for positive change.



- 9.3 The Energy Central Campus Phase 2 is a key project in the £110 million Energising Blyth programme. At this point Cabinet has:
- a) Agreed allocations for Future High Streets Fund (FHSF) projects.
  - b) Agreed to establish the Energising Blyth Programme and agreed that Cabinet will approve individual project business cases.
  - c) Agreed to establish a not-for-profit Company Limited by Guarantee to provide the vehicle through which the Energy Central Campus projects and activities will be delivered.
  - d) Approved the acquisition of the long leasehold interest of Keel Row Shopping Centre and associated Car Park together with the freehold interest in 7 and 9 Bridge Street to create a development platform for new uses, including the Energy Central Institute.
  - e) Approved the Full Business Case for Energy Central Campus Phase 1 – Learning Hub.
- 9.4 Due to uncertainty around site location, an ‘Initial’ Outline Business Case (OBC) was progressed through the agreed Blyth Town Deal local assurance process in order to submit an Outline Business Case ‘Summary Document’ to UK Central Government in November 2022.
- 9.5 The Outline Business Case ‘Summary Document’ was approved by UK Central Government in March 2023, enabling Grant Funds to be released in accordance with the Town Deal Heads of Terms and agreed project expenditure profile. So far the Council has received the full grant of £0.997 million from FHSF and £0.062 million from Town Deal. Town Deal funding will be released to the Council based on project progress.
- 9.6 The acquisition of the long leasehold interest of Keel Row Shopping Centre and associated Car Park together with the freehold interest in 7 and 9 Bridge Street was finalised in July 2023 and vacant possession will be secured by 28 February 2024, providing a development platform for new uses, including the Energy Central Institute.
- 9.7 A significant amount of development work is now required to take the ECI designs and costs from RIBA Stage 2 to RIBA Stage 3 to enable the OBC to be finalised and submitted to Cabinet for approval. The appointment of a Design Team will also enable the progression of a commercially time critical planning application to demolish Keel Row Shopping Centre upon vacant possession. The Design Team will also be embedded in the operating model and business plan works which are currently being developed by key strategic partners and Energy Central Campus Ltd. This work will inform the design brief to ensure the building will be fit for purpose and meet the needs of both industry and service providers.
- 9.8 The procurement of a multi-disciplinary Design Team is well advanced with the contract ready to be awarded to the successful team subject to Cabinet approval. Subject to approval of the OBC by Cabinet, the Procurement of a contractor on a two-stage tender basis will then take place and the Design Team will progress to RIBA Stage 4 to confirm the Final Business Case.
- 9.9 In July 2023, the Council acquired Keel Row Shopping Centre and car park which were held on a long lease by Northumberland Estates Ltd. The Council also acquired 7-9 Bridge Street from Northumberland Estates Ltd and 3-5 Bridge Street which was

owned by a private company, creating a master planned development platform, including land already in the Council's ownership. The Energy Central Institute is proposed to be located on the site.

- 9.10 3-5 Bridge Street is a 3-storey commercial property abutting 7-9 Bridge Street, both properties suffered considerable damage due to Storm Arwen in December 2021 and remain in a state of disrepair 7-9 Bridge Street has significant damage to the roof, meaning the building is exposed. The Council commissioned a structural report of both premises from Jasper Kerr and have concluded that remedial works are required to make both buildings safe for a period of six to nine months.
- 9.11 Both Bridge Street premises are in the Blyth Central Conservation Area require permission to demolish from the Local Planning Authority. Part of Keel Row Shopping Centre is also located in the Central Conservation Area and therefore permission to demolish is also required.
- 9.12 Keel Row Shopping Centre has remained open in the short term with vacant possession expected to be secured in February 2024, this will allow for utilities disconnections prior to demolition. To secure vacant possession, a formal three month notice period is required to be served to some of the tenants from November 2023. Following the appointment of the Energy Central Campus Phase 2 Design Team, a Planning application to secure consent to demolish the Keel Row Shopping Centre and 3-5/7-9 Bridge Street will be submitted.
- 9.13 Plans are being developed in conjunction with Insurance and Health & Safety to protect the Council's interests during the Keel Row closure period between vacant possession and demolition. To minimise this period, demolition is required prior to approval of the Energy Central Campus Phase 2 Full Business Case, without this, the Keel Row Shopping Centre would be a revenue burden on the Council and would be at risk of vandalism for a period of up to 12 months at a cost of up to £0.179 million. Early demolition of 3-5/7-9 Bridge Street is required within the 6-9 month timeframe identified in Jasper Kerr's Structural Report, if this is not achieved a new survey will be required in order to understand the condition of the building which could lead to abortive costs via further remedial works or worse case, the buildings have become dangerous.
- 9.14 Early demolition will also allow for a potential enabling works package to commence ahead of the main construction contract. The potential benefits of this include ensuring the facility is operational by September 2026 and ensuring site activity continues which mitigates some of the PR implications that could occur if the development of a key Town Centre site is perceived to have paused.
- 9.15 The key milestones of the project are as follows:

<b>Project milestone</b>	<b>Target date</b>
Formal notices served to Keel Row Shopping Centre tenants	November 2023-January 2024
Appointment of Design Team	January 2024
Submission of Planning application to demolish Keel Row Shopping Centre & 3-5/7-9 Bridge Street	February 2024
Keel Row Shopping Centre closure	February 2024
Utilities disconnections	February-May 2024
Planning determination for demolition	May 2024
Demolition works	May-September 2024

<b>Project milestone</b>	<b>Target date</b>
Confirm operating model, Business Plan and Subsidy Control advice	July 2024
RIBA Stage 3 Designs & Costs	July 2024
Detailed OBC developed	August 2024
Contractor appointment (Stage One)	August 2024
Planning permission granted (ECC Phase 2)	November 2024
RIBA Stage 4 Designs & Costs	December 2024
Key strategic partners/providers confirmed (in principle)	December 2024
FBC submission	January 2025
Construction commences	March 2025
Construction completed	August 2026
Building operational	September 2026

- 9.16 The table below sets out the current identified capital allocations for the combined Energising Blyth projects, which are reflected in the Medium-Term Financial Plan. Energy Central Campus Phase 2 is incorporated into the Blyth Town Deal and Future High Street Fund budget line, which was approved by Cabinet in July 2021.

<b>Energising Blyth Capital Funding Profile 2021-2026*</b>			
	TOTAL CAPITAL BUDGET (£ million)		
	BUDGET	EXTERNAL	NCC
Future High Street Fund (FHSF)	25.460	11.121	14.339
Blyth Town Deal 2022-2026	51.062	28.943	22.119
<b>Totals</b>	<b>76.522</b>	<b>40.064</b>	<b>36.458</b>

\*Note that the Northern Gateway Phase 1 project is excluded from the above figures as it is already established in the capital programme.

- 9.17 The table below sets out the indicative costs for the Energy Central Campus Phase 2 project, based on RIBA Stage 2 designs developed as part of a 'light touch' Business Case developed in November 2022. Costs are based on a projected opening date for the new facility of September 2026. The financial profile of anticipated spend and subsequent drawdown from the various funding sources is detailed below. The project costs are £14,981,328 plus a contribution of £440,000 towards site acquisition.

	<b>2022-23</b> £ million	<b>2023-24</b> £ million	<b>2024-25</b> £ million	<b>2025-26</b> £ million	<b>Total</b> £ million
<b>Expenditure</b>					
Contribution towards site acquisition	-	0.440	-	-	<b>0.440</b>
Demolition	-	0.250	-	-	<b>0.250</b>
Construction & Enabling Works	-	0.500	7.701	3.905	<b>12.106</b>
Equipment	-	-	-	0.300	<b>0.300</b>
Fees, Surveys & Investigations	0.043	0.428	0.602	0.402	<b>1.475</b>
Contingency	-	-	-	0.850	<b>0.850</b>
<b>Total</b>	<b>0.043</b>	<b>1.618</b>	<b>8.303</b>	<b>5.457</b>	<b>15.421</b>
<b>Funding</b>					
FHSF	0.043	0.888	0.065	-	<b>0.996</b>

	2022-23 £ million	2023-24 £ million	2024-25 £ million	2025-26 £ million	Total £ million
Town Deal	-	0.290	5.084	-	5.374
NCC	-	-	3.154	5.457	8.611
NCC (Strategic Acquisitions)	-	0.440	-	-	0.440
<b>Total</b>	<b>0.043</b>	<b>1.618</b>	<b>8.303</b>	<b>5.457</b>	<b>15.421</b>

- 9.18 The spend associated with the next stage of design and development work is necessary to enable ECC Phase 2 to develop in line with business case and funding requirements. This includes the appointment of a multi-disciplinary Design Team to take design development from RIBA Stage 2-7.

RIBA Plan of Work	Stage Outcome
RIBA 2 – Concept Design	<b>Architectural Concept</b> approved by the client and aligned to the <b>Project Brief</b> .
RIBA 3 – Spatial Coordination	Architectural and engineering information <b>Spatially Coordinated</b> .
RIBA 4 – Technical Design	All design information required to manufacture and construct the project completed.
RIBA 5 – Manufacturing & Construction	Manufacturing, construction and <b>Commissioning</b> completed.
RIBA 6 - Handover	Building handed over, <b>Aftercare</b> initiated and <b>Building Contract</b> concluded.
RIBA 7 - Use	Building used, operated and maintained efficiently.

- 9.19 Demolition works are required ahead of business case approval so ECC Phase 2 can be delivered on time, to mitigate the revenue risks associated with Keel Row Shopping Centre and to mitigate the health and safety risks associated with 3-5 & 7-9 Bridge Street.

Energy Central Institute Design Fees	
	£ million
Current Spend (to RIBA 2)	
Design Fees (to RIBA 2)	0.034
Advance PM Fees	0.009
<b>Sub-total</b>	<b>0.043</b>
Costs (RIBA 2-7)	
Design Fees	1.060
Advance PM Fees	0.301
<b>Sub-total</b>	<b>1.361</b>
<b>ECI total (Recommendation 2)</b>	<b>1.404</b>
Demolition & Utilities Disconnections	0.750
<b>Sub-total (Recommendation 5)</b>	<b>0.750</b>
<b>Total</b>	<b>2.154</b>

- 9.20 All Future High Street Funding must be defrayed by September 2024 (subject to approval of six month extension), Town Deal funding must be defrayed by 31st March 2026 and the facility operational by September 2026. In order to achieve this, capital

spend is required 'at risk' to provide the necessary detail for submission of an externally appraised 'detailed' OBC report to Cabinet. Should the project not proceed, funding would need to be returned to Government, the benefits of the project would not be realised and the Keel Row Shopping Centre and adjacent Bridge Street properties under Council ownership would not be demolished, resulting in a revenue cost and reputational risk to the Council.

9.21 The key risks associated with the project include:

- a) Loss of external funding if the project is not completed; £996,534 Future High Street funding needs to be defrayed by 31st March 2024 and £5,373,458 Town Deal funding defrayed by 31st March 2026.
- b) Reputational risk to the Council if the Keel Row Shopping Centre site is not demolished and the site developed for new uses in a timely manner following closure.
- c) Revenue cost implication and impact on Programme if Keel Row Shopping Centre demolition is delayed due to a delay in appointing Design Team.
- d) Construction cost inflation placing pressure on the project budget which could compromise quality/scope and/or impact on value for money assessment.
- e) Should the OBC not be approved, the project will not progress and any costs incurred would revert to revenue.
- f) The submitted tender prices for the Design Team are held until 18th January 2024. Any appointment after this date could be subject to an increase in price.

## **10. Energising Blyth Programme – Technical Fit-Out and Equipment**

10.1 CSG was asked to consider a capital spend of £1.450 million for the Energy Central Campus Phase 1 – Technical Fit-Out and Equipment.

### **Background**

10.2 The Council and its partners have been successful in attracting Future High Street Fund, Town Deal and Levelling Up Deep Dive funding to transform Blyth town centre. This funding will stimulate confidence and further investment, create new jobs, bolster economic growth and transform the town, ensuring it realises its full potential. This programme of renewal is underpinned by creative engagement with the community of Blyth demonstrating demand and support for positive change.

10.3 The Energy Central Campus (ECC) is a transformational, business led skills, education and innovation development supporting growth in the low carbon energy sector in Blyth and the wider North East.

10.4 The project will equip young people and adults with the skills needed to take up careers in the sector and enable local companies to grow through access to a skilled workforce and support to adopt the latest innovations in clean growth technology. It will demonstrate to businesses and potential investors that Blyth is ready to meet their growth needs and will be delivered in two phases, at different sites:

- a) ECC Phase 1 - Energy Central Learning Hub (ECLH) - A new STEM education and vocational training facility, developing energy sector skills and aspirations among young people at school and college, and adults re-training for new roles.

Based at the Port of Blyth, learners will develop skills in a real-world energy port setting.

- b) ECC Phase 2 - Energy Central Institute - A new higher-level skills and innovation facility, developing energy sector expertise at degree and PhD levels. Creating a focal point for collaboration between energy businesses, OREC, and North East universities, it will develop higher-level skills and technological innovations to keep Blyth at the forefront of energy sector growth. Located at a prominent town centre gateway site, it will attract footfall and enliven the town centre.

10.5 A considerable amount of work has been undertaken to develop the Full Business Case (FBC) for Energy Central Campus Phase 1 - Learning Hub and the main construction contract commenced in June 2023. Following the confirmation of an additional £20.71m funding awarded to Blyth through the Levelling Up Deep Dive (LUDD) process, this has enabled additional investment in technical fit-out and equipment which compliments the existing Energy Central Campus Phase 1 - Learning Hub project.

10.6 The ECC Phase 1 - Technical Fit-Out and Equipment project has been developed through discussions with DLUHC, ECC partners, employers, technical specialists, and senior leaders in schools and colleges in the area and is designed to equip the ECLH with the required digital capacity and specialist technical equipment to deliver high quality learning aligned to employer skills needs. The project involves two elements:

- a) The installation of digital infrastructure which will be aligned with the construction work on the ECLH.
- b) The purchase and installation of specialist training equipment in the workshops and digital training suite, which will take place in June / July 2024 as part of the internal fit out of the new building.

10.7 The Energy Central Campus, including the Technical Fit-Out and Equipment project, directly contributes to and aligns with the Energising Blyth Strategy and the Town Investment Plan, delivering against three of the core strategic priorities i.e., Growing Town, Inclusive Town, and Clean Growth Town.

10.8 The Strategic objectives for the project are:

- a) Upgrade the digital infrastructure and equip the ECLH with specialist training equipment and learning technologies, providing a state-of-the-art learning environment, located in the heart of a thriving green energy industrial cluster to engage and support employers and learners.
- b) Support high quality delivery of vocational skills provision, at intermediate and advanced levels, to prepare residents of Blyth and the wider region for employment in the clean energy sector.
- c) Provide a co-ordinated approach to addressing industry growth skills needs, bringing together employers, providers, and people.
- d) Support local residents and unemployed people into clean energy jobs.

10.9 There is a clear need to invest in the Technical Fit-Out and Equipment project to support a growing and sustainable business base by equipping the ECLH with the digital capacity and specialist equipment to deliver the skills and competencies

needed by employers in the clean energy sector, to support innovation and drive business growth.

10.10 This will facilitate more skilled and better paid jobs by creating a high-quality learning environment equipped with state-of-the-art workplace training equipment and materials, located at the heart of a thriving clean energy industrial cluster in Blyth.

10.11 The total cost of the project is £1.450 million, the breakdown of costs is as follows:

	2023-24 £ million	2024-25 £ million	2025-26 £ million	Total £ million
<b>Expenditure</b>				
Training Equipment	-	0.750	-	<b>0.750</b>
Digital Infrastructure	-	0.200	-	<b>0.200</b>
AR/VR Hardware & Software	-	0.050	-	<b>0.050</b>
Immersive Learning classroom	-	0.250	-	<b>0.250</b>
Digital twinning technologies	-	0.100	-	<b>0.100</b>
Digital Design workstations	-	0.100	-	<b>0.100</b>
<b>Total</b>	-	<b>1.450</b>	-	<b>1.450</b>
<b>Funding</b>				
Levelling Up Deep Dive	-	1.450	-	<b>1.450</b>
<b>Total</b>	-	<b>1.450</b>	-	<b>1.450</b>

10.12 Costs have been based on supplier quotes and recent experience of employers/training providers in purchasing similar equipment. The final list of equipment is still to be agreed and there is no contingency allocated to the project. Therefore, the ECLH Project Manager will be responsible for ensuring all expenditure is within the agreed budget, identifying cost savings if required, which will not impact on the overall quality or objectives of the project.

10.13 In April 2023, the Council approved the delivery model for the construction of Energy Central Campus Phase 1 – Energy Central Learning Hub. The Council is responsible for delivering the capital build of ECLH on behalf of Energy Central Campus Ltd. The Council will also be responsible for procuring specialist training and equipment and resources for this project.

10.14 The purchase of specialist training equipment will be procured by the Council's established procurement processes. Procurement will take place from January 2024 to ensure delivery and installation can take place in July 2024.

10.15 Reporting and Governance will continue in accordance with the Local Assurance Framework. The Governance and management structures established to delivery Energy Central Campus Phase 1 – Energy Central Learning Hub also apply to the delivery of this project.

10.16 The project is an integral part of the wider ECLH project and therefore successful delivery is dependent on effective integration within the overall construction project. Installation of digital infrastructure and specialist equipment has been aligned with the construction Programme.

10.17 The key milestones of the project are as follows:

<b>Project milestone</b>	<b>Target date</b>
FBC for the ECC Phase 1 (ECLH) submitted	July 2022
Award of construction contract	May 2023
Construction starts on site	June 2023
OBC submission for Technical Fit-Out and Equipment	31 <sup>st</sup> October 2023
Procure high-capacity fibre (EAD) connections	November – December 2023
Complete delivery and installation of EAD connectivity	May - June 2024
Procure digital hardware and software for digital twinning, AR, VR and Immersive learning	January – April 2024
Procure technical training equipment	January – April 2024
ECLH Manager and Deputy Manager appointed	April 2024
Construction works completed	July 2024
Internal fit out of the ECLH	July – August 2024
New facility opens	September 2024
First employers and learners supported at the ECLH	September 2024

10.18 The key risks associated with the project include:

- a) Loss of external funding if the project does not proceed. The 1.45m project costs are 100% funded by LUDD.
- b) Costs are not fixed and there is no contingency allocated to the project. If costs do increase then savings will need to be made across the project by reducing quantities or other means.
- c) Installation of digital infrastructure needs to be aligned to the construction Programme for the building so abortive work can be avoided.
- d) Purchase and installation of specialist training equipment is dependent on the Programme for internal fit out of the new building. Lead in times for specialist equipment are still to be confirmed.
- e) NCC are required to cash flow Grant Funding Agreement for Energy Central Campus Ltd to satisfy the Due Diligence requirements of the Agreement.

## **11. Woodhorn Lift Replacement**

11.1 CSG was asked to consider a capital spend of £0.121 million to replace to lift in the Winding House at Woodhorn. This spend will be funded from the existing Property Stewardship budget in the Capital Programme. At present there is £1.215 million available budget in the 2023-24 Property Stewardship budget.

### **Background**

11.2 An application prepared by Museums Northumberland has been submitted for MEND Funding from the Arts Council, for urgent upgrade works to vital plant and equipment across the Woodhorn site. In support of the application, it is proposed the Council will fund the replacement of the Lift within Winding House 1.



- 11.3 The lift proposal is to replace the existing hydraulic lift with an electrical alternative within the same lift shaft, the current installation has been condemned by Zurich and is now completely out of action and unable to be used due to H&S concerns.
- 11.4 Without the lift in operation access to be first and second floor is limited to a rear staircase, meaning the higher floors are currently inaccessible to wheelchair users or other anyone with other disabilities affecting movement, sight etc, for staff and the general public.
- 11.5 The MEND application applied for includes the following fix schemes:
- Winding House replacement Boiler
  - Workshop Galleries replacement Boiler
  - Sewage Upgrade for full site
  - Replacement of automatic double door opening
  - Replacement dishwasher
- 11.6 Woodhorn is one of the Council's owned assets, the Winding House No.1 is Grade Listed II\* (orange) and overlooked by Scheduled Monument Site (pink)



- 11.7 The proposal is to retain the existing shaft, therefore externally there will be no works or impact upon the listed building. Internally as the lift is replaced with an electric alternative, the plant room on the top floor will be redundant and likely return to a storeroom. The controls for the lift will be located on the ground floor adjacent to the lift shaft.
- 11.8 Under the current lease with Museum Northumberland, the Council are responsible for the lift within the Winding House, the lack of the lift is having a detrimental impact on the users, staff, and Museum Northumberland offerings for the spaces on the upper's floors.
- 11.9 The proposed electric lift will have a 25-year life expectancy, whereas repairing the existing hydraulic lift has a limited life expectancy of a maximum of 10 years.
- 11.10 Installing the electric lift will remove the requirement of hydraulic fluid, reducing the risk of spillage, manual handling, and ongoing maintenance costs, which could pose a risk to listed building from damage from spillage or manual handling.

11.11 The capital cost is detailed below:

	<b>2023-24 £ million</b>
<b>Expenditure</b>	
Schedule of works for lift replacement	0.061
Contingency for lift replacement	0.007
Design fees and surveys for lift replacement	0.010
<b>Subtotal – Lift replacement</b>	<b>0.078</b>
Winding House Boiler replacement	0.085
Workshop Boiler replacement	0.025
Sewage Upgrade	0.018
Automatic Doors replacement	0.006
Dishwasher replacement	0.005
Contingencies	0.011
<b>Subtotal – MEND works</b>	<b>0.150</b>
<b>Total spend</b>	<b>0.228</b>
<b>Funding</b>	
Grants (MEND funding)	0.107
Property Stewardship fund	0.121
<b>Total funding</b>	<b>0.228</b>

11.12 If the cost of the scheme overruns there is current availability in the Property Stewardship budget to cover the lift replacement.

## 12. County Hall – Print Room Refurbishment

12.1 CSG was asked to consider a capital spend of £0.125 million for the refurbishment of the County Hall Print Room. This spend will be funded from the existing Property Stewardship budget in the Capital Programme. At present there is £1.215 million available budget in the 2023-24 Property Stewardship budget. Cabinet are asked to note that refurbishment work commenced on 28 November.

### Background

12.2 It is proposed to refurbish the Print Room located in the basement of Block 3 County Hall. A H&S Team Audit Report of 2020 on County Hall Basement Areas concluded that the Print Room area was outdated and that changes were required to aid manual handling and improve staff workstation areas.

12.3 A separate project to upgrade the remaining areas of the basement is proposed for the future. To ensure safe building access, security and to maintain the Print Service offer, the Print Room refurbishment works must be carried out separately to other basement refurbishment works.

- 12.4 The proposal is for the Print Room to be refurbished to bring occupancy standards up to the level of the rest of the quadrangle buildings. It is proposed that the work is paid for from the Property Stewardship budget. During the refurbishment works the Print Services team, and their associated equipment, will be decanted in to Block 4's basement (former Information Services Server area) at the end of November 23.
- 12.5 The project is necessary due to working conditions needing to be improved for Print Services staff to make it comparable with the rest of the building and to improve their service efficiency. Existing building finishes, and equipment are either outdated or inefficient. Following a recent H&S Audit paper, the option of leaving the space in its current condition is not feasible as there are a number of H&S issues which need addressed and Print Room management have expressed concerns regarding delivery space, staff workstations and the general working environment conditions.
- 12.6 The works are being done in advance of the remaining basement areas' refurbishment to avoid access issues during the works and to allow the printing services to be maintained throughout the duration of the programme. The Print Service will be decanted into Block 4 basement as it contains the only space large enough to accommodate most of the Print Room equipment and is still accessible for deliveries and staff.
- 12.7 The refurbishment has been broken down in to three works orders: Building works - Dave Black Construction; White Knight - Electrical; Robert Kirkland – Heating. All contractors to be managed by the Capital Delivery Team. The refurbishment has been designed, costed and project managed by the Economic Development & Growth's Design Team. Elements of the refurbishment work includes but is not exclusive to: ventilation works; heating convector replacement; decoration; new flooring (to 60% of the room); new doors; asbestos containing material removal; draught-proofing; new energy efficient lighting; new electrical distribution board; new CAT 6 data cabling and power sockets.
- 12.8 The following key dates have been agreed with Print Services, Facilities Management, and appointed contractors:
- a) Tuesday 28th November 2023 - Decant of Print Services staff and equipment.
  - b) Friday 1st December 2023 - Xerox Printing equipment to be moved by specialist.
  - c) Monday 4th December 2023 - Refurbishment works start on site.
  - d) Tuesday 6th February 2024 - Projected works completion date.
  - e) Friday 9th February 2024 - Print Services to move in to refurbished space.
- 12.9 The capital cost is detailed below:

Description	2023-24 £ million
Enabling works	0.006
Building works	0.026
Electrical works	0.036
Mechanical works	0.019
Sundry works	0.005
Asbestos removal	0.003
Management fee (Capital Delivery Team)	0.005

Description	2023-24 £ million
Contingency	0.009
Design fees	0.016
<b>Total</b>	<b>0.125</b>

12.10 Any delay in the refurbishment proposals would result in Print room staff continuing to work in an environment with inadequate ventilation and lighting levels. Asbestos containing floor tiles in one section of the room will remain in-situ and could propose a problem if damaged, although this is low-risk.

12.11 The works are part of an overall programme of refurbishment work for County Hall basement areas. Not proceeding with this section of the refurbishment would hinder the remaining programme due to access and safety concerns trying to maintain the Print Service whilst other construction works were happening adjacent to their area.

### 13. Implications

<b>Policy</b>	The schemes identified in the report support all of the priorities within the Corporate Plan 2023-26.
<b>Finance and value for money</b>	The report outlines proposed project allocations and amendments to the approved Capital programme 2023-24, 2024-25 and 2025-26. 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.
<b>Legal</b>	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>	Procurement will follow the Council's standard procedures and financial rules. The Corporate Procurement team will be consulted as appropriate.
<b>Human resources</b>	Not applicable
<b>Property</b>	Not applicable
<b>The Equalities Act: is a full impact assessment required and attached?</b>	No - not required at this point EIA is not applicable to the subject of this 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 and disorder</b>	There are no specific crime and disorder implications within this report.
<b>Customer considerations</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 and wellbeing</b>	The Council's Capital budget is founded on the principle of promotion inclusivity.
<b>Wards</b>	(All Wards);

**14. Background papers**

Not applicable.

**15. Links to other key reports already published**

Not applicable.

**16. Author and Contact Details**

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