



Northumberland County Council

Cabinet

Tuesday, 9 April 2024

ENERGY CENTRAL CAMPUS PHASE 1 – TECHNICAL TRAINING KIT: OUTLINE BUSINESS CASE

Report of Councillor(s) Councillor Wojciech Ploszaj, Portfolio holder for Supporting Business and Opportunities

Responsible Officer(s): Simon Neilson, Executive Director of Place & Regeneration

1. Link to Key Priorities of the Corporate Plan

This project is part of the £110m Energising Blyth Programme supported by UK Government, Northumberland County Council and North of Tyne Combined Authority. This is a placemaking 'whole town' programme which contributes to the Council's Corporate Plan priorities but particularly to the 'Achieving Value for Money', 'Tackling Inequalities and 'Driving Economic Growth' strategic priorities.

2. Purpose of report

In accordance with the Energising Blyth Programme - Local Assurance Framework, the report seeks the approval of the Outline Business Case (OBC) for the Energy Central Campus Phase 1 – Technical Training Kit which is part of development and delivery of the £20.71m Levelling Up Deep Dive (LUDD) funding awarded to Blyth earlier this year. The OBC has been externally appraised with a recommendation to proceed to Full Business Case (FBC).

3. Recommendations

Cabinet is recommended to:

- Approve the Outline Business Case for the Energy Central Campus Phase 1 – Technical Training Kit to enable progression to Full Business Case.
- Delegate authority, in accordance with the Local Assurance Framework, to the Council's s151 Officer following consideration of the recommendation of the Energising Blyth Programme Board to approve the Full Business Case.

- Delegate authority to the Council's s151 Officer to enter into a Grant Funding Agreement between the Northumberland County Council as the fund Accountable Body and Energy Central Campus Ltd.
- Delegate approval to the Executive Director of Place and Regeneration to enter into any contracts relating to the project up to the value of £1.45m, subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.

4. Forward plan date and reason for urgency if applicable

The report first appeared on the Forward Plan on 14th February 2024.

5. Background

- 5.1 Northumberland County Council and its partners have been successful in attracting Future High Streets Fund, Town Deal and Levelling Up Deep Dive funding to transform Blyth town centre. This substantial funding will stimulate confidence and further investment, create new jobs, bolster economic growth and transform the town ensuring it realises its full potential. This significant programme of renewal is underpinned by creative engagement with the community of Blyth demonstrating demand and support for positive change.
- 5.2 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.
- 5.3 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:
- 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.
 - 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.
- 5.4 A considerable amount of work has been undertaken to develop the Full Business Case (FBC) for Energy Central Campus Phase 1 - Learning Hub and following approval, 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 training kit which compliments the existing Energy Central Campus Phase 1 - Learning Hub project.

Key Issues

- 5.5 In July 2023, Cabinet accepted the award of £20.71m Levelling Up Deep Dive capital and revenue funding, adding this to the Capital Programme. This included several new initiatives including 'Energy Central Campus Technical Training Kit'.
- 5.6 An Outline Business Case for Energy Central Campus Phase 1 – Technical Training Kit has now been developed and externally appraised. Following this, a Report was submitted to Capital Strategy Group (CSG) for consideration at its meeting on 28th November 2023. The report asked CSG to note the contents of the report and recommend to Cabinet the following:
- To establish the Energy Central Campus Phase 1 – Technical Training Kit as a defined project in the Capital Programme with a total budget of £1,450,000 as profiled in the body of the report.
 - 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 the capital implications to Capital Strategy Group for inclusion in the Capital Programme.

Both recommendations were approved by Cabinet on 16th January 2024.

5.7 The key milestones of the project are as follows:

| Project milestone | Target date |
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| 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 Training Kit | 31 st 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 |

6. Options open to the Council and reasons for the recommendations

The key risks linked to a delay in securing Outline Business Case/Full Business Case approval include:

- A delay to instructing the installation of additional digital infrastructure (eg broadband) could mean that this work does not align with the building construction Programme. This could lead to abortive work and/or increased costs to install the broadband ductwork so the building can be connected to the network. Installation of specialist equipment is dependent on the building providing the appropriate ventilation, cooling and electrical infrastructure needs. A delay in securing Business Case approval could lead to missed opportunities to adapt the mechanical and electrical design for the building which will require an instruction to the Galliford Try. Alternatively, this could lead to abortive costs in order to deliver the mechanical and electrical services required.
- Lead in times for specialist equipment are still to be confirmed and can't be identified with confidence until orders are placed. Installation is required by August 2024 so there are no delays to the opening of the facility in time for the academic year which commences in September 2024.

7. Implications

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| Policy | The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Blyth Town Investment Plan. |
| Finance and value for money | £1.450m funding has been awarded to this project from the Government's Levelling Up Deep Dive fund subject to the completion of a locally assured Green Book Business Case. The Council has received the full Levelling Up Deep Dive funding of £20.71m via a Section 31 Grant. An economic appraisal was carried out as part of the Outline Business Case submission in November 2023. External advice was received on VAT for the construction of ECLH which was taken on board in the delivery model, the same delivery model is expected to be in place to deliver the Technical Training Kit project. |
| Legal | A representative of Legal Services is invited to the Energising Blyth NCC Programme Board. Subsidy control advice has been commissioned for the project in addition to the advice provided to date for this project via NCC Legal team. The Accountable Body will also seek Legal advice. |

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| | <p>Legal Services have worked with the ECC Ltd company Directors to ensure an appropriate Shareholder Agreement is in place.</p> <p>It has been confirmed by the Executive Director of Transformation & Resources that she has no conflict of interest in relation to this project.</p> |
| Procurement | In line with all other capital expenditure, project spend will be subject to the Council's recognised procurement procedures. |
| Human resources | The project is being developed with support from NCC's Energising Blyth Programme Team in conjunction with the partner lead (ECC Ltd) and the appointed external Project Manager. Advance Northumberland have provided Project Management Services via a Project Initiation Document (PID). |
| Property | NCC is one of 3 founding shareholders of ECC Ltd. ECC Ltd is lessee to the land on which the ECLH development is located. Provision has been made within a Shareholder Agreement to protect the financial interests of the Council should ECC Ltd fail. |
| The Equalities Act: is a full impact assessment required and attached? | Yes - required and attached |
| Risk assessment | A risk register is in place for the project which will manage and monitor risk. |
| Crime and disorder | This project is part of the proposals in the Energising Blyth Programme which in totality include various measures intended to reduce crime and disorder in Blyth through positive regeneration measures. DLUHC have confirmed a £200,000 funding package through 'Deep Dive' to create a Safe and Welcoming Town Centre which will be delivered later in the Programme. |
| Customer considerations | There has been extensive partner and community consultation as part of the Town Deal development and the proposals respond to the feedback received. Further engagement is planned as the business case and detailed proposals develop. |
| Carbon reduction | The Energy Central Campus will support the county's contribution to carbon reduction and clean growth objectives. This will provide new research, development and education |

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| | facilities supporting industry needs in the offshore wind and energy industry. |
| Health and wellbeing | The Town Deal proposals include an underpinning objective to support the development of an 'Inclusive Town' supporting positive health and wellbeing outcomes through successful town centre regeneration. |
| Wards | All wards in the town of Blyth, with learners and businesses from the wider County and North East benefiting from the skills and training provision. |

8. Background papers

Energising Blyth Programme (Future High Street Fund and Town Deal) Cabinet Report - July 2021

Energising Blyth Programme: Levelling Up Deep Dive Cabinet Report – July 2023

Summary of New Capital Proposals considered by Officer Capital Strategy Group - January 2024

9. Links to other key reports already published

Not applicable.

10. Author and Contact Details

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