



Northumberland County Council

Cabinet

TUESDAY 7 MAY 2024

BOWES COURT HOUSING ENERGY IMPROVEMENTS – 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

1.0 Link to Key Priorities of the Corporate Plan

This project is part of the £90m 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.

Additionally, the project delivers on the objectives set out in the Northumberland County Council Local Plan to provide access to decent and affordable housing, improve community health and wellbeing, deliver sustainable development, and minimise environmental impacts.

2.0 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 Bowes Court Housing Energy Improvements as part of the £20.71m Levelling Up Deep Dive (LUDD) funding awarded to Blyth in 2023. The OBC has been externally appraised with estimated costs, and with a recommendation to proceed to Full Business Case (FBC).

3.0 Recommendations

Cabinet is recommended to:

In relation to NCC as the Accountable Body for the Levelling Up Deep Dive funding:

- 3.1 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 Outline Business Case; and to approve the Full Business Case in due course.
- 3.2 Establish the project in the capital programme with a total project cost of £1,919,525, to be funded from Levelling Up Deep Dive grant £1,334,000, UK Government Housing retrofit funding £383,905 and existing Housing Revenue Account funding of £201,620, or up to £585,525 from existing Housing Revenue Account funding if UK Government Housing retrofit funding is lower or not secured.
- 3.3 Delegate authority to the Council's s151 Officer in consultation with the Portfolio Holder for Supporting Business and Opportunities to enter into a Grant Funding Agreement following approval of the Full Business Case from Northumberland County Council for the Bowes Court Project as the fund Accountable Body.

In relation to NCC as the recipient of the Levelling Up Deep Dive funding for the Bowes Court Housing Energy Improvements

- 3.4 Delegate authority to the Executive Director for Place & Regeneration, to enter into a Grant Funding Agreement for the Bowes Court project, as the funding recipient.
- 3.5 Delegate authority to the Executive Director of Place and Regeneration to enter into any contracts relating to the project subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.

4.0 Forward plan date and reason for urgency if applicable

The report first appeared on the Forward Plan on 30th January 2024.

5.0 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.
- 5.2 Bowes Court is targeting one of the most deprived wards in Blyth and nationally and is designed to improve the overall quality and attractiveness of accommodation, address market failure, contribute to net zero goals and deliver place based environmental improvements.
- 5.3 The Bowes Court project encompasses 64 properties at Bowes Court as well as 8 linked properties on the adjacent Bowes Street, which are managed by the Council as part of the same development. All properties are currently occupied.
- 5.4 Initial consultation with residents and owners of the properties has taken place to discuss the proposed works. Further liaison will take place on an ongoing basis throughout the duration of the project.
- 5.5 This project will deliver retrofit improvements to 72 properties, including 64 homes in Bowes Court and 8 properties on Bowes Street, of which 59 are owned by the Council.

Council, 7 flats are privately owned on a leasehold basis, and 6 houses are privately owned as freehold properties.

5.6 The improvements include:

- Retrofit assessment and package of external wall insulation (EWI).
- Improvements to mechanical and electrical ventilation.
- Works to address ongoing and recurring issues with damp and mould.
- Remove old cavity wall insulation (CWI) and apply EWI and render to address historic CWI that has become ineffective as a result of suspected penetrating damp through external walls.
- Fit solar PV panels.

5.7 The project will deliver a range of benefits for the residents of these properties, including:

- Reduced energy consumption and lower fuel bills, helping to tackle fuel poverty and cost of living challenges.
- Improvements to health the eradication of cold, damp, mould and condensation build up, which can have a detrimental impact on health if not addressed.
- Improved comfort, quality and appearance of the housing leading to quality-of-life benefits for residents.

5.8 The total project cost is £1,919,525. Subject to approval of the business case £1,334,000 has been awarded from Department for Levelling Up Housing and Communities.

5.9 A combination of UK Government Housing retrofit funding (e.g. Eco4 Flex programme) of £383,905 and Northumberland County Council funding of £201,620 will complete the funding required to meet the costs of this project. At the time of preparing the outline business case the appointment of the contractor has not been undertaken, because the project funding must first be approved before the contractor can be appointed. However, when the procurement process is completed and the preferred contractor is identified, the final funding amounts from each funder will be confirmed and updated in the business case, at Full Business Case (FBC) stage

- UK Government housing retrofit funding (e.g. the Eco4 Flex programme) which will be provided by the appointed construction contractor. Approved contractors are eligible to draw down a proportion of the costs of social housing retrofit improvements from Government funding programmes. The specific amount of funding to be drawn down will be confirmed on appointment of the preferred contractor.
- The balance of the project funding will be provided from Northumberland County Council's Housing Revenue Account (HRA) Capital Funding. The Council's housing team has an existing delegation in place to allocate funding from this budget flexibly to any housing project in the Council's portfolio. Therefore, the housing team will confirm the final NCC funding contribution which will be the balance of the final total project costs minus the Levelling Up

funding and the Government retrofit funding drawn down by the appointed contractor.

5.10 Breakdown of costs. (Note: Precise split of costs is to be determined upon appointment of contractor.)

Expenditure Item	2024/25	2025/26	TOTAL
Apply EWI and render	678,800	169,700	848,500
Scaffolding for high gable roofs	56,000	14,000	70,000
Warm deck roofs for flat entrances	43,200	10,800	54,000
Re-roofing works	206,400	51,600	258,000
Top-up loft insulation	34,400	8,600	43,000
Solar PV panels	82,560	20,640	103,200
Upgrade ventilation	57,600	14,400	72,000
Retrofit Works Subtotal	1,158,960	289,740	1,448,700
Contingency (10%)	115,895	28,974	144,869
Overheads (2.5%)	28,974	7,243	36,217
Design Fees (20%)	231,791	57,948	289,739
TOTAL	1,535,620	383,905	1,919,525

Funder	Amount (£)	Status
DLUHC (Levelling Up Deep Dive Funding)	1,334,000	<ul style="list-style-type: none"> Secured (Subject to business case approval).
Northumberland County Council and UK Government housing retrofit funding	585,525	<ul style="list-style-type: none"> NCC funding is secured. UK Government housing retrofit funding will be confirmed on appointment of contractor.
TOTAL	1,919,525	

5.11 The balance of the project costs will be provided from a combination of UK Government Housing retro-fit funding and NCC's housing revenue account (HRA). When the procurement process is completed and the preferred contractor is identified, the final funding amounts from each funder will be confirmed and updated in the business case and at Full Business Case (FBC) stage.

5.12 Levelling Up Deep Dive funding reference in the Capital Plan: Please note with regard to the Levelling Up Deep Dive funding referred to in this report that from financial year 2024-25 onwards this funding will be referred to as NCC Capital in the Council's Capital Medium Term Financial Plan if recommendations 3.1a. and 3.1b included in the Financial Performance 2023-24 - Position as at the end of February 2024 (Provisional Outturn) report to Cabinet on 7th May 2024 are approved. The rationale for this amendment can be found in the same report in Paragraphs 8.7 to 8.12.

- 5.13 The funding received from DLUHC was required to be used and defrayed in financial year 2023-24 and as such NCC has proposed utilising this funding against projects the council would have otherwise funded from its own resources in 2023-24. The medium-term financial plan will require amending in 2024-25 and 2025-26 to replace the expected grant with the Council's own funds to reflect the grant received being used in advance of the delivery of the proposed projects benefitting the Council by delaying its own borrowing requirements.

6.0 Key Issues

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 Bowes Court Housing Energy Improvements.

An Outline Business Case has now been developed and externally appraised and now requires approval from Cabinet.

The key milestones for the project are:

Project milestone	Target date
Issue ITT via Fusion 21 Framework	16-02-24
Submit final draft OBC for appraisal (based on estimated costs and delivery programme)	23-02-24
Business Case (OBC) appraisal completed	08-03-24
Tender responses received (5 weeks)	29-03-24
Evaluation of tenders and clarification (2 weeks)	12-04-24
Preferred contractor selected. Final tendered costs and contractor match funding contribution confirmed	12-04-24
Full Business Case finalised and submitted based on final tendered costs	19-04-24
Business Case considered by NCC Cabinet. DLUHC funding and final NCC match funding approved.	07-05-24
Award letter issued and contract signed	24-05-24
Liaison with tenants	01-05-24 to 30-06-04
Liaison with any local businesses affected by the works	01-05-24 to 30-06-04
Contractor prepares project designs (two months), in parallel with mobilisation	01-06-24 to 31-07-24
Work starts on site	01-08-24
All works complete (8 months duration of works subject to confirmation of final programme by appointed contractor)	31-03-25
Building Regulations approval (from initial application submission to final approval)	18-12-23 to 30-04-25

Monitoring and evaluation (outcomes and benefits monitored for two years post completion of works)	31-03-27
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7.0 Options open to the Council and reasons for the recommendations

7.1 In consideration of the following Critical Success Factors (CFSs): Strategic Fit, value for Money, Management Capacity of project sponsor, Achievability, Affordability and the project's contribution to Net Zero targets; the following 4 options were considered:

Option	Description	Implication	Result
Option 1: Do nothing	Leave the properties as they are and continue to undertake reactive repairs.	Likely to incur additional costs in the medium to longer term. Expected frequency of repairs will increase as properties become further degraded.	Possible that Council will also breach requirements under the Social Housing (Regulation) Act 2023 - that tenants have safe, warm, and decent homes. Does not meet any of the Critical Success Factors.
Option 2: Do minimum	Making only limited improvements to all 72 properties (e.g. removing old cavity wall insulation but not installing new external wall insulation). Alternatively, doing the full range of improvements but fewer properties than the 72 properties, focusing on those most significantly affected.	Only upgrading some properties could exacerbate problems in other neighbouring units and problems would continue.	Minimal contribution to TIP priorities and CFSs limited potential to contribute to a reduction in health inequalities. Negligible contribution to Net Zero targets.
Option 3: Retro-fit 72 properties	A comprehensive retrofit solution to 72 homes to make them warm, energy efficient.	Contributes to reducing poor-quality housing in Blyth, and the associated health, environmental, and economic harms this causes. Improves energy	Fully addresses all of the objectives and critical factors of success agreed by the Council.

		efficiency, supports NCC and Government Net Zero ambitions.	
Option 4: Do More.	All of option 3 plus improvements to courtyards, walkways, walls, and green or public space integral to Bowes Court. Also, Blyth has been identified for a District Heat Network and this option would include readying the building for connection to this Network.	This option would address all strategic objectives, and most of the CSFs.	This option is unaffordable based on the funding available to support the project.

7.2 Option 4 was chosen to deliver a comprehensive retrofit solution to 72 homes to make them warm, energy efficient and damp and mould free. This option estimates a 75% reduction in the Council’s annual costs of repair and maintenance for 66 of the 72 properties. This option fully addresses all the objectives and critical factors of success agreed by the Council.

(NB: a full value for money assessment has not yet been undertaken.)

This option has been identified as the preferred option.

7.3 Should the project fail to gain Cabinet approval the DLUHC Deep Dive funding will potentially be lost as DLUHC could potentially seek to claw back funds, works could then be cancelled or delayed until additional NCC capital can be allocated.

7.4 Approximately £1.3m of additional HRA Capital funding would then be required for this much needed renovation work, if the project needs to be self-funded by NCC.

Other key risks associated with the project include:

- Loss of external funding if the project is not completed.
- Cost inflation placing pressure on the project budget which could compromise quality/scope and/or impact on value for money assessment.
- Costs are not fixed until design development work is completed and an external contractor is appointed.
- Should the Business Case not be approved, the project will not progress, and any costs incurred would revert to revenue.
- The revenue savings on maintenance would not be achieved if the project did not go ahead

6. Implications

Policy	The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Blyth Town Investment Plan.
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<p>Finance and value for money</p>	<p>Establish the project in the capital programme; with a total project cost of £1,919,525, to be funded from Levelling Up Deep Dive grant £1,334,000, UK Government Housing retrofit funding £383,905 and existing Housing Revenue Account funding of £201,620, or up to £585,525 from existing Housing Revenue Account funding if UK Government Housing retrofit funding is lower or not secured.</p> <p>Should the project fail to gain Cabinet approval the DLUHC Deep Dive funding will potentially be lost, works will be cancelled or delayed until additional NCC capital can be allocated.</p> <p>It is estimated that once completed, the work will result in a 75% reduction in the Council's annual costs of repairs and maintenance for 66 of the 72 properties.</p> <p>This option fully addresses all objectives and critical factors of success agreed by the Council. (NB: a full value for money assessment has not yet been undertaken).</p> <p>A full benefits assessment in line with HM Treasury Green Book Guidance has been undertaken by independent economic consultants (New Skills Consulting) and independently reviewed and appraised by a separate team of economic consultants (Aecom). The assessment of benefits is set out in Section4 of the Bowes Court business case.</p>
<p>Legal</p>	<p>In its role as the fund accountable body a representative of Legal Services is invited to the Energising Blyth NCC Programme Board. Subsidy control advice has been sought for the project via NCC Legal team. The only beneficiaries that are considered to be in receipt of subsidy are the small number of private landlords that own flats / houses at Bowes Court / Bowes Street and are letting these properties in the private rented market. NCC's Housing Team will ensure that each private landlord benefiting from the funding completes a Minimal Financial Assistance declaration form, confirming that the total value of public funding subsidy they have received during the past three years (from all sources, including this project) is below the MFA threshold. The Accountable Body will also seek Legal advice. The Executive Director of Transformation & Resources and the Executive Director for Place & Regeneration have confirmed that they have no conflict of interest in relation to this project.</p>
<p>Procurement</p>	<p>In line with all other capital expenditure, project spend will be subject to the Council's recognised procurement procedures.</p>

Human resources	The scheme will be managed by the NCC Housing Capital Team as a project within the wider HRA Capital Improvement Programme and the package of works will be externally tendered. The NCC Housing Capital team will be responsible for the procurement and management of the external supplier and for ensuring that all works are completed on time and within budget.
Property	59 properties are owned by the Council, 7 flats are privately owned on a leasehold basis, and 6 houses are privately owned as freehold properties.
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	<p>Bowes Court is in a prominent location and the site sits adjacent to the town centre forming part of wider improvements.</p> <p>The works could have a significant, positive effect upon the visual/ aesthetic qualities of its location, complimenting and promoting the other initiatives in the area that already exist including, the work of Blyth Better Together Partnership. This Partnership seeks to take a multi-agency approach to tackle issues such as retail crime, substance misuse, Anti-Social Behaviour and supporting young people. The Bowes Court works align comfortably with the £200,000 'Deep Dive' investment in a "Welcoming and safe Blyth", the development of a new empty homes team and within the wider context of Energising Blyth.</p>
Customer considerations	<p>The works are being carried out in occupied housing and the need to take this into consideration as a responsible landlord is key.</p> <p>Initial consultations have been undertaken to enable residents and owners to inform the design and development of the project. There will be further opportunities to input to project design as the project progresses and all information pertaining to this development is in the public domain.</p>

	<p>Formal consultation with and notification to residents will commence once the project funding is confirmed. Initially this will include a letter drop and visits to residents ahead of inspections and surveys by the appointed contractor needed to design the project works.</p> <p>A dedicated NCC Project Manager and Project Officer have been allocated to the project to provide ongoing resident liaison throughout the works. Progress against the scheme will be monitored through internal partnership meetings with the successful contractor.</p> <p>Given that the properties have issues with damp this activity is underpinned by the aim to consider the living standards for customers; namely -</p> <ul style="list-style-type: none"> ▪ Quality of housing has a direct impact on the health of residents, for example the housing health and safety rating system (HHSRS) identifies that cold, damp and mould can lead to the most severe Category 1 and 2 health hazards, including pneumonia and respiratory conditions. ▪ This project will deliver improvements to social housing to eradicate cold, damp, mould and condensation, leading to better health outcomes for residents in one of the most disadvantaged areas of Blyth.
<p>Carbon reduction</p>	<p>As a result of the layout and design of the Bowes Court properties, there are significant issues with cold, damp, and poor energy efficiency, resulting in high energy consumption and high carbon emissions.</p> <p>This comprehensive retrofit solution will reduce carbon emissions, improving both their EPC and Environmental (CO2) Impact ratings. This project will directly support one of the most deprived wards in Northumberland and nationally, as well as reducing fuel bills for some of the town's most disadvantaged residents.</p>
<p>Health and wellbeing</p>	<p>Available data on the residents in Bowes Court and Bowes Street indicates a high proportion (around 42%) are within the adult social care system.</p> <p>Of these residents, 43% have a physical disability, 37% have mental health issues, and 20% are considered vulnerable due to issues such as domestic violence, poverty, bereavement, or cognitive decline.</p>

	<p>Of those with physical disabilities, a lack of mobility means they spend a greater amount of time in the home. In addition, respiratory and heart conditions are exacerbated by cold, damp and mould.</p> <p>A combination of fuel poverty and poor quality housing are impacting on the health and wellbeing of tenants, with around 27% reporting hospital admissions in the past three years.</p> <p>The project will improve health outcomes for residents of 72 properties by eradicating HHSRS Cat 1 and 2 risks caused by excess cold and dampness.</p> <p>As such, the project is intended to have a positive impact by improving the overall quality and attractiveness of accommodation in the community, alongside a wider set of interventions to tackle empty homes, safer neighbourhoods, and issues such as crime, anti-social behaviour and improving health and wellbeing.</p>
Wards	<p>The properties are in the Croft Ward of Blyth and will benefit anyone opting to reside there, through an improved standard of living, elevated pride of place and positive impacts upon health and wellbeing.</p>

8. Background papers

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

Bowes Court Housing Energy Improvements Project – Outline Business Case – February 2024

9. Links to other key reports already published

The project was referred to in 2023 report to Cabinet as below:

This project aligns with the aims set out in the [Social Housing White Paper: A Charter for Social Housing Residents](#) (November 2020) which states that landlords are expected to provide tenants with decent, well-maintained homes. It also integrates with activities set out in the Blyth Town Investment Plan enhancing and supporting a number of its objectives – Inclusive Town, Clean Growth, Growing town and Vibrant town.

More information about Energising Blyth can be found here: [Northumberland County Council - Energising Blyth](#)

10. Author and Contact Details

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