



Northumberland County Council

Cabinet

Tuesday, 11 February 2025

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of Councillor(s) Wojciech Ploszaj, Cabinet Member for Corporate Services

Responsible Officer(s): Jan Willis, S151 Officer

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 on 19 December 2024.

3. Recommendations

3.1 Cabinet is recommended to:

3.2 Cramlington Youth Zone

- a) Approve the spend of £0.498 million (£0.144 million in 2024-25 and £0.354 million in 2025-26) to build a purpose-built youth facility in Cramlington. This spend will be funded from the existing Cramlington budget in the capital programme. Note that this project will be delivered by Cramlington Town Council via a grant funding agreement with the Council.
- b) Approve the amendment to the capital programme to reallocate £0.498 million (£0.144 million in 2024-25 and £0.354 million in 2025-26) from the Cramlington project to the Cramlington Youth Zone project.

3.3 Coronation Park Dementia Garden

- a) Approve the spend of £0.255 million (£0.046 million in 2024-25 and £0.209 million in 2025-26) to deliver the Coronation Park Dementia Garden. This spend will be funded from the existing Cramlington budget in the capital programme. Note that

this project will be delivered by Cramlington Town Council via a grant funding agreement with the Council.

- b) Approve the amendment to the capital programme to reallocate £0.255 million (£0.046 million in 2024-25 and £0.209 million in 2025-26) from the Cramlington project to the Coronation Park Dementia Garden project.

3.4 Northumberland Line Update

- a) Approve the following capital spend and amendments to the capital programme in line with cost increases and increased funding from the Department for Transport (DfT):
- Reallocate £4.500 million of Council funding from the Northumberland Line project to the Newsham Road Bridge project in 2024-25.
 - Add an additional £67.801 million (£63.040 million in 2024-25 and £4.761 million in 2025-26) of external funding to the Northumberland Line project. This funding is from the Department for Transport to support the delivery of the Northumberland Line Programme.
 - Reallocate £4.982 million of Council funding from the Capital Contract Inflation budget to the Northumberland Line project in 2024-25.
 - Add an additional £3.120 million to the Newsham Road Bridge project in 2024-25. This spend will be funded from the Strategic Management Reserve.

3.5 Whitton View, Rothbury

- a) Approve the spend of £0.272 million (£0.027 million in 2024-25 and £0.245 million in 2025-26) for the purchase of two 3-bed houses on the Cussins development site – Land East of Whitton View, Rothbury. The spend will be funded by £0.136 million HRA capital receipts and £0.136 million retained treasury receipts.
- b) Approve the amendment to the capital programme to add the Whitton View, Rothbury project of £0.272 million (£0.027 million in 2024-25 and £0.245 million in 2025-26).

3.6 Richard Stannard House Conversion

- a) Approve the spend of £3.374 million (£0.371 million in 2024-25 and £3.003 million in 2025-26) to convert Richard Stannard House, a three-storey commercial building of 1164m² on Bridge Street in Blyth, into 16 apartments. This spend will be funded from the existing Levelling Up Deep Dive Housing Renewal and Town Centre Living project in the capital programme. Note this project will be delivered by Advance Commercial Limited via a grant funding agreement with the Council.
- b) Approve the amendment to the capital programme to reallocate £3.374 million (£0.371 million in 2024-25 and £3.003 million in 2025-26) from the Levelling Up Deep Dive Housing Renewal and Town Centre Living project to the Richard Stannard House Conversion.
- c) Approve the spend of £0.371 million in advance of the business case approval in order to develop the project.
- d) Approve the award of a grant to Advance Commercial Limited of £3.374 million (£0.371 million in 2024-25 and £3.003 million in 2025-26) and grant delegated

authority to the Executive Director of Place and Regeneration to enter into the grant funding agreement totalling £3.374 million.

4. Forward plan date and reason for urgency if applicable

The date this report was added to the forward plan was 30 December 2024.

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 19 December 2024.

Summary of New Capital Proposals Considered by Officer Capital Strategy Group on 19 December 2024

6. Cramlington Youth Zone

- 6.1 CSG were asked to consider spend of £0.498 million (£0.144 million in 2024-25 and £0.354 million in 2025-26) to build a purpose-built youth facility in Cramlington. This spend will be funded from the existing Cramlington budget in the capital programme. The project will be delivered by Cramlington Town Council via a grant funding agreement with the Council.

Background

- 6.2 The Cramlington Regeneration Programme has been developed by the Council following initial development work with partners in the town. The overall objective is to establish a package of projects, including capital support from the Council partnering with other organisations, to improve the area.
- 6.3 The package being developed seeks to tackle key issues and build on the existing assets within the community following a period of engagement to find out what the local community and stakeholders think is good about the town and what could be even better in the future.
- 6.4 A 'Community Conversation' was organised and facilitated by the Council and took place from July to October 2023. The 'conversation' identified several key issues for the town, one of which was the availability of facilities and activities for young people.
- 6.5 Dedicated spaces for young people to meet safely in town was identified as a key opportunity building on existing provision with the need for communal and leisure areas in the community highlighted. Improvements are, therefore, prioritised for early delivery in the Cramlington Regeneration Programme.
- 6.6 This includes proposals for the Cramlington Youth Zone, a purpose-built youth drop-in facility. This project is alongside other early projects in the programme, including improvements to the active travel corridors, a new activity trail in Alexandra Park and the new Coronation Park Dementia Garden. Further projects in the programme are in development as set out to Cabinet in October 2024 and potentially include projects to improve the town centres public realm and connectivity.

- 6.7 The Cramlington Place Plan has been developed with partners in the town and will be finalised 2025. The Plan sets out the economic context, the unique needs and challenges and the town's assets, strengths and opportunities to embrace and build on. It aims to sustain and increase the economic vibrancy of the town and to create a town centre where people and communities see the direct benefits of economic growth.
- 6.8 This means investing in infrastructure in a way that supports the sustainability and growth of local businesses, stimulates business investment, attracts visitors and spending, safeguards and creates secure, well-paid jobs for local people, and provides opportunities for people from all backgrounds to engage in employment, skills development and beneficial cultural and social activities.
- 6.9 The Place Plan contains several emerging thematic priorities, some of which are:
- a) Inclusive Town – Measures which ensure that the town is an inclusive place which help to tackle and address perceptions of crime and disorder, anti-social behaviour and overall well-being across the communities of Cramlington.
 - b) Vibrant Town – Measures to improve the town centre's culture, leisure, public service and retail offer ensuring the existing strong offer is not constrained by infrastructure.
- 6.10 As part of the Place Plan development process a project pipeline has been developed, focused on key interventions that fit with the Plans objectives and are deliverable.
- 6.11 The Cramlington Youth Zone supports the above objective particularly by creating a dedicated building that would provide a safe place for young people to work, relax and socialise safely. It will facilitate sessions to engage with young people by running employability sessions and workshops. These will help decreasing the likelihood of anti-social behaviour in the area and increase the sense of belonging in the young population of Cramlington.
- 6.12 In 2023 as part of the Medium-Term Financial Plan the Council allocated £3.500 million to support the development of the Cramlington Regeneration Programme. Projects have been identified that contribute to the strategic objectives set out in the Cramlington Place Plan and respond to the issues that came out of the Cramlington Conversation.
- 6.13 The pipeline of projects identified includes 'early wins' where delivery is anticipated to begin or be completed in 2024-25. These include the Cramlington Youth Zone.
- 6.14 As set out in the recent update report to Cabinet, there is a longer-term pipeline of schemes which could come forward to seek a capital contribution from NCC in the future alongside match funding being sought. Further information about the overall programme budget is set out in the finance implications section of this report.
- 6.15 This proposal seeks to build the Cramlington Youth Zone, a purpose-built youth facility.
- 6.16 The building will be adjacent to the existent building occupied by Cramlington Voluntary Youth Project (CVYP).
- 6.17 The project delivered by Cramlington Town Council will seek partnership with CVYP and Cramlington Anti-Social Behaviour (ASB) to address key issues that have arisen in the town, particularly since the 2020 pandemic. These issues include:

- a) Youth Anti-Social Behaviour.
- b) Criminal activity: (ABH, GBH, County Lines).
- c) Training opportunities.
- d) Severe mental health issues.
- e) Substance misuse.
- f) Poverty and Deprivation.
- g) Lack of sexual health understanding.

- 6.18 After consultation with young people through the Youth Council and Northumberland Community Conversation, a key issue with young people was the lack of places young people could go to work, relax, socialise safely, and eat.
- 6.19 The creation of a drop in at the centre of the town will facilitate many of the sessions needed to engage with young people. It will be a youth-only focused area, with stakeholders able to run employability sessions, workshops and provide a safe place for young people.
- 6.20 A decline in Youth Mental Health since the pandemic and increased substance misuse has been highlighted in recent statistics and reports. Creating more areas for young people to be safe and engage with qualified workers provided by the Town Council's service delivery partners CVYP will help tackling those rising and concerning issues
- 6.21 The building will increase the current limited areas in which young people can socialise in the town.
- 6.22 The proposed building will be split into two rooms, 'Youth Zone 1 and Youth Zone 2'. Zone 1 will be the relaxation area for young people, a safe space to socialise with friends, play games and use WIFI, whilst Zone 2 will be a quiet workspace and homework area and the location for delivery sessions such as employability and educational workshops.
- 6.23 The project is anticipated to start in February 2025 and construction to be concluded in December 2025. It will be delivered by Cramlington Town Council.
- 6.24 The estimated cost of this work is £0.498 million. This work is unlikely to be funded via other budgets in this forthcoming period due to competing priorities and no identified alternative capital funder for a youth facility, so this funding provides an opportunity to make one of a number of key infrastructure improvements in Cramlington that may otherwise not be possible to have a cumulative effect.
- 6.25 The cost breakdown is detailed below:

Capital	2024-25	2025-26	Total
	£ million	£ million	£ million
Expenditure			
Grant paid to Cramlington Town Council	0.144	0.354	0.498
Funding			
Council funding (existing Cramlington project)	0.144	0.354	0.498

- 6.26 This project will be delivered by Cramlington Town Council.
- 6.27 The project is anticipated to be delivered by end of December 2025 and will be delivered by Cramlington Town Council's appointed provider.
- 6.28 Cramlington Voluntary Youth Project own the land and the existing building however Cramlington Town Council will own the new build and lease it to CVYP. Location: Middle Farm Square, Cramlington NE23 1DN.
- 6.29 Cramlington Town Council have hired XSite, an architecture company to oversee the plans and drawings, submission of planning permission and line up contractors for the build. CTC will then fund the work of CVYP with a service level agreement giving them assurance of revenue funding of £0.131 million per year for the next 5 years to deliver youth work within the drop-in centre, outreach work and detached youth work.
- 6.30 Planning Permission for the project was granted on 29th of November 2024
- 6.31 In line with this SLA, CTC will have members on the board of CVYP.
- 6.32 Funding for the project will be provided following a grant application to the Council. This application will be appraised and approved by the Council's accountable body function provided by the Regeneration Programmes and Investment Team and the establishment of a grant funding agreement with the Council managed by the Regeneration Finance team.
- 6.33 The Grant Funding Agreement will include any necessary conditions to ensure the project is delivered in line with the Council's assurance framework and overall rules and regulations.
- 6.34 The risks to the Council are minimal as Cramlington Town Council will purchase, own and maintain the equipment.
- 6.35 The project budget includes an appropriate contingency budget and Cramlington Town Council have stated in their risk register that a contingency will be retained to mitigate this risk, any further costs caused for instance by delays in the projects planned delivery programme will be met by Cramlington Town Council.
- 6.36 As noted above the project sponsor will be issued with a Grant Funding Agreement which will include any necessary conditions to ensure the project is delivered in line with the Council's assurance framework and overall rules and regulations.
- 6.37 Cramlington Town Council have their own project management and procurement arrangements so there is little risk to delivery and a robust risk register is set out in the grant application to the Council. The Council will hold regular project update meetings with the town council to review progress and spend and address any live risks across the projects they are delivering as part of the programme. Any requirements will be clearly set out in the grant funding agreement between parties.

7. Coronation Park Dementia Garden

- 7.1 CSG were asked to consider a capital spend of £0.255 million (£0.046 million in 2024-25 and £0.209 million in 2025-26) to deliver the Coronation Park Dementia Garden. This spend will be funded from the existing Cramlington budget in the capital programme.

Background

- 7.2 The Cramlington Regeneration Programme has been developed by the Council following initial development work with partners in the town. The overall objective is to establish a package of projects, including capital support from the Council partnering with other organisations, to improve the area.
- 7.3 The package being developed seeks to tackle key issues and build on the existing assets within the community following a period of engagement to find out what the local community and stakeholders think is good about the town and what could be even better in the future.
- 7.4 A 'Community Conversation' was organised and facilitated by the Council and took place from July to October 2023. The 'conversation' identified several key issues for the town, one of which was community safety and enhancing green spaces in the town.
- 7.5 Community spaces in the town were identified as a key strength to build on and improve further. The need for inclusive communal areas where residents could meet and engage in a safe and green environment emerged. Improvements are, therefore, prioritised for early delivery in the Cramlington Regeneration Programme.
- 7.6 This includes proposals for early delivery in the programme during 2025 including a dementia-friendly community garden which will be introduced creating the new in Coronation Park Dementia Garden near Cramlington Village. This project is alongside other early projects in the programme, including improvements to the active travel corridors, a new activity trail in Alexandra Park, and improvements to the towns Youth Hub. Further projects in the programme are in development as set out to Cabinet in October 2024 and potentially include projects to improve the town centres public realm and connectivity.
- 7.7 The Cramlington Place Plan has been developed with partners in the town and will be finalised in 2025. The Plan sets out the economic context, the unique needs and challenges and the town's assets, strengths and opportunities to embrace and build on. It aims to sustain and increase the economic vibrancy of the town and to create a town centre where people and communities see the direct benefits of economic growth.
- 7.8 This means investing in infrastructure in a way that supports the sustainability and growth of local businesses, stimulates business investment, attracts visitors and spending, safeguards and creates secure, well-paid jobs for local people, and provides opportunities for people from all backgrounds to engage in employment, skills development and beneficial cultural and social activities.
- 7.9 The Place Plan contains several emerging thematic priorities, some of which are:
- a) Inclusive Town – Measures which ensure that the town is an inclusive place which help to tackle and address perceptions of crime and disorder, anti-social behaviour and overall well-being across the communities of Cramlington.
 - b) Vibrant Town – Measures to improve the town centre's culture, leisure, public service and retail offer ensuring the existing strong offer is not constrained by infrastructure.
- 7.10 As part of the Place Plan development process a project pipeline has been developed, focused on key interventions that fit with the Plans objectives and are deliverable.

- 7.11 The Coronation Park Dementia Garden supports the above objective particularly by supporting well-being and community inclusion through additional leisure, communal and ecology facilities, improving the perception of the area as safer and more inclusive.
- 7.12 The facility will be built on the former disused school playing field of Parkside Middle School. The design will include informal play areas and community allotments. Efficiently reusing an existing asset that would increase the green space in the area, the 'pride in place', the 'clean and green' and reduce the likelihood of disorder. The design will help to ensure that the park is well kept and used by users from the local community and also in anticipation of the creation of further dementia friendly housing developments in the vicinity.
- 7.13 This proposal seeks to create a new park called Coronation Park. The new park will be a communal facility and function as a 'dementia garden'. The project is specially designed with features to meet the additional needs of residents and their families and carers affected by dementia.
- 7.14 The project site location is in Cumbrian Road, Cramlington Village on the site formally used as Parkside Middle School Playing Field. Cramlington Town Council (CTC) acquired the former Parkside playing fields through a community asset transfer in October 2023. The site is currently a disused and overgrown area of land. The project will transform it into Coronation Park, a facility for people living with dementia through a targeted sensory garden that will include communal allotments, orchard, ecological areas and an informal play area.
- 7.15 The proposed project would revitalise this neglected area and restore the use of an existing asset. The project will improve the quality of life for all who live in the area through the provision of essential community and environmental services.
- 7.16 The project is anticipated to be delivered by May 2025 by Cramlington Town Council (CTC) with the contracted support of Natasha McEwen Garden Design, TGP Landscape Architects and Dementia Friendly Cramlington (DFC).
- 7.17 The project will develop sustainable resources for the community through the creation of lasting community assets enhancing existing partnership networks.
- 7.18 This project seeks to address the current and future demographic demands of areas dedicated to the elderly population, with a focus on residents affected by dementia. Current reports show that 1.3% of the population in Cramlington are living with dementia. Additionally, the Northumberland area has seen a 45% rise in the number of people diagnosed with dementia as of 2019.
- 7.19 CTC has long recognised the need to provide facilities and has made some recent improvements to Alexandra Park including the creation of a Sensory Garden back in 2019.
- 7.20 The estimated cost of this work is £0.255 million. This work is unlikely to be funded via other budgets in this forthcoming period due to competing priorities such as the wider highway network and parks/green spaces priorities/funding availability. As such, this funding provides an opportunity to make one of a number of key infrastructure improvements in Cramlington that may otherwise not be possible to have a cumulative effect. There is a wider proposal on adjacent land for the development of a Dementia Village potential delivering new dementia friendly housing. This proposal is subject to further development work and would be subject

to funding and planning approvals at a later date. It is not part of the Cramlington Regeneration Programme The Coronation Park Dementia Garden is a project which can be delivered in its own right and there are no dependencies between the two proposals.

7.21 The cost breakdown is detailed below:

Capital	2024-25	2025-26	Total
	£ million	£ million	£ million
Expenditure			
Grant paid to Cramlington Town Council	0.046	0.209	0.255
Funding			
Council funding (existing Cramlington project)	0.046	0.209	0.255

7.22 This project will be delivered by Cramlington Town Council.

7.23 The project is anticipated to be delivered in four months from contract start and will be delivered by Cramlington Town Councils appointed park provider.

7.24 Funding for the project will be provided following a grant application to the Council. This application will be appraised and approved by the Council's accountable body function provided by the Regeneration Programmes and Investment Team and the establishment of a grant funding agreement with the Council managed by the Regeneration Finance team.

7.25 The Grant Funding Agreement will include any necessary conditions to ensure the project is delivered in line with the Council's assurance framework and overall rules and regulations.

7.26 The risks to the Council are minimal as Cramlington Town Council will purchase, own and maintain the equipment.

7.27 The project budget includes an appropriate contingency budget and Cramlington Town Council have stated in their risk register that a contingency will be retained to mitigate this risk, any further costs caused for instance by delays in the projects planned delivery programme will be met by Cramlington Town Council.

7.28 As noted above the project sponsor will be issued with a Grant Funding Agreement which will include any necessary conditions to ensure the project is delivered in line with the Council's assurance framework and overall rules and regulations.

7.29 Cramlington Town Council have their own project management and procurement arrangements so there is little risk to delivery and a robust risk register is set out in the grant application to the Council. The Council will hold regular project update meetings with the town council to review progress and spend and address any live risks across the projects they are delivering as part of the programme. Any requirements will be clearly set out in the grant funding agreement between parties.

8. Northumberland Line Update

8.1 CSG were asked to consider additional spend totalling £72.783 million on the Northumberland Line project and £3.120 million Newsham Bridge projects due to ongoing cost pressures. The spend will be funded as follows; £4.982 million from the existing Capital Contract Inflation project in the capital programme, £3.120 million

from the Strategic Management Reserve and £67.801 million of external funding from the Department for Transport (DfT).

Background

- 8.2 Ongoing cost pressures have come to bear on the Northumberland Line programme which has resulted in additional funding being provided by the Department for Transport (DfT) via three Grant Funding Agreements. This enables a phased entry into service to commence from December 2024 with all stations operational by the end of 2025.
- 8.3 The report covers the main Northumberland Line programme as well as Newsham Road Bridge, which is being delivered as part of the project albeit funded separately. There is also a funding shortfall for the bridge project which needs to be covered by council funds.
- 8.4 The objective of the Northumberland Line Programme is to re-introduce passenger train services to South East Northumberland. The Programme will deliver six new stations between Ashington and Newcastle and the infrastructure required to initially operate two trains per hour in each direction Monday to Saturday and an hourly train service on a Sunday. The current programme suggests a phased entry into service to commence from December 2024 with all stations operational by the end of 2025.
- 8.5 Newsham Road Bridge (NRB) has been constructed as a parallel project to the Northumberland Line (NL) and facilitates the closure of the level crossing on the A1061.
- 8.6 In December 2021, the Final Business Case (FBC) for the Northumberland Line was approved by the Department for Transport (DfT). In considering the Full Business Case for the scheme, the DfT assessed the extent to which the component parts of the Northumberland Line project were eligible for funding from the Restoring Your Railway Fund (RYR). This was in the context that the RYR is a national budget targeted at funding initiatives to open/reopen former/new train lines and stations at low cost and through a highly competitive bidding process.
- 8.7 Whilst DfT accepted that there was a compelling case for closing the existing crossing and diverting the A1061 over the NRB from a highways and local economy perspective, it was adjudged that the bridge did not represent “essential rail infrastructure” to reopening passenger services along the Line.
- 8.8 On this basis the Secretary of State for Transport made it very clear as part of the approval of the FBC that the NRB would have to be delivered as a separate, complementary project funded wholly by the Council from its own and other sources. This is the basis upon which the business case was approved, and the funding granted for the RYR scheme. To that end, funding was allocated to match the anticipated final cost of £30.680 million for the NRB and was sourced as follows:
- a) Northumberland County Council - £25.680 million
 - b) North of Tyne Combined Authority - £5.000 million
- 8.9 Since 2021 the overall Northumberland Line programme has been exposed to several challenges which has impacted on both cost and programme. The current cost in the capital programme is £151.607 million (£87.310 million external DfT funding and £64.297 million funded by the Council)

- 8.10 Further cost pressures since April 2023 have come to bear on the programme which have resulted in additional funding being provided by the DfT via grant funding agreements over the course of July 2023 to June 2024. The total of this grant funding not included in the capital programme is £67.801 million.
- 8.11 The total cost of the Northumberland Line project (excluding Network Rail and Northern Trains Ltd delivery) is £189.211 million. The cost pressures require an additional contribution required of £4.982 million to be reallocated from the existing Capital Contract Inflation project in the capital programme.
- 8.12 In relation to the NRB, in January 2024 the DfT requested an acceleration of the Northumberland Line which required additional costs for the NRB project. As a result, as part of the GFA, the DfT agreed for the Council to utilise £4.500 million of agreed match Council funding for the Northumberland Line to be used on the NRB.
- 8.13 Details of the £3.120 million costs for the Newsham Road Bridge project are included on confidential Appendix 1.
- 8.14 The revised cost breakdown of the projects will look as follows:

Capital	2019-20 to 2023-24 £ million	2024-25 £ million	2025-26 £ million	Total £ million
Expenditure				
Project total	137.031	78.218	12.261	227.510
Funding				
External funding from DfT	91.901	50.949	12.261	155.111
Council funded	45.130	27.269	-	72.399
Total	137.031	78.218	12.261	227.510

- 8.15 Approval is in place to delegate to the Executive Director for Place and Regeneration powers to execute all contracts relating to the Northumberland Line project, through to entry into service, subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.
- 8.16 The Northumberland Line project has a full governance structure in place which monitors and mitigates any risks to delivery through workstream level risk registers.

9. Whitton View, Rothbury

- 9.1 CSG were asked to consider spend of £0.272 million (£0.027 million in 2024-25 and £0.245 million in 2025-26) for the purchase of two 3-bed houses on the Cussins development site – Land East of Whitton View, Rothbury. The spend will be funded by £0.136 million HRA capital receipts and £0.136 million retained treasury receipts.

Background

- 9.2 The Whitton View site in Rothbury is being developed by Cussins and received planning permission on the 8th of August 2024. For information, the application reference is - 23/03886/FUL. The site is made up of 40 units; six of these units are classed as S106 affordable housing units, four being discount market value and two being affordable units for rent. The Council made an offer to Cussins for the two affordable units for rent on the 21st of February 2024, which was confirmed as officially accepted on the 10th of October 2024.

- 9.3 The Local Plan for 2016 – 2036 states that Rothbury and its surrounding parishes need a total of 140 units to be delivered in the period in order to meet housing need equating to seven units per year.
- 9.4 The Housing needs assessment for Rothbury and surrounding parishes makes reference to one of the key issues being affordability in the area with average rents and house prices being higher in Rothbury than the rest of Northumberland. This means that although there may be enough housing to meet local need, it is not necessarily affordable on the open market.
- 9.5 Recent Homefinder data shows that there are currently three applicants in band 1, one applicant in band 2 and two applicants in band P waiting for a 3-bed house in Rothbury. Since February 2024, only two x 3-bed houses were advertised in Rothbury, receiving a total of 93 bids. This highlights the lack of this type of accommodation in the area.
- 9.6 The purchase of S106 properties provides an efficient and affordable way of providing good quality affordable homes for those people on Northumberland Homefinder in Housing need as they are less resource intensive and can be purchased at a discount.
- 9.7 Rothbury and the surrounding parishes are also subject to the Council’s Rural Allocations Policy, meaning that priority will be given to those people with a local connection to the area.

Rothbury has limited land opportunities to develop housing without encroaching onto protected open space, so the opportunity to purchase two x 3-bed new build houses on a larger site is an ideal solution to providing some much needed family homes in the area.

- 9.8 These S106 purchases form part of several other S106 purchases taking place across Northumberland County Council’s areas of operation in order to meet the housing need on Northumberland Homefinder. These purchases form part of the wider Housing Delivery Pipeline that has been identified and progressed by the Housing Delivery team.
- 9.9 The open market value of each of the properties is £0.220 million, the Council has made an offer of 61.36% of the open market value which is £0.135 million per unit resulting in a total purchase cost of £0.270 million. The project will also include legal fees of £0.002 million. Therefore the total cost of the project is £0.272 million. The project will be funded by HRA capital receipts of £0.136 million and retained treasury receipts of £0.136 million.
- 9.10 The anticipated affordable rent on the property will be £117.00 per week. Because of the high rental prices in Rothbury, the decision has been made to let these properties at slightly below 80% of the market rent to ensure they are truly affordable by those residents that need them. This produces a positive NPV of £0.072 million by year 30.
- 9.11 The overall costs of the scheme are broken down below.

Capital	2024-25	2025-26	Total
	£ million	£ million	£ million
Expenditure			
Dwelling purchase	0.027	0.243	0.270
Legal fees	-	0.002	0.002
Total	0.027	0.245	0.272
Funding			

Retained Treasury Receipts	0.013	0.123	0.136
HRA Capital Receipts	0.014	0.122	0.136
Total	0.027	0.245	0.272

- 9.12 In order to exchange contracts the Council will pay a 10% deposit of £0.027 million to Cussins. In the event that Cussins become insolvent, NHBC Build Mark protection is in place which provides financial protection to the Council as the client, should Cussins situation mean they are unable to refund the deposit or complete the build. This means the deposit can be recovered providing that:
- a) at the time the Council entered into the contract, there was good reason to believe the builder could meet their obligations under the contract; and
 - b) the Council always intended to complete the purchase of the home and use it as a property for tenants or licensees.
- 9.13 There is also a risk that the Council purchase these two units and are unable to let them or have to let them to those residents who do not have a local connection to the area. It is felt that this risk is low, as there is housing need in Rothbury and this is demonstrated in the Homefinder statistics.

10. Richard Stannard House Conversion

- 10.1 CSG were asked to consider spend of £3.374 million (£0.371 million in 2024-25 and £3.003 million in 2025-26) to convert Richard Stannard House into 16 apartments. This spend will be funded from the existing Levelling Up Deep Dive Housing Renewal and Town Centre Living project in the capital programme. Note this project will be delivered by Advance Commercial Limited via a grant funding agreement with the Council.

Background

- 10.2 The Council was successful in securing £20.710 million Levelling Up Deep Dive funding from UK Government in February 2023. The funding is for a range of activities in addition to the £70.000 million Energising Blyth Programme and provides further impetus to transform the town including housing renewal, town centre living and measures to tackle anti-social behaviour and retail crime alongside additional investment in technical training kit at the new Energy Central Campus.
- 10.3 As accountable body, the Council is responsible for ensuring the successful delivery of the Programme and that public funding is invested effectively and appropriately, in accordance with the grant funding agreements issued by the Government. Ultimate decision-making responsibility lies with the accountable body.
- 10.4 This programme was formally accepted by the Council and added to the capital programme in a report to Cabinet on Tuesday 11th July 2023. In the Cabinet report £1.993 million was approved as an early spend to be assigned to design fees.
- 10.5 The Housing Renewal and Town Centre Living element of the programme provides:
- a) £18.000 million capital funding to support housing regeneration in the town centre including housing renewal and town centre living projects.
 - b) £1.060 million revenue funding to support housing regeneration activity and to create a multi-faceted Empty Homes Team for Blyth to address its 257 long-term empty properties, which currently leads to complaints, ASB and waste. This award

includes revenue funding allocated for programme management including the Senior Programme Officer support post.

- 10.6 Richard Stannard House forms a key element of the Town Centre Living package of targeted interventions, including Bowes Court which is now in delivery following approval of the Business Case. Expenditure on the project is now required for Feasibility and Development work including designs, cost plans, surveys and appointment of a Principal Designer to comply with Construction Design and Management (CDM) Health and Safety Regulations.
- 10.7 Richard Stannard House is a three-storey commercial building of 1164m² on Bridge Street in Blyth. The building is partially occupied by two businesses on short term leases, the latest of which ends in 2025. The building is underutilised and requires substantial refurbishment to be brought up to current office standards and demand for this style and type of space does not justify the expenditure. The building is located at a key gateway to the town centre on Bridge St, within the Future High Streets and Town Deal funding area and is therefore well integrated within the town centres regeneration objectives.
- 10.8 Blyth as the largest town in Northumberland, has been experiencing a healthy programme of new house building with housing projects already being delivered or in the pipeline, while others are planned. Recent years have seen Blyth growing in popularity as somewhere to live - no longer experiencing just local, 'in-town' moves. Almost a thousand new dwellings have already been completed throughout the town in four years since the new Local Plan period began in April 2016. This is a net addition to the housing stock (i.e. new dwellings minus any losses such as through demolition) of 957.
- 10.9 Delivery of town centre living projects have been identified as part of the Northumberland Housing Strategy to achieve town centre renewal and further projects may be identified as confidence in the town centre increases as a viable place to invest in. It is recognised that converting Richard Stannard House to new housing represents a significant opportunity to support economic growth and regeneration of the town by addressing Housing need and demand and providing high quality, affordable Town Centre residential accommodation. Growing the town centre residential population will also boost activity levels, vibrancy and demand for local shops, leisure and facilities.
- 10.10 The scheme also has the potential to contribute to the wider council objective of becoming net zero carbon by designing an energy efficient building that is cheap to run and maximises the use of low and net zero carbon technologies such as Solar panels, heat pumps and is ready to connect to a future District heating main.
- 10.11 The proposal is to convert the building into 16 apartments. 10 units can be created on the upper floors and there is an additional option to create a further up to 6 accessible units on the ground floor. The tenure will be PRS with Advance Northumberland Homes acting as Landlord and ultimate beneficiary of the scheme.
- 10.12 The scheme will be delivered by Advance Northumberland (Commercial) Ltd who own the property and will renovate and retain the currently underutilised commercial business premises into new high-quality apartments for rent. The property will then be managed via a Service Level Agreement between Advance Northumberland (Commercial) Ltd and Advance Northumberland Homes Ltd.

- 10.13 Advance Northumberland (Commercial) Ltd (ANC) are the contracting authority and recipient of the Grant for the project.
- 10.14 Advance Northumberland's house building division, which is part of Advance Northumberland Developments Limited (AND), has the expertise and track record to manage and deliver the refurbishment of Richard Stannard House. Under this option AND would be appointed as Delivery Partner by the project sponsor (Advance Northumberland Commercial Limited, ANC) to take on the role of main contractor to deliver the works, with AND appointed via a two-stage process. At the first stage AND would enter into a PCSA (Pre-Construction Services Agreement) with ANC, based on the RIBA Stage 3 designs and costs. In the second stage AND would confirm the final contract price by procuring and appointing multiple individual construction contractors to deliver the refurbishment and construction works through a series of trade specific work packages (e.g. demolition, mechanical, electrical, plumbing etc). The work packages would be procured through a series of open and competitive tender exercises via the ProContract portal. The independent appointed project cost consultants (Hall & Partners) would support the evaluation of tender submissions to ensure fair market value is achieved.
- 10.15 This is ANC's preferred option because it would allow specialist trades contractors to be procured via ProContract, on an individual basis, to deliver each element of the works. This would overcome the potential challenge of appointing a single third-party main contractor to deliver the entire contract. Appointing main contractors has proven increasingly challenging in recent years for Advance Northumberland and the Council, as evidenced by difficulties in securing main contractors to deliver other large scale regeneration projects as part of the Energising Blyth programme. The lack of main contractors available and willing to take on these projects reflects limited available capacity and competition in the market, which has pushed up prices and made it more difficult to achieve value for money via main contractors.
- 10.16 Given the straightforward nature of the refurbishment works involved in the Richard Stannard House project, ANC considers that working via AND to procure individual contractors directly for each trade specialism / work package is more likely to result in a deliverable, value for money outcome than attempting to procure a third-party main contractor. Under this option AND, as the main contractor, would retain an element of the project funding for overheads and profit, preliminary costs, and a PCSA fee. On completion ANCL will retain ownership and will enter a Service Level Agreement with Advance Homes who will manage the units.
- 10.17 Advance Northumberland (Commercial) Ltd have confirmed that this Procurement Route is in Full compliance with the Company's Procurement Regulations.
- 10.18 The breakdown of the overall project costs is detailed below.

Capital	2024-25	2025-26	2026-27	Total
	£ million	£ million	£ million	£ million
Expenditure				
Demolitions	-	0.021	0.004	0.025
Building / conversion works	-	2.117	0.423	2.540
External works	-	0.212	0.042	0.254
Professional fees and surveys	0.371	0.114	-	0.485
Price and design risk	-	0.275	0.055	0.330
Contingency	-	0.359	0.067	0.406
Total	0.371	3.098	0.592	4.062

Funding				
Council's contribution	0.371	3.003	-	3.374
Advance Commercial Limited*	-	0.095	0.593	0.688
Total	0.371	3.098	0.593	4.062

* This is not included in the Council's capital programme as it is not Council spend.

10.19 The costs to be included in the capital programme are as follows:

Capital	2024-25	2025-26	2026-27	Total
	£ million	£ million	£ million	£ million
Expenditure				
Grant paid to Advance Northumberland	0.371	3.003	-	3.374
Funding				
MHCLG funding*	0.371	3.003	-	3.374

* The MHCLG funding was defrayed in 2023-24 which delayed the borrowing requirement to be utilised once the schemes relating to the MHCLG funding until the schemes are delivered. As a result the £3.374 million will be shown in the capital programme as funded by the Council.

10.20 The spend associated with design and development work is necessary to enable Richard Stannard House to develop in line with business case and funding requirements and timescales. The spend has been identified to December 2024 and has been approved subject to Cabinet approval of this report. A total feasibility, development and design spend of £0.371 million is therefore expected in 2024-25.

10.21 The project milestones are estimated to be:

Submit final draft OBC for appraisal (based on estimated costs and delivery programme)	10-01-25
Business Case (OBC) appraisal completed	11-03-25
Package Procurement Tendered (5 weeks)	08-04-25
Evaluation of tenders and clarification (2 weeks)	22-04-25
Final tendered costs and agreement reached with delivery partner	29-04-25
Business Case considered by Energising Blyth Programme Board.	
Work starts on site	19-05-25
All works complete (12 months duration of works subject to confirmation of final programme by appointed contractor)	29-05-26

10.22 There is a risk that Advance Northumberland will not have sufficient assurance and internal approval to terminate the lease agreements with the building's current commercial leases is not given within the required six months of the lease end date. This could lead to further delays in the project and increased costs as a result of the extended programme. To mitigate this risk the development appraisal will be completed as quickly as possible to enable the notification of lease termination to proceed.

10.23 There is a risk that the costs of the capital works could increase due to inflation. To mitigate this project risk, the Advance Northumberland project team will work closely with the appointed contractor to manage the costs within the available funding. This could include redesigning some elements of the project to achieve cost savings. In addition, a contingency fund will be in place to cover unforeseen costs.

11. 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 2024-25, 2025-26 and 2026-27. 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	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 - no equalities issues identified 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);

12. Background papers

Cabinet report 8th October 2024 - "Cramlington Regeneration Programme"

Cabinet report 11 April 2023 – Northumberland Line Update

Cabinet report 11 July 2023 - Energising Blyth Programme – Levelling Up Deep Dive

13. Links to other key reports already published

Not applicable

14. Author and Contact Details

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