



Northumberland County Council

Cabinet

Tuesday, 11 February 2025

Energy Central Campus Phase 2: Energy Central Institute

Report of Councillor(s) Richard Wearmouth, Deputy Leader and Cabinet Member for Supporting Business and Opportunities

Responsible Officer(s): Simon Neilson, Executive Director - Place and Regeneration

1. Link to Key Priorities of the Corporate Plan

This project is part of the £95m Energising Blyth Programme supported by UK Government, Northumberland County Council and North East 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 endorsement of the Outline Business Case (OBC) for the Energy Central Campus Phase 2: Energy Central Institute.

Northumberland County Council (NCC) as Local Authority has a number of critical roles in relation to the Project:

- a) NCC is a founder member of ECC Ltd, is central to enabling project delivery acting as guarantor to the Grant Funding Agreements.
- b) NCC is the Accountable Body for the Town Deal Funding.
- c) NCC as freehold landowner of the development site.

3. Recommendations

Where NCC is a member of Energy Central Campus Limited (ECC Ltd) and is acting as guarantor to the Grant Funding Agreements enabling the delivery of the Energy Central Campus Phase 2 project, Cabinet agrees to/approves:

- 3.1 NCC to act as guarantor for the purposes of the Town Deal Grant Funding and NECA funding Agreements, as required to meet due diligence requirements of both NCC as the Accountable Body and NECA and for NCC to cashflow the project and recharge ECC Ltd as Grant Funding Recipient.
- 3.2 Vary the existing Members and Framework Agreement to include reimbursement of NCC by ECC Ltd for the costs incurred; for NCC to be responsible for delivering the capital build of the Energy Central Institute on behalf of ECC Ltd including award of contracts as the contracting authority.
- 3.3 Delegate authority to the Executive Director for Place & Regeneration, in consultation with the Executive Director of Transformation and Resources and the Portfolio Holder to enter into a Grant Funding Agreement between Northumberland County Council as the project guarantor and Northumberland County Council as NCCAB.
- 3.4 Subject to 3.2 above, to delegate authority to the Executive Director for Place & Regeneration in consultation with the Executive Director of Transformation and Resources and the Portfolio Holder, to enter into any contracts relating to the project subject to confirmation of associated funding being in place and the appropriate/compliant procurement processes being followed.

In relation to NCC as the Accountable Body for the Town Deal funding Cabinet agrees to/approves:

- 3.5 Endorse the principles of the Outline Business Case for Energy Central Campus Phase 2 – Energy Central Institute, as set out in this report, and delegate approval of the Outline Business Case to the Executive Director of Place and Regeneration following consideration of the detail at Programme Board.
- 3.6 Approve the updating of the capital programme as set out in table 5.
- 3.7 Delegate authority in accordance with the Energising Blyth Local Assurance Framework, to the Executive Director of Transformation and Resources following consideration and recommendation by the Programme Board to approve the Full Business Case and report any subsequent capital implications to Cabinet via the Capital Strategy Group, for inclusion in the Capital Programme.
- 3.8 Subject to written confirmation that ECC Ltd have accepted the award of £5,499,951 North East Combined Authority capital and revenue funding to be used as set out in the report;
 - 3.8.1 To delegate authority to the Executive Director of Transformation and Resources to enter into a Grant Funding Agreement between Northumberland County Council as the fund Accountable Body and Energy Central Campus Ltd as the

applicant/funding recipient and NCC as the project guarantor, following appraisal including subsidy control consideration.

- 3.8.2 Approval is granted to authorise the expenditure of up to £1,000,000 by ECC Ltd prior to entering into the Grant Funding Agreement (to be retrospectively covered by the Grant Funding Agreement), to allow enabling works to commence prior to final determinations in relation to the Full Business Case and main contract through entering into a pre-construction services agreement (PCSA) once the preferred contractor is confirmed.

In relation to NCC's role as landowner of the development site for the Energy Central Campus Phase 2, project Cabinet agrees to/approves:

- 3.9 To agree that NCC offer ECC Ltd a long lease arrangement on the site at nil consideration subject to compliance with the Local Government Act 1972 and Subsidy Control advice.

4. Forward plan date and reason for urgency if applicable

The report first appeared on the Forward Plan on 18th October 2024.

5. Background

- 5.1 NCC 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 is delivering key projects to 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.
- 5.2 The cabinet recommendations set out above are necessary to ensure that this key Energising Blyth project can progress through next project stages to deliver the significant Economic Development, Skills and Training outcomes for Blyth, Northumberland and the wider North East Region. This is a complex project being delivered in partnership; specifically with ECC Ltd., but also through the wider Blyth Town Board partnership arrangements and with funding partners – UK Government and NECA. The recommendations are structured to recognise the need for both effective partnership working and the crucial role that NCC plays as Local Authority with the wide range of powers, responsibilities, partnership obligations and project delivery role, in addition to our statutory duties. The appropriate separation in the exercise of these distinct roles and responsibilities is crucial. Accordingly the recommendations set out the necessary decisions and steps to be taken, including the appropriate use of delegations to enable the project to make timely progression with respect to the challenging project programme.
- 5.2 The Energy Central Institute (ECI) is a key project in the £95m Energising Blyth Programme and is the **second phase of the Energy Central Campus** which will be operated by ECC Ltd. It 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. The Energy Central Learning Hub (Phase 1) opened in September 2024 at the Port of Blyth and was delivered by NCC using the model

proposed for the ECI. The ECLH is already delivering teaching of STEM skills by Bede Academy and Northumberland Skills to a new cohort of learners. The Campus will ensure end to end pathway learning and skills provision for jobs in the Low Carbon Energy Sector.

- 5.3 The ECI will be located adjacent to the Culture Hub (Market Pavilion) and adjacent new town square, a flagship scheme on Market Place delivering a new culture focused use in the town centre and supports the FHSF funding in terms of the meeting the fund's primary purpose to change the use base in the town centre and reduce reliance on retail which will transform the centre of Blyth and kick start the towns wider renewal.
- 5.4 In line with HMT Green Book guidance, an economic model and updated Benefit Cost Ratio (BCR) spreadsheet for the project has been provided in the OBC. The project delivers a BCR of 1.9 at UK level/2.1 at local level, demonstrating a medium to high value for money and with the main sources of benefits arising from the project being productivity improvement/wage uplift benefits, local employment impacts (and associated GVA) and land value uplift.
- 5.5 The new facility will support approximately 260 learners per annum to develop their skills at level 4 and 5 with qualifications aligned to the needs of clean energy employers and will lead to opportunities to transition into higher skills/better paid jobs in the clean energy sector. Durham University and Newcastle University have committed to work with and from the Energy Central Institute to provide higher level skills, education and research programmes for clean energy employers.
- 5.6 At its meeting on 16 January 2024, NCC's Cabinet approved the following:
 - *To establish the Energy Central Campus Phase 2 (Energy Central Institute) as a defined project in the Capital Programme with a total budget of £15,421,328 as profiled in the body of the report.*
 - *To accept the proposal to accelerate capital spend of £1,404,255 in advance of business case approval to drive forward project development inclusive of spend in 2022/23.*
 - *Delegate authority to the Executive Director for Place and Regeneration to enter into contract to the value of £1,059,797 to appoint a multi-disciplinary Design Team relating to the project, subject to the appropriate procurement processes being followed.*
 - *To accept a further report once the project develops to Outline Business Case stage and has been independently appraised.*
 - *Subject to the necessary Planning approvals to close and demolish Keel Row Shopping Centre and 3-5/7-9 Bridge Street, approval is required to authorise the expenditure of up to £750,000 to allow Keel Row Shopping Centre & 3-5/7-9 Bridge Street utilities disconnections and demolition works to commence prior to approval of the Outline Business Case/Full Business Case for Energy Central Campus Phase 2.*
 - *Delegate approval to the Executive Director for Place & Regeneration to enter into contract relating to the demolition of Keel Row Shopping Centre and 3-5/7-9 Bridge Street, subject to the appropriate procurement processes being followed.*
- 5.7 A significant amount of development work has now taken place to take ECI designs and costs to RIBA Stage 3 to enable the OBC to be finalised and submitted to the Accountable Body for review, including an external appraisal of the OBC which has

been carried by Sanderson Weatherall LLP for the Town Deal business case and the business case submission to NECA. The external appraisal concludes that the project has a very well constructed and evidenced business case and the project has been recommended to proceed to Full Business Case.

- 5.8 The total anticipated capital cost for the project is £19,138m, this will be confirmed at Full Business Case once RIBA Stage 4 designs are developed and the preferred contractor provides a proposed contract sum. The breakdown of capital costs is as follows:

Total Project Costs

Table 1a

Expenditure Item	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
Site Acquisition	0	440,000	0	0	0	0	440,000
Demolition	0	0	630,000	0	0	0	630,000
Construction & Enabling Works	0	0	0	8,660,000	4,680,172	203,149	13,543,321
Equipment	0	0	0	0	2,042,036	31,097	2,073,133
Fees, Surveys & Investigations	43,133	11,465	881,354	555,232	94,283	0	1,585,467
Contingency	0	0	0	462,345	244,140	0	706,485
PMO Costs	19,199	23,724	69,390	36,395	11,292	0	160,000
TOTAL	62,332	475,189	1,580,744	9,713,972	7,071,923	234,246	19,138,406

Table 1b

Funding Source	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
NECA	0	0	0	2,280,750	1,663,996	55,205	3,999,951
NCC	0	0	0	3,032,786	5,396,635	179,041	8,608,462
FHSF	43,133	451,465	501,937	0	0	0	996,535
Town Deal	0	0	1,009,417	4,364,041	0	0	5,373,458
Sub Total	43,133	451,465	1,511,354	9,677,577	7,060,631	234,246	18,978,406
NCC PMO Funds	19,199	0	18,418	10,000	11,292	0	58,909
FHSF PMO Funds	0	23,724	24,577	0	0	0	48,301
Town Deal PMO Funds	0	0	26,395	26,395	0	0	52,790
Sub Total PMO	19,199	23,724	69,390	36,395	11,292	0	160,000
TOTAL	62,332	475,189	1,580,744	9,713,972	7,071,923	234,246	19,138,406

- 5.9 Included within the total project costs is a contribution towards site acquisition, demolition costs for the former Keel Row Shopping Centre, site surveys and investigations along with all PMO costs which have or will be incurred by NCC. The costs and sources of fund are set out in the tables below. To note the majority of

these costs have been funded and claimed by NCC from The Future High Street Fund.

NCC/FHSF Spend

Table 2a

NCC/FHSF Spend	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
Site Acquisition	0	440,000	0	0	0	0	440,000
Demolition	0	0	485,000	0	0	0	485,000
Construction & Enabling Works	0	0	0	0	0	0	0
Equipment	0	0	0	0	0	0	0
Fees, Surveys & Investigations	43,133	11,465	16,937	0	0	0	71,535
Contingency	0	0	0	0	0	0	0
PMO Costs	19,199	23,724	69,390	36,395	11,292	0	160,000
TOTAL	62,332	475,189	571,327	36,395	11,292	0	1,156,535

Table 2b

Funding Source	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
NECA	0	0	0	0	0	0	0
NCC	0	0	0	0	0	0	0
FHSF	43,133	451,465	501,937	0	0	0	996,535
Town Deal	0	0	0	0	0	0	0
Sub Total	43,133	451,465	501,937	0	0	0	996,535
NCC PMO Funds	19,199	0	18,418	10,000	11,292	0	58,909
FHSF PMO Funds	0	23,724	24,577	0	0	0	48,301
Town Deal PMO Funds	0	0	26,395	26,395	0	0	52,790
Sub Total PMO	19,199	23,724	69,390	36,395	11,292	0	160,000
TOTAL	62,332	475,189	571,327	36,395	11,292	0	1,156,535

5.10 The remaining project costs which will be defrayed by ECC Ltd are set out in the table below. These costs will be covered by two Grant Funding Agreements (GFA) – Town Deal GFA with NCCAB (£13,982m) and NECA GFA with NECA as the Accountable Body (£4,00m capital/£1,500m revenue).

ECC Ltd Project Costs

Table 3a

Expenditure Item	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
Site Acquisition	0	0	0	0	0	0	0
Demolition	0	0	145,000	0	0	0	145,000

Construction & Enabling Works	0	0	0	8,660,000	4,680,172	203,149	13,543,321
Equipment	0	0	0	0	2,042,036	31,097	2,073,133
Fees, Surveys & Investigations	0	0	864,417	555,232	94,283	0	1,513,932
Contingency	0	0	0	462,345	244,140	0	706,485
PMO Costs	0	0	0	0	0	0	0
TOTAL	0	0	1,009,417	9,677,577	7,060,631	234,246	17,981,871

Table 3b

Funding Source	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
NECA	0	0	0	2,280,750	1,663,996	55,205	3,999,951
NCC	0	0	0	3,032,786	5,396,635	179,041	8,608,462
FHSF	0	0	0	0	0	0	0
Town Deal	0	0	1,009,417	4,364,041	0	0	5,373,458
Sub Total	0	0	1,009,417	9,677,577	7,060,631	234,246	17,981,871
NCC PMO Funds	0	0	0	0	0	0	0
FHSF PMO Funds	0	0	0	0	0	0	0
Town Deal PMO Funds	0	0	0	0	0	0	0
Sub Total PMO	0	0	0	0	0	0	0
TOTAL	43,133	11,465	1,009,417	9,677,577	7,060,631	234,246	17,981,871

5.11 The Town Deal / NCCAB grant request by ECC Ltd at Full Business Case is expected to be £13,982m. ECC Ltd will enter a separate GFA with NECA for the £3,999m as set out in the table below.

ECC Ltd Grant Request

Table 4

Funding Source	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
NECA	NECA funding received directly by ECC Ltd						0
NCC	0	0	0	3,032,786	5,396,635	179,041	8,608,462
FHSF	0	0	0	0	0	0	0
Town Deal	0	0	1,009,417	4,364,041	0	0	5,373,458
Sub Total	0	0	1,009,417	7,396,827	7,060,631	179,041	13,981,920

Capital Programme

5.12 The table below sets out the total budget required for the Energy Central Campus Phase 2: Energy Central Institute in the Capital Programme and is a combination of NCC/FHSF spend (Table 1b) and ECC Ltd Grant Request (Table 4).

Table 5

Funding Source	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
NCC	0	0	0	3,032,786	5,396,635	179,041	8,608,462
FHSF	43,133	451,465	501,937	0	0	0	996,535
Town Deal	0	0	1,009,417	4,364,041	0	0	5,373,458
Sub Total	43,133	451,465	1,511,354	7,396,827	5,396,635	179,041	14,978,455
NCC PMO Funds	19,199	0	18,418	10,000	11,292	0	58,909
FHSF PMO Funds	0	23,724	24,577	0	0	0	48,301
Town Deal PMO Funds	0	0	26,395	26,395	0	0	52,790
Sub Total PMO	19,199	23,724	69,390	36,395	11,292	0	160,000
TOTAL	62,332	475,189	1,580,744	7,433,222	5,407,927	179,041	15,138,455

Revenue – NECA Grant to ECC Ltd

5.13 ECC Ltd’s total anticipated revenue support ask to NECA is £1,500m towards the management and delivery costs of the new facility over the first three years of operation. The current requirement set out is based on a salary model, however as part of the NECA Business Case Appraisal process, a commissioning model is now being considered. The final profile will be provided in the Full Business Case. This funding will be received by ECC Ltd from NECA. The breakdown of revenue is as follows:

Table 6a

Revenue Item	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL
3 Year Operational Support Plan	486,272	499,802	513,926			1,500,000
Total	486,272	499,802	513,926			1,500,000

Key Issues

5.14 **OBC** - a detailed OBC has been developed and has been externally appraised by Sanderson Weatherall. The external appraisal concludes that the project has a very well constructed and evidenced business case and the project has been recommended to proceed to Full Business Case. Cabinet approval of the OBC is required in order to progress to Full Business Case, including the development of RIBA Stage 4 designs and costs, appointment of a contractor under a Pre-Construction Services Agreement (PCSA), to ensure Town Deal funding can be defrayed by March 2026 and the project can deliver the benefits set out in the report.

5.15 **Costs** – due to uncertainty around site location, an ‘initial’ OBC was progressed through the Blyth Town Deal local assurance process in order to submit an OBC Summary Document to UK Central Government in November 2022. Project costs at this stage were £15,421,328. Since that date the former Keel Row Shopping Centre

site has been identified as the location for the ECI, and designs have now progressed to RIBA 3 Stage. Estimated costs have increased to £19,138,406 the main reasons for this / areas of increase include:

- Macro economic factors applying to construction costs over the period following the pandemic with the financial pressures of higher interest rates / higher inflation and global instability.
- Increased allowance for demolition/site preparation costs.
- Tender price inflation/costs now based on an elemental cost plan.
- Site works have increased. The previous allowance was an inadequate estimated prior to site investigations being carried out.
- The inclusion of the necessary allowances now based on more detailed requirements to facilitate fit out to the facility to deliver the university led curricula.

- 5.16 **NECA funding** – the opportunity has arisen to apply for financial support from the North East Combined Authority to support regional and investment zone priorities through the project. An application was submitted by ECC Ltd in October 2024 for a £3,999,951 capital grant plus a further £1,500,000 towards initial running costs and this allocation was approved by NECA’s Cabinet in November 2024.
- 5.17 **Contractor Procurement** – a two stage tender approach has been adopted for the project and it is expected that a contractor will be appointed in February 2025 under a Pre-Construction Services Agreement (PCSA) to support the design team to complete RIBA 4 designs and develop a final contract sum. Final award of the full contract at Stage 2 is subject to the final contract sum being within the budget set out in this report approved by Cabinet.
- 5.18 **Enabling Works** – an enabling works package is proposed to conduct early works ahead of Full Business Case approval. Enabling works will include demolition of remaining structures and site preparation works in readiness for the main construction contract commencing in September 2025. Enabling works will take place in June-September 2025, subject to the necessary Planning approvals being secured.
- 5.19 **Delivery Model** - it is recognised that although ECC Ltd will be the operator of the ECI (as they are for the Learning Hub) they do not have the resources or capability to progress the design, procurement and delivery of the asset within the funding and strategic partner deadlines. As a result, the delivery has been and continues to be progressed by NCC (Energising Blyth Team, Economic Development & Growth) with Advance Northumberland providing Project Management Services, including the procurement of a design team and main contractor. This follows the successful delivery model as deployed for the Energy Central Learning Hub which is now operational. In summary:
- ECC Ltd are the applicant and Grant Funding recipient for FHSF, Town Deal and NECA funding.
 - Parent Company guarantees to be provided by NCC to the funders to meet the terms of the Grant Funding Agreements.

- NCC will retain freehold over the land and will enter a long lease arrangement with ECC Ltd at nil consideration subject to the requirements of the Local Government Act.
- ECC Ltd will operate the building on NCC land, subject to the long lease arrangement. The lease will cover the permission required to carry out these works, and maintenance post completion.
- ECC Ltd will operate the building held under the terms of the lease. No formal operator procurement by NCC is required as ECC Ltd are responsible for constructing the building and they will operate the building.
- NCC to deliver the capital works ‘in kind’ on behalf of ECC Ltd and will be the contracting authority, procuring the contractor in accordance with legislative requirements.
- NCC has a secondary but separate role as Accountable body for the Town Deal and FHSF funding. NCC will Cashflow the Town Deal/FHSF element of the grant.
- Subject to seeking VAT advice, NCC will issue invoices to ECC Ltd including VAT on a monthly basis where expenditure thresholds on the capital works are met. ECC Ltd will then recover VAT.
- ECC Ltd to submit quarterly claims to NCC as the Accountable Body in respect of Town Deal/FHSF funding using NCC invoices as evidence of payments.
- NECA will be Accountable body for Infrastructure Fund – ECC Ltd to submit quarterly claims to NECA.
- If appropriate, NECA will be invited to enter into an agreement with NCC as delivery partner and ECC Ltd regarding monthly grant payments to assist with cash flow and to agree arrangements for VAT.

5.20 **VAT** – NCC will require external VAT advice specific to the ownership and lease arrangements for the project to ensure that VAT is fully recoverable for the above delivery arrangements.

5.21 **Demolition** – in order capitalise demolition expenditure in relation to the former Keel Row Shopping Centre and remaining structures, NCC will need to demonstrate that demolition represents a change in the use of the land on which it is sited and increases the economic benefit and/or service potential that can be derived from it.

5.22 **Subsidy Control** - NCC may need advice re subsidy control around the lease to be entered into and/or VAT position. This may be internal or externally sourced.

5.23 **Subsidy Control** - NCCAB will need subsidy control advice re the award of grant funding to the Project.

5.24 The key milestones of the project are as follows:

Project milestone	Target date
Appointment of Design Team (from RIBA Stage 2 onward)	February 2024
Vacant possession of development site	February 2024
Planning Application submitted to demolish former Keel Row site	May 2024
Review of RIBA 2 designs and costs	July 2024
RIBA 3 designs and costs	July – November 2024
Planning Consent to demolish former Keel Row site	September 2024
Demolition of former Keel Row site	September 2024 – January 2025

Detailed OBC submission	December 2024
Planning application submitted	December 2024
Contractor Procurement Stage 1 PCSA	December 2024 – February 2025
RIBA 4 designs and costs	January 2025 – May 2025
Contractor Stage 2 Award	February – June 2025
FBC Submission	July 2025
Demolition/Enabling works	June – September 2025
Construction commences	September 2025
Construction works complete	January 2027
New facility opens	March 2027

6. Options open to NCC and reasons for the recommendations

The key risks for NCC (as a founder member of ECC Ltd, guarantor to the Grant Funding Agreements and project delivery partner) linked to a delay in approving the recommendations in this report include:

- 6.1 A delay in entering in a PCSA with the preferred contractor would mean that RIBA Stage 4 design development would need to be delayed. Alternatively, this work could progress but some of the benefits of early contractor involvement would be lost.
- 6.2 A delay in carrying out an enabling works package ahead of FBC approval would mean the facility would not be operational by March 2027.
- 6.3 A delay could mean all Town Deal funding is not defrayed by March 2026 and could be lost.
- 6.4 ECC Ltd and its partners would be unable to deliver the outputs set out in the Business Case in the first full academic year of operation. The Memorandum of Understanding(s) established with University partners are based on the building being operational during the 2026/27 academic year.

The key risks for NCC (as Accountable Body for the Town Deal funding) linked to a delay in approving the recommendations in this report include:

- 6.7 A delay would mean that the Full Business Case and 2nd Stage Tender cannot be progressed within required timeframes. The Accountable Body will not be satisfied that the conditions attached to the MCHLG Heads of Terms have been met and will not progress the Grant Funding Agreement with ECC Ltd. This puts at risk the ability of the Accountable Body to defray all Town Deal grant by March 2026 (the current deadline).

7. Implications

Policy	The project fully supports the NCC Corporate Plan, the Northumberland Economic Strategy and the Blyth Town Investment Plan.
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Finance and value for money	<p>For an allocation of £8.608m, NCC is securing external investment of £10.370m. Town Deal, Future High Streets Fund and NCC allocation for the project are identified in the Energising Blyth Programme and in the Medium Term Financial Plan.</p> <p>The total delivery budget for the Energy Central Campus Phase 2: Energy Central Institute has increased from £15.4m to £19.1m – which NCC will need to cash flow as delivery partner - however, no increase is necessary to the Capital because:</p> <p>ECC Ltd applied for financial support from the North East Combined Authority for a £3,999,951 capital grant plus a further £1,500,000 towards initial running costs. An application was submitted by ECC Ltd in October 2024 and this allocation was approved by NECA’s Cabinet in November 2024.</p> <p>External advice will be required by both NCC and ECC Ltd in relation to VAT.</p>
Legal	<p><u>Re recommendation 3.1 – 3.4 - NCC as founder member of ECC Ltd:</u></p> <p>NCC has entered into a Members and Framework Agreement with ECC Ltd to clarify roles, liabilities and responsibilities The proposed amendment to the Members and Framework Agreement will provide security and the ability to charge back, for the Project. As a founder member of ECC Ltd the Council is aware acting as guarantor carries a risk, but it is one over which its involvement in the Company means there is a degree of control.</p> <p>External subsidy control advice has been commissioned for the project by ECC Ltd, the Project Lead, as NCC Legal team do not provide legal advice to ECC Ltd.</p> <p><u>Re recommendation 3.5 – 3.8 – NCC as Accountable Body:</u> NCC is responsible for administering the Town Deal Funds under agreed Heads of Terms with UK Government and must be satisfied that the proposals have followed the approved Local Assurance Framework. A representative of Legal Services is invited to the NCC Programme Board which replaces the previously named Energising Blyth Programme Board.</p> <p>The Project has been through the appraisal process and approved. A Grant Funding Agreement will be entered into including clawback provisions, subject to subsidy control compliance.</p> <p><u>Re recommendation 3.9 – NCC as Landowner:</u></p>

	<p>NCC will ensure any land transaction is in line with its best value duties and is subsidy control compliant.</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	<p>In line with all other capital expenditure, project spend will be subject to NCC's recognised procurement procedures.</p> <p>As contracting authority, NCC will hold the risk of claims for termination or delays to the contracts and any increases in costs during the construction period. However, the risk of any clawback of funding sits with the Grant Funding Recipient (ECC Ltd) underwritten by the Parent Companies as Guarantors to the GFA.</p>
Human resources	<p>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 (Projects) Ltd have provided Project Management Services via a Project Initiation Document (PID) with NCC.</p>
Property	<p>NCC is one of 3 founding partners of ECC Ltd.</p> <p>NCC will own the land on which the ECI development is located. ECC Ltd will lease the land from NCC at nil consideration subject to the requirements of the Local Government Act.</p> <p>As the land will be under lease to ECC Ltd during construction, this means that NCC will be contracting works on land under lease by a separate entity and therefore would be delivering 'at risk' should ECC Ltd no longer be viable as an entity. However, should this happen, under the terms of the lease, the land and the asset will revert back to NCC as Freeholder. Given the status of the entities who make up ECC Ltd, this risk is very unlikely.</p> <p>Provision has been made within the Members and Framework Agreement to protect the financial interests of NCC should ECC Ltd fail.</p>
The Equalities Act: is a full impact	<p>Yes. Required and attached.</p>

assessment 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. MHCLG 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 has taken place in November 2024 as the business case and detailed proposals develop.
Carbon reduction	The Energy Central Campus will be Net Zero Carbon ready - supporting the county's contribution to carbon reduction and clean growth objectives. This will provide new research, development and education 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 (located in Croft ward), with learners and businesses from the wider County and North East benefitting from the skills and training provision.

8. Background papers

[Energy Central Institute Integrated Impact Assessment – January 2025.](#)

9. Links to other key reports already published

[Energising Blyth Programme \(Future High Streets Fund and Town Deal – July 2021 Summary of New Capital Proposals considered by Officer Capital Strategy Group – 16 January 2024.](#)

10. Author and Contact Details

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