



Northumberland

County Council

CABINET

13 July 2021

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Neil Bradley, Service Director, Strategic Commissioning and Finance

Cabinet Member: Councillor Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of Report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group via email on 01 June 2021.

2. Recommendations

In relation to new projects, Cabinet is recommended to:

- 2.1. **Solar PV:** approve the capital budget requirement of £84,000 for installation of Solar PV panels at the new Morpeth Leisure Centre, to be met from the renewable energy provision within the 2021-24 Medium Term Financial Plan.
- 2.2. **Blyth Free School:** approve payment of a capped contribution of £1,057,675 for S278 works and abnormal ground works for the new Blyth SEND Free School being built by the DfE. The payment is to be funded through the Special Needs Budget line in the Medium Term Plan which will necessitate bringing forward £1,057,675 of budget from 2022/23 to 2021/22.

In relation to the acceptance of additional grant funding, Cabinet is recommended to:

2.3. New Hartley Section 106 Highway Improvements:

- Note the funding contribution of £162,400 for highway improvements secured via a Section 106 agreement from a housing development site in New Hartley; and
- Approve the addition of this amount to the Council's capital programme in 2021-22 and agree to its expenditure on the works identified in New Hartley.

2.4. **SEND Capital Funding:**

- Accept the additional grant award of £851,302 from the Department for Education (DfE) for the growth in capacity for children with special educational needs and approve the associated increase in budget provision within the Council's Medium Term Capital Programme noting further detailed reports will follow to allocate funding to specific projects.

3. **Links to Corporate Plan**

The Council's Capital Programme is consistent with the priorities in the Corporate Plan in particular the 'Living', 'Enjoying' and 'Thriving' priorities.

4. **Background**

This paper summarises reports considered by the officer Capital Strategy Group on the allocation of funding within the Medium-Term Plan to specific projects and proposed amendments to accept additional external grant funding into the Medium-Term Plan.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP VIA EMAIL ON 01 JUNE 2021

5. **SOLAR PHOTOVOLTAIC INSTALLATION – MORPETH LEISURE CENTRE**

- 5.1. The Group received a business case on the proposed installation of roof-mounted solar photovoltaic (PV) panels at Morpeth Leisure Centre to be funded from the renewable energy programme provided for within the medium-term capital plan.

Background

- 5.2. The existing leisure centre in Morpeth, which is being replaced, currently has 9.36KW of solar and this proposal is to increase that to 65KW of solar on the new leisure centre. The requirement for solar on the new leisure centre is greater than the existing one as it is using renewable heating in the form of air source heat pumps, and this technology requires electricity to operate.
- 5.3. By installing 65KW of solar the building will benefit from 52,585kWhs of clean energy per year. While the leisure centre is yet to be commissioned and built, the expectation is that 95% of the power generated will be utilised by the building which is equivalent to 7tCO₂ per year.

- 5.4. It should be noted that a Feed in Tariff is no longer available for solar installations. As such the business case is predicated purely on the savings gained against grid connected electricity. The estimates indicate that the savings achieved over the assumed 25-year life of the asset will offset the cost of the initial capital outlay (including interest) producing net savings of around £28,000 (over their lifetime).
- 5.5. The business case takes into account the need for maintenance over the 25-year life, as well as expected upgrade cost in year 15 to replace the inverter.
- 5.6. The capital cost for this element of the leisure centre build will be incurred during the 2022-23 financial year.

CSG Recommendation

- 5.7. The Group supported the proposals and recommends Cabinet to approve the capital budget requirement of £84,000 for the installation of solar PV, to be met from the renewable energy provision within the 2021-24 Medium Term Financial Plan.

6. BLYTH FREE SCHOOL CAPITAL CONTRIBUTION

6.1 In line with the terms of approval for the successful Northumberland bid for a free school on the Princess Louise site in Blyth, the Group received a request to provide a capital contribution to the project equal to the total sum incurred by the Secretary of State in respect of the provision of Additional Works (s278 and any ground abnormal costs) subject to a maximum contribution of £1,057,675.

6.2 The original approval of the bid was subject to specific conditions as set out below:

The LA must:

- run a fair and open competition to find a trust to run the school;
- lease the site to the trust for 125 years at a peppercorn rent;
- engage with the Local Planning Authority, DfE and DCS in order to secure planning permission in a timely manner;
- meet s278 and any ground abnormal costs requiring remediation pursuant to planning;
- ensure that the free school is affordable and sustainable within the LA's high needs funding allocation and be aware that the provision is only for pupils with an EHCP;
- carry out an impact assessment of the proposal on existing schools in terms of impact on a particular groups of pupils from an equalities perspective.

6.3 Whilst the capped contribution is subject to VAT, specialist advice confirmed that the contribution to the project is subject to VAT as the project will make enhancement to

the land in the ownership of the local authority. The same specialist advice also confirmed the local authority will be able to reclaim VAT under s.33 VAT Act 1994.

Background

- 6.4 Within Northumberland there is an increase in numbers of children and young people who have autism and social, emotional and mental health needs. In addition, there has been a net increase in the number of pre-school children with complex needs of 50% since 2013. The number of children and young people in maintained special schools has also increased by 32% in this period. This increasing need, alongside greater financial constraints within our schools, has resulted in an increased demand for specialist educational places that has outstripped capacity. It has also resulted in an increase in the number of SEND complaints received and tribunals attended.
- 6.5 As a result of the increased demand, the local authority has recently created additional capacity at Hexham Priory and Ashdale Special Schools. There is, however, further capacity required at the secondary level for children with SEMH. In order to meet this demand, the local authority submitted a bid in October 2018 for an 80 place secondary SEMH school as part of the Wave 13 Special Free Schools.
- 6.6. A free school is a non-profit-making, independent, state-funded school which is free to attend but which is not wholly controlled by a local authority. This means that the free school has greater control over how it operates as it has complete freedom from the host local authority. In the case of a special free school, the local authority would still commission and fund the places required from the high needs funding block.
- 6.7. A key criteria set out in the application was to encourage local authorities to work together on joint bids. Although our neighbouring authorities weren't interested in developing a joint bid, North Tyneside, Newcastle and Gateshead did commit to commissioning places in the new school if the bid was successful. A total of 30 places have been allocated for out of county pupils, from the three neighbouring authorities.
- 6.8. In order for the bid to be successful, the Local Authority also had to identify a site that was in the ownership of the LA that could be leased on a peppercorn rent for 125 years. The location of the site was a key factor as it would need to be central to our neighbouring authorities in order that it was accessible for pupils traveling from out of county, as well as being in an area to best serve the demand for places in Northumberland.

CSG Recommendation

- 6.9 The Group supported the proposals and recommends Cabinet to approve payment of a capped contribution of £1,057,675 for the new Blyth SEND Free School being built by the DfE, to be funded through the Special Needs Budget line in the Medium Term Plan which will necessitate bringing forward this amount of budget from 2022/23 to 2021/22.

7. NEW HARTLEY SECTION 106 HIGHWAY IMPROVEMENTS

- 7.1. The Group received a paper seeking approval to accept funding secured via a Section 106 agreement towards highway improvements in New Hartley, and to add the works to the Council's capital programme.

Background

- 7.2. Planning permission has been granted for 285 dwellings on land adjacent to St Michaels Avenue in New Hartley. Development of the site has now commenced.
- 7.3. As part of the planning approval, an agreement has been made between the Council and the developers under Section 106 of the Town and Country Planning Act. The agreement commits the developers to a total financial contribution of £162,400 towards local highway infrastructure improvements.
- 7.4. Under the terms of the agreement the Council has five years from receipt of the contribution to spend this funding, after which time it must be paid back. The developer has now agreed to release the full amount, so the deadline for expenditure is expected to be May 2026.
- 7.5. Although the Council has five years to implement these measures, separate works under Section 278 of the Highways Act are planned during the current financial year in the New Hartley area and the Council has agreed with the developer that the s106 works should take place at the same time to minimise disruption.

CSG Recommendation:

- 7.6. The group accepted the report and recommends Cabinet to:
- Note the funding contribution of £162,400 for highway improvements in New Hartley has been secured via a Section 106 agreement; and
 - Agree that this amount be added to the Council's 2021-22 capital programme to enable the works to take place alongside separate works already planned for the area to minimise disruption.

8. SPECIAL EDUCATIONAL NEEDS AND DISABILITIES - CAPITAL FUNDING

- 8.1. The Group received a report advising of the receipt of additional funding from the Department for Education (DfE).

Background

- 8.2. In April 2021 the Government announced that children with Special Educational Needs and Disabilities (SEND) in England would benefit from a £280 million investment. Councils will receive the funding to create new places in schools, academies, colleges and early years settings. Northumberland has been allocated £851,302 from the DfE capital grant to allow the creation of additional SEND capacity in the county.

CSG Recommendation

- 8.3 The group accepted the report and recommends Cabinet to accept the grant and note a further report will follow to allocate funding to projects in order to grow capacity in the areas of the county with the greatest need.

Implications

Policy	The capital programme is part of the Medium-Term Financial Plan 2021-24. The plan supports the Corporate Plan.
Finance and value for money	The report outlines proposed project allocations and amendments to the approved Capital programme. The financial implications of these proposals are outlined in the main body of the report.
Legal	There are no direct legal implications.
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
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 & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	Carbon Reduction projects are included within this report, specifically as a result of installing Solar PV at Morpeth Leisure Centre.
Health & Wellbeing	There are no Health and Wellbeing implications.
Wards	All wards

Background Papers:

Medium Term Financial Plan 2021-24

Report sign off:

Authors must ensure that officers and members have agreed the content of the report:

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