

**CABINET****8 MARCH 2022**

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

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 4 February 2022.

2. Recommendations

Cabinet is recommended to:

2.1 A1068 Shilbottle Road Junction Improvements:

Approve a proposal to design and construct junction improvements at the A1068 junction in Alnwick at a total cost of £1,500,000. Funding of £143,900 has already been secured through a S106 contribution and it is proposed that the balance of £1,356,100 is initially funded through the Strategic Regeneration Projects Budget in the 2022-26 Medium Term Financial Plan. It is anticipated that this funding will then be recouped by the Council against a number of future S106 Developer Contributions associated with planning applications within the Cawledge Business Park and Lionheart Enterprise Park over the period from 2022-29 thereby unlocking the allocated employment sites within the Alnwick and Denwick Neighbourhood Plan and delivering economic growth and employment opportunities.

2.2 Additional Funding for Willowburn GSHP Scheme:

Approve the request for additional funding of £175,000 for the Ground Source Heat Pump project at Willowburn Leisure Centre currently on site in Alnwick to be provided from the current year contingency to support grant funded projects included in the Council's Capital Programme within the Medium Term Financial Plan.

2.3 Newbiggin Sports Centre Football Foundation Grant

Accept the grant award from the Football Foundation of £250,000 and accordingly approve an increase in the overall budget provision for the Newbiggin Sports and Community Centre project from £1,605,000 to £1,855,000.

2.4 Corbridge Middle School 3G Pitch:

- Accept a contribution of £450,000 from Gladman Development Ltd and £50,000 from Corbridge Middle School to fund the creation of a 3G pitch on the school site and amend the Medium Term Financial Plan accordingly.
- Agree to the scheme being delivered by the Council through the Football Foundation Framework once detailed costs have been established and full funding secured.

2.5 Contracts in excess of £2 million:

Following a tender process, authorise the Council to enter into a 2-year contract for £3 million with the successful tenderer to re-roof Council-owned dwellings in line with the agreed programme of works funded through the HRA.

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.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP VIA EMAIL ON 4 FEBRUARY 2022

5. A1068 Shilbottle Road Junction Improvements

- 5.1 The Group was asked to approve a proposal to design and construct junction improvements at the A1068 junction in Alnwick at a total cost of £1,500,000.

Key Issues

- 5.2 The A1068 Shilbottle Road junction is a simple T-junction forming part of the grade separated junction between the A1068 and the A1 Trunk Road to the south of Alnwick. Highways responsibility for the A1068 sits with Northumberland County Council and National Highways (formally Highways England) for the A1.
- 5.3 The grade separated junction comprises free-flow slip roads to the northbound and southbound A1, a roundabout junction to the west of the A1 mainline with Willowburn Avenue and the Shilbottle Road priority junction to the east.
- 5.4 Shilbottle Road connects Alnwick to the village of Shilbottle but also provides access to one of the main employment areas for Alnwick located within the Cawledge Business Park and Lionheart Enterprise Park. Expansion of these Business Parks is allocated for employment in the adopted Alnwick and Denwick Neighbourhood Plan and the emerging Northumberland Local Plan. It is estimated that 14ha of land will be likely to be built out (from a total potential area of 16.5 ha) during the plan period with the potential creation of 595 jobs as a result. Fig 1 below shows that available employment allocations to the south-east of the A1 represent a considerable proportion of the land available for inward investment/expansion space in the south of Alnwick.

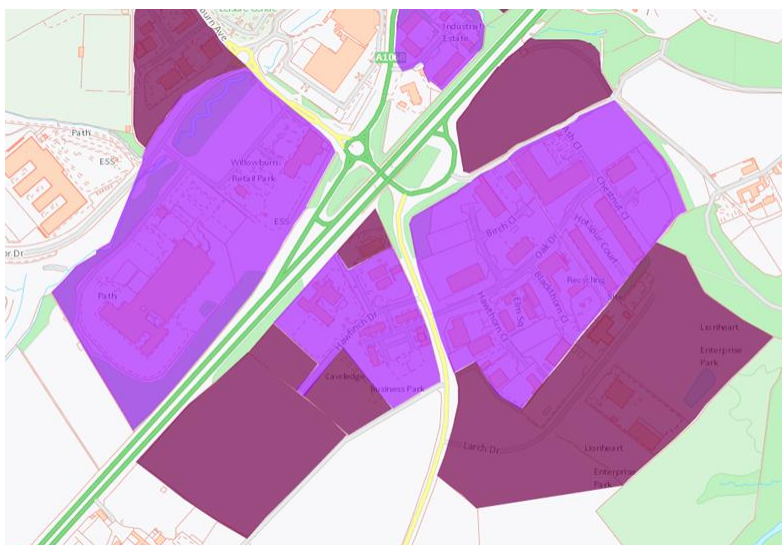


Figure 1: Employment allocations, south Alnwick

- 5.5 The A1068 Shilbottle priority T-junction is explicitly identified as requiring mitigation during the Local Plan period 2021-2036 due to growth and as a result of allocations resultant from the Local Plan, including Cawledge Business Park and Lionheart Enterprise Park. This mitigation requires the approval of both Northumberland County Council as Local Highway Authority but also National Highways as Strategic Highway Authority due to the proximity of the A1.
- 5.6 Planning applications submitted for development in the Cawledge Business Park and Lionheart Enterprise Park (forming a part of the allocated sites) demonstrate a direct impact on this junction and as a consequence the need to expedite improvements. Proportionate contributions from the allocated sites would mean that the full funding could not be secured until later in the plan period and therefore consequentially there are three outcomes:
- The A1068 Shilbottle Road junction will operate over capacity in this intervening period. This would be unacceptable from an NCC Highway Authority perspective as it would compromise both road safety and the free flow of traffic.
 - The first application generating traffic flows in the relevant area following the Local Plan work on infrastructure modelling would be required to accommodate the full cost of junction improvement. This would be a barrier to firms moving to, starting up or expanding on the two business parks.
 - The Local Planning Authority would be placed in a position of refusing planning applications on an allocated site for economic growth if full contributions could not be secured.
- 5.7 As mentioned above, the junction also adjoins the A1. On this basis, National Highways (formally Highways England) have placed holding objections on the Cawledge Business Park and Lionheart Enterprise Park applications. This is due to the current lack of clarity on the type of junction improvement that will occur and the timing of it. Whilst the local plan evidence base has identified that the junction will fail during the plan period it cannot identify when as it will be heavily influenced by the timing of applications that will directly impact upon it.
- 5.8 The scenario set out above is not atypical for unlocking development sites where there is a potential for the early developers being presented with a situation involving prohibitive initial infrastructure costs. This report therefore seeks upfront funding from the Council to secure the detailed design and construction of a mitigation scheme so that it can be demonstrated that the Council is proactively pursuing the implementation of the mitigation

measures. It is understood that with co-operative agreement on the junction design that National Highways will lift their holding notices to allow the determination of the Cawledge Business Park and Lionheart Enterprise Park applications.

- 5.9 In the absence of a front-funded strategy, planning applications will remain undetermined or with restrictive conditions preventing occupation until such time as the junction improvement occurs. This may result in businesses withdrawing from Northumberland and relocating elsewhere which would have a detrimental impact on supporting businesses and economic growth within the County.
- 5.10 The level of funding requested is £1,356,100. Developments currently in planning will be required to make suitable contributions towards the scheme once a full costing has been produced. Any applications that impact on this junction will also need to make a proportional impact payment based on the full costing. It is anticipated that development within the plan period 2022 - 2029 will recover the cost of the works. These contributions will be secured via s106 legal agreements and for financial planning purposes are estimated to be received in equal annual payments across the plan period.
- 5.11 A secured S106 initial payment of £143,900 is anticipated to be received from the applicant of the McDonald's development in lieu of physical mitigation during Q4 of 2021/2022.
- 5.12 As part of the supporting evidence for the Northumberland Local Plan a County Wide Transport Assessment was undertaken considering the impacts on the County road network as a result of the allocations provided in the Local Plan. The additional traffic estimated to be generated from the allocations, in particular the allocation at the Cawledge Business Park and Lionheart Enterprise Park, indicated that the A1068 Shilbottle Road would operate over capacity with resultant queues impacting on Shilbottle Road and potentially the A1 slip-roads during the plan period.
- 5.13 Mitigation to address these impacts were presented in the Transport Assessment Mitigation Report to follow from the County Wide Transport Assessment. This mitigation was proposed on the basis to demonstrate that mitigation was possible and that this would not prevent the plan allocations being delivered. The precise nature of the mitigation was not determined under the Local Plan as employment uses have varying employment densities and that Development Planning would consider the impacts of individual applications and their impacts upon the network.
- 5.14 As mitigation is required at the junction, this is included in the Infrastructure Delivery Plan as being "Necessary" to deliver the Local Plan. If no mitigation was provided at the junction during the Plan period, then the allocations will not be delivered due to the adverse impacts upon the Local and Strategic

Highway Networks. This would then subsequently impact upon the delivery of employment opportunities and economic growth within Alnwick.

- 5.15 The preferred solution indicated in the Mitigation Report was for a roundabout junction to be implemented. The analysis of this junction demonstrated that there would be sufficient capacity to accommodate the level of traffic growth through the Local Plan period including that generated by the allocated sites. Figure 2 shows the indicative concept drawing presented in the Mitigation Report submitted with the Local Plan Document Library. The detailed design of this junction improvement may result in an alternative design being progressed.

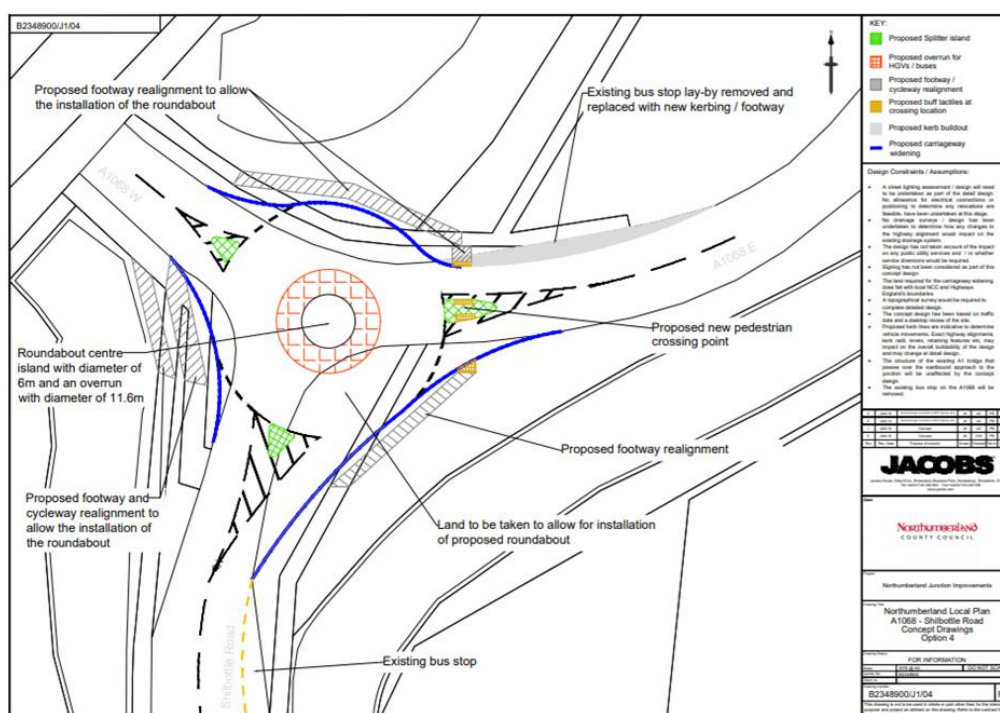


Figure 2: Concept Design for Roundabout Mitigation at A1068 Shilbottle Road Junction

- 5.16 This proposal was not put forward as part of the budget setting process for inclusion in the MTFP as the scheme was identified via the draft Local Plan and Infrastructure Delivery Plan. Until the adoption of the Local Plan this approach would have lacked strategic cohesion and understanding.
- 5.17 It is anticipated that design work will commence early in 2022-23 with construction of the scheme being completed in 2023-24. The estimated spend profile is therefore £550,000 in 2022-23 and £950,000 in 2023-24.
- 5.18 There is some risk that the advance funding for the scheme is not recovered from planning obligations within the plan period but the works are being undertaken to support the delivery of the Local Plan. Implementing the works

early in the Plan period will allow future applications to benefit from the early implementation reducing barriers to economic growth. In the event that sufficient 106 contributions are not forthcoming, then the Council would have to cover any shortfall through the Strategic Regeneration Projects Budget.

- 5.19 The refinement of the design of the works and the costs associated with implementing the scheme as detailed design is progressed has the potential to reduce the cost of the scheme.

CSG Recommendation

- 5.20 The Group supported the proposal including the request to provide advance funding of £1,356,100, from the Strategic Regeneration Projects Budget which will then be reimbursable through future S106 Contributions. The Group recommends Cabinet to approve the proposal which will secure the early design and construction of mitigation measures at the A1068 Shilbottle Road junction and unlock the allocated employment sites within Alnwick and Denwick Neighbourhood Plan delivering economic growth and employment opportunities.

6. Additional Funding for Willowburn GSHP Scheme

- 6.1 The Group was asked to approve additional funding of £175,000 for the GSHP scheme currently on site at Willowburn Leisure Centre.

Background

- 6.2 Following the approval of the Public Sector Decarbonisation Fund bid, which was approved through the Capital Strategy Group route at Cabinet in March 2021, delivery of the projects commenced in summer 2021. Four of the six sites are complete with the remaining two currently in delivery.
- 6.3 During the delivery of Willowburn Leisure Centre the borehole drilling has encountered artesian water, a body of water trapped underground at significant pressure. While this does not impair the ability of the scheme to continue it does require additional funding for protective casings within the bore holes and will extend the length of time that the installation team is on site by 3 months.
- 6.4 The implementation of Ground Source Heat Pump technology into Willowburn Leisure Centre will represent a 218tCO₂ reduction in annual carbon emissions. As NCC's 7th largest carbon emitting building the impact of low carbon heating is significant for the whole estate.
- 6.5 Geological surveys were reviewed where available and these displayed no historic high pressure artesian water. When a borehole is drilled the findings

are logged in a national database that helps all future drilling. In the case of Willowburn the existing data was not particularly close to the site so reasonable assumptions had to be made based on drilling in the surrounding areas which had not detected artesian water. The drilling logs from this site will help any future work in the area and as more of this work is undertaken in the county it will improve national information and understanding.

- 6.6 The build is currently projected to overshoot its existing budget allowance of £1.76m by £175,000 due to the impact of artesian water. Geological surveys were carried out in advance as described above, but the presence of artesian water was not detected until the first borehole was drilled. Twelve boreholes have currently been drilled out of the 62 required for the heat demand on site and artesian water has been present in all twelve. As such the budget increase requested assumes that artesian water will be present in the remainder. If this is not the case then any reduction in cost can be reported as an underspend.
- 6.7 It should be noted that the climate change team has sought additional financial support from Salix, the administering body, but has been told that no increase in budget will be granted.
- 6.8 The total cost of the scheme will now increase to £1,934,000 with £1,759,000 funded externally through Salix and £175,000 funded by the Council. The anticipated completion date for the project has been revised to 30th June 2022 which has been approved by Salix.

CSG Recommendation

- 6.9 The Group supported the request for additional funding of £175,000 and recommends Cabinet to approve the revised budget with the increase to be funded from the current year's contingency for grant funded projects included in the Medium Term Financial Plan.

7. Newbiggin Sports Centre Football Foundation Grant

- 7.1 The Group were requested to approve a grant award of £250,000 for improvement work to the playing pitches at Newbiggin Sports Centre.

Background

- 7.2 Approval was given by Cabinet in March 2020 for the allocation of £1,505,000 in the Council's Capital Programme for the partial refurbishment and remodelling of the Newbiggin Sports and Community Centre. The scope of works includes improvements to the library, creation of a community café, enlargement of changing rooms, refurbishment of internal sports facilities and general redecoration throughout the building. Following further design work, the cost estimate of the project increased from £1,505,000 to £1,605,000 and

this increase is now included in the Council's Medium Term Financial Plan for 2022-26.

- 7.3 The £1,605,000 cost related to the internal works only and did not include any improvements to external playing pitches. Whilst included in the overall project scope of works these playing pitch improvements were to be funded by the Football Foundation. A grant application has now been approved by the Football Foundation which agrees to a contribution of £250,000 which matches the cost of improvement works being undertaken to changing room facilities within the sports centre building.

CSG Recommendation

- 7.4 The Group supported the grant award and recommends Cabinet to accept the Football Foundation Grant of £250,000 and increase the project budget within the Medium Term Financial Plan to £1,855,000.

8. Corbridge Middle School 3G Pitch

- 8.1 The Group were asked to approve the construction of a 3G pitch at Corbridge Middle School fully funded by a developer contribution and the school.

Background

- 8.2 Part of the site of Corbridge Middle school owned by the council was sold to Gladman Developments in order to provide land to widen an access road to a new housing development site adjacent to the school. The land sold was a relatively small area just sufficient to allow the existing highway to be widened.
- 8.3 The loss of playing field did not require the provision of the 3G pitch as the existing pitch areas were unaffected. However, the provision of the 3G pitch was seen by the school as an additional benefit and terms for the provision of funding were negotiated with the developer to enhance the sporting provision for the school and wider community.

Key Issues

- 8.4 Initial site investigations have been undertaken on the school site to confirm the viability and affordability of a 9v9 3G pitch. In summary, the site presents very little problem in terms of ground risk, and traditional techniques can be adopted for the construction of the pitch. The desk study has determined the development of the site poses negligible risk to identified receptors, and will address planning where necessary.

- 8.5 Should the affordability of the 9v9 pitch be greater than £500,000 then discussions will be held with the Football Foundation Framework regarding additional funding on the basis of a grant.
- 8.6 There will be zero cost to NCC with the governing body of the school underwriting any cost overruns. Ground investigation and early design work will be undertaken in 2021-22 at an estimated cost of £10,000 with the remaining funding of £490,000 spent in 2022-23.

CSG Recommendation

- 8.7 The Group supported the proposal to construct a 3G pitch at Corbridge Middle School fully funded by Gladman Developments and the school and recommends Cabinet to approve the project and amend the capital programme within the Medium Term Financial Plan accordingly.

Implications

Policy	The capital programme is part of the Medium-Term Financial Plan 2022-26. 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. There is a specific risk with regard to the A1068 Shilbottle Road Junction project that any shortfall in future S106 contributions to fund these works would have to be picked up by the Council through the Strategic Regeneration Projects Budget.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	Carbon Reduction measures have been considered within each project.
Health & Wellbeing	There are no Health and Wellbeing implications.
Wards	All wards.

Background Papers:

Medium Term Financial Plan 2022-26

Report sign off:

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

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