

# NORTHUMBERLAND

Northumberland County Council

## CABINET

13 MARCH 2018

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### Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of Mike Turner, Head of Property and Capital Programming

Cabinet Member: Councillor Peter Jackson, Leader of the Council

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#### Purpose of report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group at its meeting held on 09 February 2018.

#### Recommendations

Cabinet recommend County Council to:

- **Ellington Junior Football Club:** Endorse the project and approve a maximum grant award of £167,593 – to be funded from the existing provision within the Medium Term Financial Plan for "Contingency to Support Grant Funded Projects";
- **Country Parks Investment Programme:** Approve the
  - re-introduction of parking charges at Druridge Bay, Plessey Woods and Bolam Lake and,
  - proposed investment programme and associated new budget requirement of £997,000 - to be funded by the re-introduction of parking charges.
- **Craster Car Park:** Approve the proposed extension and associated budget requirement of £300,000 - to be met from the existing car parking provision within the MTFP;
- **Solar PV County Hall:** Approve the proposed installation of solar panels at County Hall and associated budget requirement of £251,878 to be met from the Renewable Energy Provision within the MTFP.
- **Aln Valley Railway Cycleway:** Approve the proposed grant award of £170,000 subject to successful application for 100% RDPE grant support; and,
- **Pothole Action Fund Grant:** Accept the additional grant award of £930,771 and increase the budget allocation accordingly.

**Links to Corporate Plan**

The Council's Capital Programme is consistent with the priorities in the Corporate Plan 2013-2017; in particular the 'Economic Growth' and 'Place and Environment' priorities.

**Key Issues**

The report outlines proposed amendments to the previously approved Medium Term Capital plan.

**Background**

The Medium Term Financial Plan and Capital Programme for 2017-18 was approved by County Council on 22 February 2017. The revised plan for 2018-19 to 2020-21 was approved by Council on 21 February 2018.

This paper summarises reports considered by the officer Capital Strategy Group on proposed amendments to the Plan.

## SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP MEETING HELD ON 09 FEBRUARY 2018

### ELLINGTON JUNIOR FOOTBALL CLUB

The Group received details of a proposed new capital grant award to Ellington Juniors Football Club towards the cost of a community pavilion.

Ellington Junior Football Club is a registered not-for-profit charity which is run by volunteers with 170 members between the ages of 6-21 years. The charity provide a wide range of recreational activities for young people living in the four nearby villages to socialise in a structured and friendly environment.

Members currently travel outside of the area as there are no community or recreational facilities in Ellington or the neighbouring villages. To address the issue, the Charity are in the process of developing 10ha of former mining and currently agricultural land into a multi-purpose green space which will be open to the whole community for sport and recreational use. The aspiration is to provide a Community Pavilion, small MUGA, 3 grass pitches, car park and fencing.

Estimated costs of the overall project are as follows:

	£
Pitches Provision and Fencing	£205,776
Pavilion (see below)	£421,376
MUGA	£242,435
<b>Total Cost</b>	<b>£869,587</b>

To date the club has raised £471,059 from various funding sources, including Harwood Estates (£115,000), Football Foundation (£99,974) and Sport England (£99,350) – the latter is however conditional upon NCC also providing grant support.

£217,276 has been spent on the pitch works, fencing and other associated costs including £11,500 for infrastructure works for the MUGA. The car park and access road have been provided by the developer of the former Ellington Colliery site adjacent to the land bequeathed to Ellington Juniors FC, Harworth Estates.

The priority for the next stage of the project is to fund and complete the community pavilion. (The MUGA is a medium to longer term aspiration for which further funding will need to be raised.)

The community pavilion will include a multi-functional main room, kitchen, changing rooms, storage and toilets. The building will be used by charity members, school, church, scouts, resident association, parish council and other sports clubs and community residents. It will be used for a variety of recreational activities including arts/crafts clubs, social meetings, activity sessions, courses, fitness sessions, coffee mornings, training etc. The outdoor recreational space will be used for a variety of activities including play, physical activity, sport, walking, cycling and events. The community will have open access to the green space and will be able to book the pavilion.

Three quotes have been received for the pavilion construction work. All quotes and designs have been assessed by the Football Foundation and comply with their specifications.

Based on the lowest tender, and taking into account, legal fees, architectural fees, project management fees and contingencies, the total estimated cost of the pavilion is £421,376. After taking into account the remaining balance of funding from other sources of £253,783 this leaves a shortfall, and requested NCC support, of £167,593:

Funding of Pavilion	£
Remaining balance of funding from other sources (£471,059 less spend of £217,276)	£253,783
Requested NCC capital grant	£167,593
<b>Total Funding / Cost</b>	<b>£421,376</b>

It is proposed that Council's contribution be met from the existing provision within the Medium Term Financial Plan for "Contingency to Support Grant Funded Projects".

There will be no ongoing revenue costs to NCC as a result of the project. The revenue costs to maintain the facilities will be covered from existing Charity income.

Subject to approval, work on site would be expected to start in June 2018 and be completed in 4 months.

**CSG Recommendation:**

Subject to assurances around the tender price, as well as the club's ability to service the cash flow implications of the project and future maintenance costs, the Group accepted the report and recommends Cabinet to in turn recommend County Council to approve a maximum grant award of £167,593 – to be funded from the existing provision within the Medium Term Financial Plan for "Contingency to Support Grant Funded Projects".

## COUNTRY PARKS INVESTMENT PROGRAMME

The Group received a paper setting out proposals for a programme of capital investment to improve visitor facilities at the country parks.

The County Council owns and manages seven country parks across the county. The parks offer great opportunities for healthy exercise in the countryside, observation of nature, and enjoyment of the natural environment. They are greatly valued by the local communities close to the parks as well as visitors from further afield.

Three parks in particular (Druridge Bay, Plessey Woods and Bolam Lake) provide high profile day visit destinations to visitors. These parks offer visitor centres with information displays, cafes and small gift shops, promoted paths and trails, and public and volunteers events. However, the quality of some aspects of visitor offer at the parks has declined over recent years with buildings and play facilities in particular suffering from underinvestment.

It is very unlikely that external funding would be forthcoming to assist with these improvements. It is considered that the Council should prioritise improving the visitor offer at these three key country parks by establishing a self-financing capital investment programme over the next three financial years.

This investment programme will primarily be used to deliver the major improvements at Bolam, Plessey Woods and Druridge Bay, but provision will also be made for other minor improvements to be undertaken at other country parks across the county, including path surface and car park enhancements as well as supporting a revenue budget saving which has been included in the draft MTFP.

Summary of Proposed Work and Capital Cost	£
<b>Druridge Bay Country Park</b> Significantly improving the play offer by replacing the old equipment with a better quality installation, extending and improving the cafe and introducing a new facility to accommodate camping and touring caravan facilities.	£567,000
<b>Plessey Woods Country Park</b> Improvement and extension of the children's play area as well as general improvements to some sections of paths and visitor information at the visitor centre.	£100,000
<b>Bolam Lake Country Park</b> Refurbishment of exit toilet block, provision of adventure play equipment and a new bird hide.	£180,000
<b>Other Sites</b> Visitor access improvements, including path surface and car park enhancements. Priority improvement projects will be delivered at Tyne Riverside Country Park and Tyne Green Country Park	£150,000
<b>Total Cost</b>	<b>£997,000</b>

## Funding – Re-introduction of Parking Charges

The borrowing costs associated with this investment would be around £69,500 per annum, and it is proposed that parking charges are re-introduced at Druridge Bay, Plessey Woods and Bolam Lake to cover the additional cost.

Up until April 2015 the council levied a parking charge at these three sites. In the final year of charging the council raised approximately £115,000 from parking charges at the three parks.

Prior to the removal of charges there had been no increase in the parking charge since 2009 when the charge was increased to £1.40 for up to 2 hours and £2.80 for the whole day. It is proposed that the new tariff structure will include provision for one hour free parking at the sites:

Proposed scale of charges for 2018-19	£
Car Parking up to 1 hour	Free
Car Parking up to 2 hours	£1.60
Car Parking all day	£3.00
Minibus/Horse box trailer	£6.00
Coaches	£10.00
Season parking permit	£35.00

The forecast income from the re-introduction of charges is £120,000 per annum, which would cover the costs associated with the proposed capital investment as well as provide recurrent revenue savings of around £50,000 per annum - which has been included in the draft MTFP.

The income would be closely monitored and any corrective actions taken where necessary to ensure that the forecast income levels were being achieved.

**CSG Recommendations:** The Group accepted the report and recommends Cabinet to in turn recommend County Council to approve the:

- re-introduction of parking charges at Druridge Bay, Plessey Woods and Bolam Lake (as set out above) and,
- proposed investment programme and associated new budget requirement of £997,000; the cost of which will be covered by the re-introduction of parking charges.

## **CRASTER CAR PARK**

The Group received a report seeking the approval for a proposed extension to the Craster Quarry Car Park, to help address the parking issues being experienced at Craster during peak periods.

The popularity of the pretty coastal village of Craster in Northumberland continues to grow each year, attracting increasing numbers of visitors and tourists.

However, in peak visitor seasons the village car park quickly becomes full, resulting in the indiscriminate parking of vehicles along the main road into the village and within the village itself, and causing access problems for local bus services.

Craster Parish Council has been working with Northumberland County Council to address local issues and priorities for improvement. In response to these concerns the County Council has drawn up a design for additional parking spaces in an extension to the existing car park. Extending the car park within its quarry area could mean a further 48 spaces being delivered, bringing the total capacity to 148 vehicles.

A key element of the design is the installation of 'rock fall arrest' netting around the base of the quarry walls within the car park to protect users and vehicles from the risk of falling rocks.

It is proposed that as part of the extension works rapid charging facilities for electric vehicles would be installed at the front of the car park, subject to the availability of an adequate power supply. Some further work is also required to determine whether the narrow access road into the quarry area could be widened to enable a segregated pedestrian route to be provided to reduce potential conflicts between pedestrian and vehicle movements.

The initial budget estimate for the scheme is £300,000 allowing for both the EV charging point and contingency for widening the access. It is proposed that this is met from the existing Car Parking provision within the Medium Term Financial plan – due to be approved by County Council in February 2018.

The existing tariffs at the car park are 1hr (£0.50), 2hrs (£1.00), 3 hrs (£1.50) and all day (£2.00). These tariffs currently generate around £71,000 income (net of VAT) per annum.

The feasibility design for the extension was presented to the local community at a recent meeting of the Craster Parish Council in order to gauge whether it was something that they would support. There was unanimous support for the proposal from those present at the meeting and for increasing the charges at the car park so that the cost of the improvements fell upon the car park users rather than the local community.

The Parish Council was therefore supportive of increasing the tariffs and has suggested adding £0.50 to each of the rates, with the all-day increasing to £3.00. It is estimated that these tariffs would increase income to £140,000 (an extra £69,000 per annum).

Further consideration of the tariff structure is required, as the County Council is considering adopting an alternative tariff structure of up to 3 hrs (£2) and all day (£3) - it is estimated that this would increase income to £155,000 (an extra £84,000 per annum).

It is estimated that the works would take around four months to complete, if planning approval was given, and would have to take place over the quiet winter period (November 2018 to February 2019) - as it would be necessary to close the existing parking area whilst the construction works were being undertaken for health and safety reasons.

**CSG Recommendation:** The Group accepted the report and recommends Cabinet to in turn recommend County Council to endorse the proposal and approve the associated budget requirement of £300,000 - to be met from the existing car parking provision within the Medium Term Financial plan.

## **SOLAR PHOTOVOLTAIC PANELS COUNTY HALL**

The group received an outline business case on the proposed installation of solar panels at County Hall.

The site is currently consuming huge amounts of grid generated electricity. The implementation of solar power will bolster Northumberland County Council's commitment to sustainable energy, lower its reliance upon grid generated supplies and save on carbon produced.

The scheme will be eligible for Feed in Tariff (FIT) which is a government backed subsidy for 20 years over the lifetime of the asset and inflates with RPI over that time. The rate varies depending on the exact installation capacity and the time at which this installation is due to be completed.

The most significant financial benefit is off-setting the energy which would have been supplied by the grid by utilising the energy generated from the solar PV through the day.

Export tariff is unlikely to play a major factor in financial terms for this project as the energy requirements of the building mean that the Council would not be exporting any significant amount of energy.

After considering three different layout options, the proposal suggests an optimal install size of 243 KWP of solar PV on the roof, as illustrated below:



The capital expenditure is anticipated to be £251,878. This figure includes the fully installed cost of asset, project management, CDM fees and contingency for potential DNO fees.

The following estimates include a provision to replace equipment at year 10 and a provision to cover O&M for 20 years:

<b>CAPITAL COSTS</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3-20</b>	<b>TOTAL</b>
Installation	£219,025				£219,025
Other Costs	£10,951				£10,951
Professional Fees	£21,902				£21,902
<b>TOTAL CAPITAL COST</b>	<b>£251,878</b>				<b>£251,878</b>
<b>REVENUE IMPLICATIONS</b>					
Cost of Capital (inc. Interest)		£17,722	£17,722	£319,003	£354,447
New Revenue Costs (R&M etc)		£5,162	£5,265	£132,522	£142,949
FIT Income and Energy Export		(£3,826)	(£3,863)	(£76,417)	(£84,106)
Energy savings against existing		(£20,604)	(£21,851)	(£499,661)	(£542,116)
<b>NET REVENUE COST / (SAVING)</b>		<b>(£1,546)</b>	<b>(£2,727)</b>	<b>(£124,553)</b>	<b>(£128,826)</b>

The intention is to run the project in line with the re-roofing scheme which forms part of the refurbishment work of County Hall.

**CSG Recommendation:** The Group accepted the report and recommends Cabinet to in turn recommend County Council to endorse the proposal and approve the associated budget requirement of £251,878.

## **ALN VALLEY RAILWAY CYCLEWAY**

The Group received a report on the Aln Valley foot/cycleway project and its associated bid for European funding.

In 2009 the Aln Valley Railway Trust outlined its proposal to reopen the Alnwick to Alnmouth railway line as a tourist attraction as well as a recreational and educational resource. One of the Trust's aims is a "much needed cycleway from Alnwick to the coastal cycle route, providing a safe and scenic journey for cyclists and pedestrians."

The County Council is supportive of the Trust's aims and has carried out feasibility work in the past to establish the options and costs of providing the foot/cycleway.

An opportunity has now arisen to apply for European funding to construct the foot/cycleway. The funding available is the 'Rural Development Programme for England (RDPE)' which is designed to support projects which create jobs and growth in the rural economy.

Under the RDPE growth programme, grants are available for 'rural tourism infrastructure'. As a local authority, the County Council is able to apply for 100% of the eligible costs, up to a maximum of £170,000.

The Aln Valley Railway Trust is preparing a complimentary application to the RDPE programme to extend the railway line. As a revenue generating tourist attraction, they are only eligible to apply for up to 40% of the eligible capital costs. This means that they are unable to include the foot/cycleway element in their application.

The project will construct 2.3km of new foot/cycle path along the route of the former railway line between Lionheart Station in Alnwick, and Greenrigg near Alnmouth where the route joins the existing local road network. Running alongside the extended heritage railway line, the path will be 3 metres wide and constructed of a whinstone material which is appropriate to the rural setting.

The proposed path will:

- Provide a safe walking and cycling route between Alnwick and Alnmouth.
- Complement the Aln Valley Railway - visitors will be able to combine trips on the path and the railway.
- Be a new attraction bringing visitors into the area.
- Open up the countryside to visitors, allowing access to features such as the historic Cawledge Viaduct and to the local rights of way network.
- Link to the National Cycle Network at Alnmouth.

- Link to the mainline Station at Alnmouth.

An 'Expression of Interest' was submitted to the RDPE in June 2017 outlining the project. The Expression of Interest was successful and the Council was invited to submit a full application.

Since then Officers have completed design work and the project went out to tender via the Council's Procurement Team. At least 3 quotes are required as part of the funding application. These quotes must all be from external contractors. The County Council is not allowed to bid for the construction work.

If the funding bid is successful, the grant will be paid in arrears, so only the actual expenditure incurred will be claimed, up to the maximum amount offered.

The normal grant funding conditions require the path to be kept maintained and available for use for at least five years from the date of grant issue. The route is not a highway or public right of way and future maintenance of the path will be the responsibility of the Aln Valley Railway Trust.

The route of the proposed path is along the former trackbed which is owned by Northumberland Estates and leased to the Aln Valley Railway Trust for a period of 25 years. The lease was signed in February 2012 so 19 years remain. Written permission to carry out the foot/cycleway works has been received from both parties.

The route crosses the historic Cawledge Viaduct which is included in the land leased to the Aln Valley Railway Trust. In order to avoid the County Council becoming liable for the viaduct, the section of the foot/cycleway that crosses it will be constructed by the Aln Valley Railway Trust. The County Council will not undertake any works that affect the viaduct.

In order to ensure that roles and responsibilities are clear, and to protect the Council from any future liability, a 'Memorandum of Understanding' (MoU) has been agreed between the Council and the Aln Valley Railway Trust. The MoU has been agreed following input from the Council's Legal Services Team.

Both the local ward Members, Councillors Castle and Moore, support the project.

**CSG Recommendation:** The Group accepted the update and recommends Cabinet to in turn recommend County Council to endorse the proposals and, subject a successful bid for RDPE funding, approve a capital grant award to Aln Valley Railway Trust of up to £170,000.

## **POTHOLE ACTION FUND GRANT**

The Group received a report advising of the receipt of additional Pothole Action Fund Grant for 2017/18 from the Department of Transport.

On 02 February 2018 the Department for Transport notified the Council that it was being allocated an additional £930,771 Pothole Action Fund grant for 2017/18. This is an addition to the £1.328m previously allocated to the Council for 2017/18 from this fund.

Road condition has deteriorated significantly during this period due to repeated cycles of freeze/ thaw action with defects becoming evident in many locations across the road network and this has become more pronounced following the recent snow event.

It is recommended that this funding is added to the Council's capital programme and that the funding is utilised to undertake a programme of patching and overlay road repairs.

As the funding has been received late in the financial year and allowing for time to mobilise resources, it is expected that this programme of works and expenditure will start within February but will continue into the 2018/19 financial year. This raises no concerns in relation to the grant conditions.

**CSG Recommendation:** The Group accepted the update and recommends Cabinet to in turn recommend County Council to accept the additional grant award of £930,771 and increase the budget allocation accordingly.

## **Implications**

<b>Policy</b>	The capital programme is part of the Medium Term Financial Plan 2016-2020. The plan supports both the Community Strategy and Corporate Plan.
<b>Finance and value for money</b>	The report outlines proposed amendments to the previously approved Medium Term Capital Plan. The financial implications of these proposals are outlined in the main body of the report.
<b>Legal</b>	Not applicable.
<b>Procurement</b>	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
<b>Human Resources</b>	Not applicable.
<b>Property</b>	The properties affected by the proposals are identified in the main body of the report.
<b>Equalities</b> (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
<b>Risk Assessment</b>	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.
<b>Crime &amp; Disorder</b>	There are no Crime and Disorder implications.
<b>Customer Consideration</b>	There are no Customer Considerations.
<b>Carbon reduction</b>	None
<b>Wards</b>	All wards

**Background papers:**

Update to the Medium Term Financial Plan 2017-2020 and Budget 2017-2018 - County Council 22 February 2017.

**Report sign off.**

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

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