



Northumberland

County Council

CABINET

12 MARCH 2019

Summary of New Capital Proposals considered by Officer Capital Strategy Group

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

Cabinet Member: Councillor Peter Jackson, Leader of the Council

Purpose of report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group at its meetings held on 11 January 2019 and 08 February 2019.

Recommendations

Cabinet is recommended to:

- **Community Housing Fund:**
 - recommend County Council to accept the Community Housing Fund grant award;
 - recommend County Council to approve a new budget allocation of £1,000,000 within the Council's Medium Term Capital Programme, and;
 - authorise bids against other phases of MHCLG's Community Housing Fund, where the opportunity arises.
- **Blyth Sports Centre Refurbishment:** approve the proposal and overall indicative budget requirement of £5,000,000 – to be funded from a re-profiling of the Active Northumberland Facilities Improvements provision within the Medium Term Capital Programme, as outlined on page 7.

Links to Corporate Plan

The Council's Capital Programme is consistent with the priorities in the Corporate Plan 2018-2021; in particular the 'Living', 'Enjoying' and 'Thriving' 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 2018-19 to 2020-21 were approved Council 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 PROPOSAL CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP MEETING HELD ON 11 JANUARY 2019

COMMUNITY HOUSING FUND

In 2016 the Council was awarded £1,314,600 from the Government's Community Housing Fund (CHF). The fund has been established to support and enable community groups, through revenue and capital grant funding, to tackle the problem of high levels of second homeownership in their communities and to deliver affordable housing that meets local need. This is referred to as Community Led Housing (CLH), which entails community groups owning and having a long-term role in the management of homes that are affordable to local people.

The aim of the fund is to support community groups to deliver affordable housing on sites which are likely to be of little or no interest to mainstream house builders or Registered Providers, thereby contributing to the national effort to boost housing supply.

There are no conditions attached to the grant award and no time limits on when it must be spent by.

The Council proposes to allocate £1m of the CHF as capital to support grants for affordable housing development. The remainder (£314k) will be allocated to revenue related activities, such as paying for the provision of a dedicated officer to run the programme, community group set up costs, housing need assessments, feasibility costs, revenue grants and other programme running costs. However, these amounts are not fixed and may be altered to allow for flexibility in the allocation of resources linked to the type of bids coming forward.

To access capital funding groups must be legally constituted. The fund enables communities to deliver a range of small-scale housing schemes in rural areas, providing affordable homes in perpetuity that meet local housing need. The type of schemes that could be funded are diverse and examples may include:

- Renovating old rural buildings

- Bringing long term empty homes back into use
- Building new affordable homes
- Acquiring affordable homes delivered through planning obligations, via the implementation of a legal S106 Agreement (Town and Country Planning Act 1990).

The Community Housing Fund Policy was developed and approved by Cabinet, to provide a framework for the administration, consideration and award of revenue and capital grants to community organisations. The policy allows for three forms of assistance:

Stage 1: Community Development/Set-up Funding - Up to £4,000 revenue funding to help develop community organisations to the stage where they are appropriately constituted and able to undertake initial community consultation on housing proposals.

Stage 2: Scheme Feasibility Fund - Available to appropriately constituted organisations who can demonstrate robust and effective governance arrangements are in place and a good level of community support for the project to enable development of a scheme, including confirmation of housing need, technical and viability assessment and design and construction requirements.

Stage 3: Housing Development Fund - Available to support up to 50% of the total development costs or a maximum aggregated cost of £50,000 per unit whichever is the lower, for schemes which have been assessed as financially viable and meeting the overall requirements of the Community Housing Fund Policy.

Administration of the policy is the responsibility of the Head of Housing and Public Protection and consideration and approval of grant awards is subject to the criteria set out within the policy. In the case of Stage 3 applications, all are considered by The Community Housing Fund Panel, which is comprised of representatives of Strategic Housing, Development Management, Finance and Corporate Programmes and External Funding Team. The Corporate Programmes and External Funding Team also provide support with the administration of the fund, including preparation and issue of grant offer letters, assignment of conditions and monitoring of claims and expenditure.

In addition to the funding allocated to the Council, further funding of £163 million nationally is available through Homes England. Known as the Community Housing Fund Phases 1 & 2, it can provide capital funding for infrastructure and development costs related to housing development. Local Authorities can bid on behalf of community groups (and in the case of capital infrastructure it must bid on their behalf) and will be directly accountable for funds. There may be opportunities for the Council to bid for this funding and approval is sought to undertake bids where the opportunity arises.

The proposed budget / spend profile is as follows

Financial Year	£
2018-19	£83,000
2019-20	£433,000
2020 - 21	£351,000
Other years	£133,000
	Total
	£1,000,000

CSG Recommendation: The Group accepted the proposal and recommends that Cabinet:

- recommend County Council to accept the Community Housing Fund grant award;
- recommend County Council to approve a new budget allocation of £1,000,000 in the Council's Medium Term Capital Programme, and;
- authorise bids against other phases of MHCLG's Community Housing Fund, where the opportunity arises.

SUMMARY OF NEW CAPITAL PROPOSAL CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP MEETING HELD ON 08 FEBRUARY 2019

ACTIVE NORTHUMBERLAND FACILITIES IMPROVEMENT PROGRAMME: BLYTH SPORTS CENTRE REFURBISHMENT

The Group received information on a proposal to refurbish Blyth Sports Centre, as part of the Active Northumberland Facilities Improvements programme. There is an existing provision within the Medium Term Capital Programme (as approved by County Council on 20 February 2019) for Active Northumberland Facilities Improvements of £8,500,000 between 2019-20 and 2021-22. £698,591 of this has already allocated been to Wentworth Leisure Centre following a report to Cabinet on 15 January 2019.

Blyth Sports Centre was originally built in 1967, extended in 1979, with a further extension added to the front of the building in 2006. Due to the age of the building, there is a critical need to undertake significant Repair and Maintenance work to simply keep the building operating. NCC Leisure Surveys, undertaken in 2017, identified a budget of £3.2 million was required at the centre for repair and maintenance over a five year period and to resolve a backlog of outstanding issues.

The proposed scheme will not only resolve the essential repair and maintenance issues, it will allow for the refurbishment and renewal of end of life areas and equipment, enabling significant income streams to be maintained and grown.

The refurbishment also provides the opportunity to transform the centre into a more progressive leisure facility, integrating inclusive services designed to support physical active lifestyle and wellbeing; with the ambition of becoming a leading example of seamlessly

integrated leisure, health, social care and educational services, retrospectively fitted into an existing facility. This broader service range will support the whole community to enjoy a physically active lifestyle and to achieve their wellness goals.

Summary of Objectives of Scheme

- To refurbish the existing ageing and uneconomical centre with a new concept in community provision.
- To address a significant backlog of Repair and Maintenance issues.
- To provide a community facility that incorporates inclusive services.
- To be an exemplar of a leisure facility incorporating a health, leisure, social care and educational into an existing facility.
- To widen access and increase overall participation in health related activity.
- To optimise income generating potential whilst also enabling services that deliver social value in accordance with NCC's requirements of a leisure provider.
- To improve wellness within the Community.
- To provide a mix of fun, exercise and relaxing facilities.
- To upgrade fitness equipment to allow a seamless journey by customers across all leisure facilities within the County.

Summary of Improvements

- Relocate fitness suite into existing ground floor studio space and dry changing area to create a state of the art wellness experience, incorporating 100+ stations consisting of a contemporary mix of equipment, Functional Training Area, Interactive digital area, Small Group Training Area and Free Weights Area.
- Refurbish remaining dry side changing rooms.
- Create 2 new Studio Spaces on the First Floor.
- Create a dedicated Studio Cycling Studio that provides a fully immersive experience.
- New and Improved soft play experience at the front of the building, linking with an expanded catering offer and party rooms.
- Relocation and replacement of spa to existing wet team changing area to improve access and improve the facilities.
- Improve Customer Experience through redesign of reception area to enable a concierge style experience.
- Create a sterile lobby in the reception area to allow for increased opening opportunities.
- Relocation of contact centre and management offices to existing soft play area.
- Creation of a large flexible space to allow for future co-location opportunities; to include classrooms, sensory room and an occupational therapy kitchen.

Financial Implications

Clearly, if the condition issues are not addressed, the shortcomings are likely to increasingly constrain any efforts by the Trust and the Council to meet the objective to improve the health and wellbeing of its communities. Furthermore, the cost of occupying the facilities will increase along with the level of subsidy required to keep them fit for purpose. Usage will decline and fewer people will remain active as they will have fewer opportunities to use affordable and accessible facilities which are attractive and meet their specific needs. The “do nothing” option is effectively a managed decline.

Active Northumberland have already commissioned a third party business partner to undertake financial modelling around the case for investing £5 million into Blyth. A feasibility study has also been completed by Faithfull and Gould.

The modelling suggests that with an investment of £5 million, the refurbished facilities will, from a revenue account perspective, cost around £13,830,920 less to operate over a 27-year term than the facility without investment, after allowing for the cost of borrowing.

A breakdown of the indicative capital costs is shown below:

	£
Construction	£3,158,315
Fees	£394,000
IT, Plant , Furniture and Equipment	£552,000
External Surveys	£75,000
Inflation	£152,000
Contingency (design and construction)	£650,000
Client Contingency	£18,685
INDICATIVE CAPITAL COST	£5,000,000

It is proposed that the £5 million requirement is met from re-profiling the existing Active Northumberland Facilities Improvements provision within the Medium Term Capital Programme (as approved by County Council on 20 February 2019):

Existing:	2019-20	2020-21	2021-22
Allocated (Wentworth Leisure Centre– Cabinet 15 January 2019)	£698,591		
Balance (unallocated)	£301,409	£4,000,000	£3,500,000
Existing Active Northumberland Facilities Improvements Programme	£1,000,000	£4,000,000	£3,500,000
Revised:	2019-20	2020-21	2021-22

Wentworth Leisure Centre	£698,591		
Blyth Sports Centre	£500,000	£4,500,000	
Balance (unallocated)			£2,801,409
Revised Active Northumberland Facilities Improvements Programme	£1,198,591	£4,500,000	£2,801,409
Increase / (Decrease)	£198,591	£500,000	(£698,591)

CSG Recommendation: The Group accepted the proposals and recommends that Cabinet approves the scheme and overall indicative budget requirement of £5,000,000 – to be funded from a re-profiling of the Active Northumberland Facilities Improvements provision within the Medium Term Capital Programme, as outlined above.

Implications

Policy	The capital programme is part of the Medium Term Financial Plan 2018-2021. The plan supports the Corporate Plan.
Finance and value for money	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.
Legal	Not applicable.
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	None
Wards	All wards

Background papers:

Update to the Medium Term Financial Plan 2018-2021 and Budget 2018-2019 - County Council 21 February 2018.

Report sign off.

	Name
Monitoring Officer/Legal	Liam Henry
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