



Blyth Town Deal Board Meeting

Wednesday 27 July 2022 14.00
(Microsoft Teams video conference)

Present:

Alan Ferguson (AF) (CHAIR)	Fergusons Transport
Thom Bradley (TB)	Blyth Community Network
Robin Earl (RE)	Advance Northumberland
Ian Flintoff (IF)	Blyth Churches Together
John Hildreth (JH)	Energy Central Steering Group
Martin Lawlor (ML)	Port of Blyth
Matthew Murray (MM)	Tharsus
Jane Robinson (JR)	Newcastle University
Rob Strettle (RS)	Energising Blyth Programme Team
Cllr Warren Taylor (WT)	Blyth Town Council

In Attendance:

Lara Baker (LB)	Programme Manager, NCC
Fiona Ford (FF)	Project Manager, NCC
Jonathan Gilroy (JG)	BEIS
Helen Hampson (HH)	Senior Regeneration Investment Officer, NCC
Bev Harrison, (BH)	Regeneration Finance & Performance Manager, NCC
Lee Paris (LP)	Senior Programme Officer, NCC
Helen Swinburn (HS)	Projects Officer, NCC

Notes of discussion:

1	Welcome, introductions and apologies for absence AF welcomed everyone to the meeting. <u>Apologies</u> Greg Gavin, Blyth Town Forum Grant Glendinning, Newcastle College Rob Hamilton, North of Tyne Combined Authority Carol Jameson, Regeneration Programmes Investment Manager, NCC Lesley Knighting, Jobcentre Plus Cllr Kath Nisbet, Northumberland County Council Rick O'Farrell, Northumberland County Council	Action:
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	<p>Tony Quinn, ORE - Catapult</p> <p>Glen Sanderson, Northumberland County Council</p> <p>Wendy Scott, Cultural Network</p> <p>Richard Wearmouth, Northumberland County Council</p>	
2	<p>Declarations of Interest</p> <p>LB - NCC are involved in a number of projects in the programme.</p> <p>RE - Advance Northumberland have interest in property and projects in the area.</p> <p>ML – the proposal for ORE Catapult will involve some of the Port's land so the Port are indirectly involved.</p>	
3	<p>Minutes of the last meeting</p> <p>These were accepted as true record.</p>	
4	Programme Business Case Presentations/Recommendations	
4a	<p><u>The Technology & Subcomponent Innovation Demonstration Centre (T&SIDC) Outline Business Case Independent Appraisal</u></p> <p>HH – the SOBC was strong but the OBC needed strengthening as it is not clear if it is deliverable. Recommendations have been made by the appraiser including details of qualifications are required; the Economic Case requires further work plus there is no sensitivity analysis; the finance tables need some reworking; the Commercial Case needs to include the Heads of Terms and there needs to be a claw back mechanism. The appraisal panel recommended it be approved subject to the conditions, feedback and recommendations made. Because the Economic Case needs work, we are advising that maximum support is available from Lichfields, who have been commissioned to support the business case, to provide an updated OBC by 01 August.</p> <p>LB – we had the feedback early so have already alerted OREC and they will draw on Lichfields to update the OBC. There is nothing that is insurmountable, and they are already working on the updates so hopefully we will have this and the other two Summary Documents for the Culture and Placemaking Programme and Energy Central Campus Phase 1 (Learning Hub) to DLUHC on 04 August [now submitted] and the others will follow up to the end of November.</p> <p>RE – if we're being asked to consider or make a decision everything for Board needs to be in one place for example on this report the details of the outputs are missing which would be useful to have. What are we being asked to consider - approval of OBC or seeking opinions from Board as to how to progress? I appreciate we are up against a deadline but in terms of an approval this OBC is not ready as there are gaps in the Economic Case and cost plan which are important if we're inputting to a decision to proceed.</p> <p>LB – The local assurance process is the same we've just changed the</p>	

	<p>sequence which we'll come on to later in the agenda. Today we are asking for Board to agree the applicant should proceed to FBC and in doing so they need to make their OBC more robust and re-submit so that its reflected properly in the Summary Document to be issued to DLUHC. Once the update is done, the Summary Document report will be issued to DLUHC, or we can delay it and bring it back to Board at a later date, but DLUHC are expecting it soon. RE – I don't want to create a risk by delaying it. LB – it shouldn't create a risk as we are aware that other LA's are having difficulty meeting the deadlines and we can present a strong rationale, but DLUHC need a lead in and want an idea of when we are submitting. The problem is if there are any issues there is no float to delay the submission to deal with them. I believe they are there or thereabouts with the OBC they just need additional information in the Economic Case. We either accept the OBC is being updated and Officers will check it, or we delay it. RE - what if the cost plan comes in and it is out of kilter with the budget? LB – we know that is the case already which is why we have secured additional funding so I've spoken to DLUHC and we will submit a Project Adjustment with the Summary Document so both can be picked up at the same time. [updated document received which addresses recommendations and a Summary Document issued to DLUHC on 4th August]</p> <p>AF – the claw back mechanism, is that going to cause any issues for the scheme and will we see the details? LB - all projects matched by NTCA and NELEP have a claw back mechanism attached to the GFA, I don't believe it is a requirement of Town Deal, but we need to be consistent with funding partners. If it is looking unlikely to be delivered, for their comfort, a claw back agreement is needed.</p> <p>JR – I fully understand the competing pressures but share a bit of discomfort in signing it off as it clearly needs further work, however, the way we move from OBC to FBC I am comfortable there are further opportunities to work with and support them. From this experience is there anything else we could be doing to try and mitigate or avoid this situation with other projects? LB Once the Summary Document goes in it is not the end as there is further work to do in terms of Cabinet approval, finalising the FBC, reporting to CSG. It may be the case that a number of project adjustments will be required following submission. Pushing the business case earlier to get the funding doesn't end the assurance process. JR – it may be worth making the point at DLUHC via IL perhaps, that this is not helping to get the best outcomes having these deadlines. LB – Cities and Growth Unit are kept appraised at our regular meetings and doing what they can to assist.</p> <p>ML – I do think the FBC should have a copy of the Heads of Terms as they are fundamental to delivering the scheme.</p> <p>LB – the Summary Document will be signed off by AF and the S151 Officer so they will see the updated Summary Document and the Board will receive</p>	
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	<p>an update at FBC. I asked for the updated OBC because of the Economic Analysis and have spoken to them at length as they are Engineers and writing a business case is not always a 'match made in heaven' so they will have support from Lichfields and I have spoken to them too.</p> <p>AF – the recommendation is to proceed to FBC with the caveats outlined and understanding that it can still be critiqued at FBC. Do we have general approval from Board to move to FBC? Board agreed subject to the caveats outlined today and the recommendations in the appraisal paper.</p>	
5	Programme Performance	
5a	<p><u>Local Assurance change of sequence</u></p> <p>LB – as alluded to, in terms of the Summary Documents and the pressures of getting the OBC to a certain stage before we can submit it, the local assurance process as it currently stands would not enable us to meet the deadline for the Summary Documents, so we have reviewed the process. Bearing in mind we can't change it and it is there for very good reasons around scrutiny, value for money, etc, we have agreed to report appraised OBC's to Town Deal Board and subject to approval submit the Summaries to DLUHC by agreed deadlines. The first 3 will be submitted by 4th August and have formal Cabinet Approval progressing in parallel on 13th September [there is no Cabinet in August]. This also helps secure funding for the three being submitted which are Energy Central Campus Phase 1 (Learning Hub) who want to deliver early; Culture and Placemaking Programme who want to get off the ground to keep momentum and The Technology & Subcomponent Innovation Demonstration Centre (T&SIDC) who have their own business plan and want to move quickly.</p> <p><u>Business Case updates – LB</u></p> <p>Regent Street Improvements (Northern Gateway Phase 2) and Bebside to Town Centre Cycling and Walking Corridor - aiming to have OBC submitted on 12 August [now submitted] and they will go through the same local assurance procedure mentioned above to enable submission to DLUHC by 20 September.</p> <p>Energy Central Campus Phase 2 (Institute) - worst case a Summary Document will be submitted to DLUHC on 01 December. This may be an OBC 'light' with a forward plan setting out timescales for providing any outstanding information. This is due to uncertainties around site acquisitions.</p> <p>Culture Centre/Market Place - theoretical vs reality dates so we have two separate dates and are trying to push it back as far as possible as we hope to have an operator appointed through open tender by early October so we can build the business case around the business plans agreed with the actual operators. The driver and deadline for this is getting on site to enable FHSF expenditure by 31 March 2024.</p> <p>Bridge St Improvements (The Link) – Concept designs are being finalised and will be reflected in the SOBC. Technical Services will then take forward</p>	

	<p>detailed designs and costs to progress the OBC. Timing of works is critical to minimise town centre disruption.</p> <p>The Hotel and Restaurant – No further progress with developing the scheme at this stage.</p>	
6	Project Performance	
6a	<p><u>NEP1 – Subsidy Control</u> LB - every project is reviewed under subsidy control regulations to ensure none of the projects result in an unfair competitive advantage. The Port had legal advice around subsidy control issues for funding through the NELEP and Town Deal and following a legal discussion with Newcastle Council, NELEP and NTCA, it was recommended that a Viability Gap Analysis was undertaken. This was completed by Sanderson Weatherall who found that the viability gap was much lower meaning the Port would need to Match fund the deficit in public subsidy. The Port agreed they should withdraw their application which is disappointing for all concerned. ML – we are being pragmatic as the project has already been put back a year for various reasons and we are not sure it would have progressed in 18 months so withdrawing was the sensible thing to do. There are no issues from our point of view.</p> <p>LB – there are implications for the Town Deal as 500 of the jobs that would be delivered through the towns fund programme would be lost as they were attached to this project. Through various discussions with JG and Advance Northumberland we have identified an alternative infrastructure requirement. Advance are currently finalising the Ash Barge Dock works with the installation of a capping beam to enable the dock to become operational. The original costs have increased significantly due to building cost inflation so we have looked to see if we can support this as it will support investment in the wider NEP1 areas and a large number of jobs that these will create. The dock itself would not only service JDR cables, it would also be available to the wider NEP. We think we have a strong case to put forward a Project Adjustment for the full amount and retain the 500 jobs and support infrastructure in the Port with a different applicant, Advance Northumberland. We are basing the external appraisal on the NELEP business case in order to meet the deadlines and once the external appraisers have appraised the business case we will report back to Board. RE reiterated his declaration of interest at this point.</p> <p>ML – we are aware work needs to be done and agree that it is important to support JDR and British Volt. The dock itself will be a common user and there is a process to select the dock operator which we have declared an interest in as we are one of a number bidding, but whoever is in place they are key to unlocking the NEP site.</p> <p><u>Update on all projects - LB</u> Culture Centre / Market Place and Bridge St Improvements (The Link) – RIBA Stage 2 drawings are close to completion and we will present these as part of Showcase Event highlighting the general layout, location,</p>	

	<p>landscaping, etc, and are hoping for constructive feedback to take back to the Design Team to inform the next steps of the process.</p> <p>There are a number of cost challenges as we have already reported and we know more cost pressures are expected, so no decision has been made yet on the final Stage 2 design, but it will need to be fixed at soon for the design and costs to be confirmed. We are currently looking at Value Engineering options which is progressing well and looking positive.</p> <p>We are working alongside Procurement on the tender documents required to secure a main operator for the facility which would cover everything apart from the Creative Play element. This creative play element is based on a similar existing facility in the North East which is free, very popular and encourages harder to reach communities to participate. The building will be owned by NCC and leased under separate agreements. The operation is a 'hybrid' between purely commercial and community interest to try to strike the right balance in serving a broad spectrum of residents and visitors. We are working towards securing the operators by September so they can feed into the OBC. RS – we have been through this with the Town Forum and Culture Advisory Group and the feedback from partners has been encouraging.</p> <p>RE – if the operator is procured by September will they feed into the design process? LB – yes, we need to be mindful of any subsidy control issues and need to deliver a general not bespoke facility, but we are rehearsing the design with specialist consultants to sense check and we're getting good feedback. RE - how confident are we it will be viable and what happens if it isn't? LB – we commissioned a building operations model to understand the optimum way of delivering and managing a viable and sustainable scheme whilst trying to achieve wider community benefits. The main operations will be on a commercial basis with some requirements from NCC to ensure wider benefits (the extent of which needs to be balanced against financial viability) and collaboration with existing facilities in the town. The Creative Play will have to be supported by the Council, to ensure it is available to as many as possible and it creates as much footfall as possible. This will be reviewed on a 3 yearly basis.</p> <p>Culture and Placemaking Programme – the Caravan Gallery are appearing in the Town Centre this month engaging with the community to try to keep the momentum going of having people involved. All photos, etc, collected in July will be exhibited in August/September in the Keel Row. Other pilot projects are ongoing, the Summary Document is to be submitted on 04 August [now submitted] Cabinet will consider on 13th September. We hope to appoint an Audience Development Officer to help with programming events and contributing to the physical capital projects.</p> <p>Energy Central Campus Phase 2 (Institute) – OBC has been progressed and the external appraisal is planned for September/October then to Board in October/November.</p> <p>Hotel and Restaurant – No further progress at this stage to report.</p>	
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	<p>Bowes St, Church St and Wanley St Improvements (Northern Gateway Phase 1) – the next phase of works starts 25 July at the top end of Bowes St by Wilko and Wanley St. Various social media posts have gone out to provide an update on the project.</p> <p>Regent Street Improvements (Northern Gateway Phase 2) and Bebside to Town Centre Cycling and Walking Corridor – there are good designs coming through around making the area more user friendly. OBC is due 12 August [now received] and the appraised document will be presented to Board on 20 September.</p> <p>Energy Central Campus Phase 1 (Learning Hub) – Summary Document to be submitted on 04 August [now submitted]. Cabinet will consider on 13th September. RIBA Stage 3 report is complete and is excellent, very detailed with fantastic images. The first stage tender assessment is complete with Galiford Try the more economically advantageous tender. We made that assessment based on their previous experience and their prelims on the overheads, costs and profits. They have been instructed to proceed to stage 2 and get quotes for the packages of works for us to review. Once we have the quotes there will be a tender assessment report with all the details and costs for the FBC which will be brought to Board in September/October.</p> <p>It is worth noting that both bidders said they were confident they could deliver on budget. Initially there were five bidders but we're left with only two, which is unusual in a two-stage process, but it gives you an indication of the market at the moment. We are likely to use a similar method with the Culture Centre as it's important we get a sense check on buildability and costs.</p>	
7	<p>Comms Update</p> <p>LB – the Showcase Event is tomorrow between 11am – 7pm in the Keel Row Shopping Centre Mall space and Community Hub which we hope will be well attended as the event has been heavily promoted. At the event will be all of the EB projects, BRR (Blyth Relief Road) plus the Northumberland Line and there will be activities on the Market Place such as live music, a print workshop, etc, to draw people in. The Councillor briefing was held last week which went well. There will be a survey available via paper on the day and on the website from 28 July until 14 August [now extended to 28th August]. Thanks to LP who has done a fantastic job pulling this event together. AF – the invitation is there for anyone at Board to attend.</p> <p>FF is working on the Comms Plan and we are constantly communicating and RS is ensuring we are saying the right things at the right time.</p>	
8	<p>Forward Plan <u>August 24th</u> Note there will be no Board in August. There are no significant updates or decisions required before Board in September. The Team are progressing Business Cases which will be presented in September. <u>September 28th</u> Programme Performance: Board Membership</p>	

	<p>Showcase Event feedback</p> <p>Project Performance:</p> <p><u>Strategic Outline Business Case - Internal Appraisal Report:</u></p> <p>1. The Link (TBC)</p> <p><u>Outline Business Case – External Appraisal Report</u></p> <ol style="list-style-type: none"> 1. Bebside to Town Centre Cycling and Walking Route 2. Regent Street improvements 3. NEP1 - Infrastructure <p>Project Adjustment:</p> <p>Changes to delegation rules issued by DLUHC on 3rd August</p> <p>FHSF – Bus circulation removal impact on BCRs.</p>	
9	<p>Any Other Business</p> <p>LB – we’ve received an enquiry through IL as to how you become a member of the Town Deal Board. Membership needs to be reviewed in September so this will be added to the agenda and will include consideration of any new members and how we reappoint existing members. We should also in September consider how we hold these meetings, ie: face to face, and where the possible venues could be.</p>	
10	<p>Date and time of next meeting: Wednesday 28th September 2022 10.00 - 11.30am</p>	