



**Subject:** North of Tyne Offshore infrastructure Programme – Bates Clean Energy Terminal  
**Report of:** Maria Antoniou, Principal Economy and Strategy Manager  
**Portfolio:** Offshore & Subsea Infrastructure

## Report Summary

The purpose of this report is to agree a project change request for the Bates Clean Energy Terminal project, which is part of the Offshore & Subsea Infrastructure Programme.

As agreed by NTCA Cabinet in June 2020, increases of expenditure up to £200k are delegated for decision to the Managing Director (ie Head of Paid Service) in consultation with Investment Panel.

## Recommendations

The Managing Director is recommended to:

1. Agree to change the annual funding profile.
2. Approve additional funding of £104,000 for the Bates Clean Energy Terminal project.

## 1. Background Information, Proposals and Timetable for Implementation

### Background

- 1.1** NTCA agreed by delegated decision £2.22m of funding on the 9th April 2021 as part of a £5.5m project for the strengthening and enlarging of Bates Quay to accommodate heavy lift cranes, the extension of the marine fuels pipeline to Wimbourne Quay and provision of a heavy lift, electric crane.
- 1.2** The Bates Clean Energy Terminal project will unlock the full potential of the terminal encouraging further investment to develop a unique low carbon 'clean energy terminal' providing jobs, renewable power and heating and electrification to support plant, equipment and vessels. This is a strategic investment in infrastructure to support the offshore energy sector. The project commenced in April 2021 with an anticipated end date of Sept 2023.

### Proposal

- 1.3** Investment Panel considered a project change request on the 19<sup>th</sup> and recommended the changes to the Managing Director for approval.
- 1.4** The Blyth Harbour commission requested a change to the funding profile for 22/23 and an increase in funding. Following an early warning from contractors, the project is currently estimating an increase in construction costs influenced by external global pressures. Overall costs have risen from what had originally been approved in the GFA from £5,550,000 to £5,810,000 - a cost increase of £260,000. In line with the intervention rate originally agreed, the Blyth Harbour Commission have requested an additional £104,000 of NTCA funding while the Blyth Harbour Commission would contribute the additional £156,000.
- 1.5** A reassessment of the economic case has been carried out to ensure that the project remains good value for money. The BCR previously stood at 4.9:1 and with the increased costs it is now 4.8:1 which still represents very good value for money.

## **2. Potential Impact on Objectives**

2.1 Programme delivery as described in the report is consistent with the priorities set out in NTCA's corporate plan.

## **3. Key Risks**

3.1 Risks associated with the project change request have been considered as part of the re-assessment

## **4. Financial and Other Resources Implications**

4.1 The increase in funding is within the Offshore and Subsea Infrastructure Programme budget

## **5. Legal Implications**

5.1 The Interim Monitoring Officer's comments are incorporated in this report.

## **6. Equalities Implications**

6.1 Blyth Harbour Commission have in place an equality policy which they adhere to.

## **7. Inclusive Economy Implications**

7.1 The business case applications are required to set out an approach which contributes towards NTCA's ambitions for an inclusive economy, this was assessed through the appraisal process and considered acceptable, there are no changes to the original proposal.

## **8. Climate Change Implications**

8.1 Climate change implications were assessed as part of the assessment process and this project positively support the climate change priorities of the Combined Authority,

## **9. Consultation and Engagement**

9.1 Stakeholders have been fully engaged in the development of project proposal and the project change request.

## **10. Appendices**

10.1 None

## **11. Background Papers**

11.1 None

## **12. Contact Officers**

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## **13. Glossary**

NTCA	North of Tyne Combined Authority
BHC	Blyth Harbour Commission

**14. Sign-off**

1) Mayor and Portfolio Holder Yes	2) Director/SMT Yes	3) Chief Finance Officer: Yes	4) Monitoring Officer: Yes	5) Head of Paid Service: Yes
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