



# Delegated Decision Report

Tuesday 28 April 2020

**Subject: Unlocking Sustainable Future Homes through Collaboration – next steps of the North of Tyne Housing and Land Board**

**Report of: Dr Henry Kippin**  
**Decision maker: Head of Paid Service**  
**Portfolio: Housing and Land**

## Report Summary

This report sets out a forward plan for a North of Tyne approach to housing, land and the future supply of sustainable homes in the North of Tyne region. It outlines a future programme of work led through the Housing and Land Board (HLB): a cross-sector, senior Board chaired by Mayor Norma Redfearn in partnership with Duncan Sutherland, NED at Homes England, and supported by an officer team led by Pat Ritchie as lead Chief Executive.

The report builds on commitments made by the North of Tyne authorities and Government in our original Devolution Deal. The next steps proposed create the conditions for an ambitious partnership which will unlock resources, capacity and expertise to achieve joint goals of sustainable future supply, innovation in design and build, and diversity of housing type, tenure and purpose across a region that spans rural, coastal and urban settings.

At the time of writing we are unclear as to the impact of Covid-19 on the sector. It is likely to have a real impact on both supply and demand; on the viability of sites; investor confidence; and the resilience of supply chains. City centre and town centres/high streets will feel particular impacts. The HLB will adapt its work programme in line with the context we are in; and its work will proceed within the framework of regional economic recovery that is being created.

The report outlines:

- a) The principles of our approach – aligning our housing ambitions to the economic, social and environmental shifts in the North of Tyne area that Cabinet is working together to affect.
- b) Alignment to our key economic sectors – ensuring we are fostering housing markets that maximise our regional expertise in clean energy, green industry, ageing, digital and future connectivity.
- c) Design principles for the North of Tyne – being clear about the value-add our Devolution Deal and close collaboration with Homes England will create, and on what basis
- d) Value-Add to local authorities and the region – working from the clear principle that Local Authorities are the planning authorities, and the NTCA role is to add value in the ways described above.
- e) Clarity on next steps – setting out proposed actions to help our Local Authorities understand, develop and bring to viability an identified pipeline of sites, underlying infrastructure requirements and ambitions for regeneration of existing stock.

## Recommendations

The Head of Paid Service is asked to:

1. Approve the commissioning of a three-part piece of work from an external provider that would support the North of Tyne Combined Authority (NTCA) and Local Authority capacity in

the following specific areas:

- a. Work collaboratively with Local Authorities (and in line with the current status of Local Plans) to develop a strategic pipeline or 'prospectus' of future sites. This directly addresses a lack of capacity identified by LA officers; and would focus on strategic alignment with NTCA priorities.
  - b. Subject to successful completion of the above, conduct a more detailed feasibility study into the NoT pipeline, its underlying infrastructure requirements, and the specific barriers to viability (e.g. the need for brownfield remediation) that may benefit from NTCA and Homes England co-investment.
  - c. Approve funding to support our three Local Authorities to create a Joint Infrastructure Delivery Statement as outlined in the NoT Devolution Deal. This will be based on the Infrastructure Delivery plans of each Local Authority, plus Government infrastructure plans and wider ambitions for the region.
2. Approve the commissioning of a separate, discrete piece of externally commissioned work on options for co-investment in the quality and sustainability of current housing stock and ways we can work with partners to support the decarbonisation agenda.
  3. Approve ongoing partnership working between North of Tyne Combined Authority and Homes England which builds on the principles and next steps below, and which will be 'launched' at a future Housing and Land Board.
  4. Approve up to £500,000 for the initial work noted above, and delegate authority to the Head of Paid Service, in collaboration with the Investment Panel and H&L Board Chair, to finalise the commissioning and delivery arrangements.

## Background Information, Proposals and Timetable for Implementation

The North of Tyne Combined Authority spans a geographical region from the River Tyne to the Border, across the three local authorities of Newcastle, North Tyneside and Northumberland. It has a population of 880,000; a local economy of £17 billion, over 360,000 jobs and it is home to 23,000 businesses.



The area is uniquely defined by its mix of coast, countryside and city – with an interrelationship between these settings that is a core part of our offer. We have a strong track record of creating jobs, supporting leading businesses, and are home to world class expertise in clean growth and energy, digital innovation and an impressive R&D and creative cluster with a skilled workforce. We are well connected – through rail, road, sea and our international airport – and have a culture and tourism offer that is varied and rich.

The region also has real challenges. Inequality and deprivation persist, and we fare comparatively badly against the national average on measures of health, work and prosperity. Employment rates up till this point have remained relatively steady in the North of Tyne but below the national average, while unemployment in the area remains higher in the North of Tyne than the national average. Long-term poor health accounts for a third of the productivity gap between the North of England and the rest of the UK which accounts to around £13bn lost from the UK economy each year. Demographic shifts mean that, by 2036, the proportion of over-65s in Northumberland will be 33%, in North Tyneside 26% and in Newcastle 19%.

Our Devolution Deal focuses on inclusive economic growth because we know that the growth of our economy and the health and wellbeing of our population are two sides of the same coin. It is key to enabling us to retain people who grow up in the region and come here to study; and to attract new people with the right housing offer. Our ambitions on housing will thus continue to be twin-track – accelerating the delivery of sustainable new homes, but also doing what we can to refresh existing stock and regenerate our places.

The mix of urban, rural and coastal environments (and the industries they support) mean that we need to deliver a varied and innovative housing, commercial and infrastructure offer. Our Local Authorities are getting on with it. But we can also add value collaboratively through acting as a test bed for innovation, and a place where we can unlock housing opportunities that across a range of type and tenure, and which are intrinsically connected to our key growth sectors and priorities.

The housing ambitions of the NTCA are integral to our wider work – which spans major investments in digital sector growth, clean energy, data & life sciences, the ageing economy and the culture, creative and tourism sectors. Each of these are sectors in which the region has demonstrable expertise and a substantial existing business and R&D cluster; with a growing direct and supply-chain workforce. They are also areas of expertise which are fundamental to future housing sustainability as we look to become age-ready, digitally connected, and use the most modern and green methods of design, construction and living.

While we are an ambitious combined authority, we are also an authority made of three individual entities, each working to their own Local Plans and at varying stages of progression. For example, Northumberland County Council do not expect their Local Plan to be signed off until the Summer of 2020. We recognise that while this paper sets a wider framework, our local authorities will be working at different paces within it.

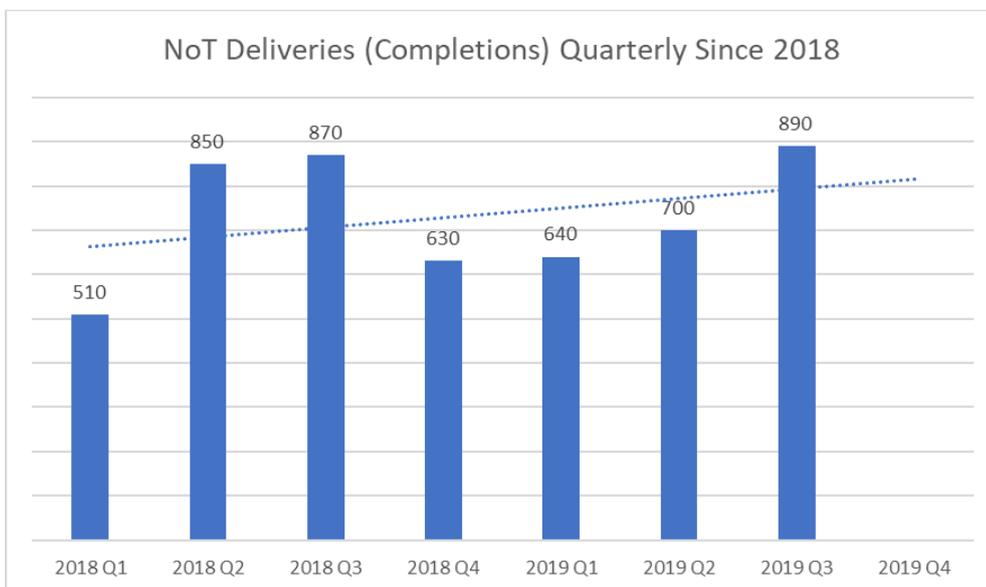
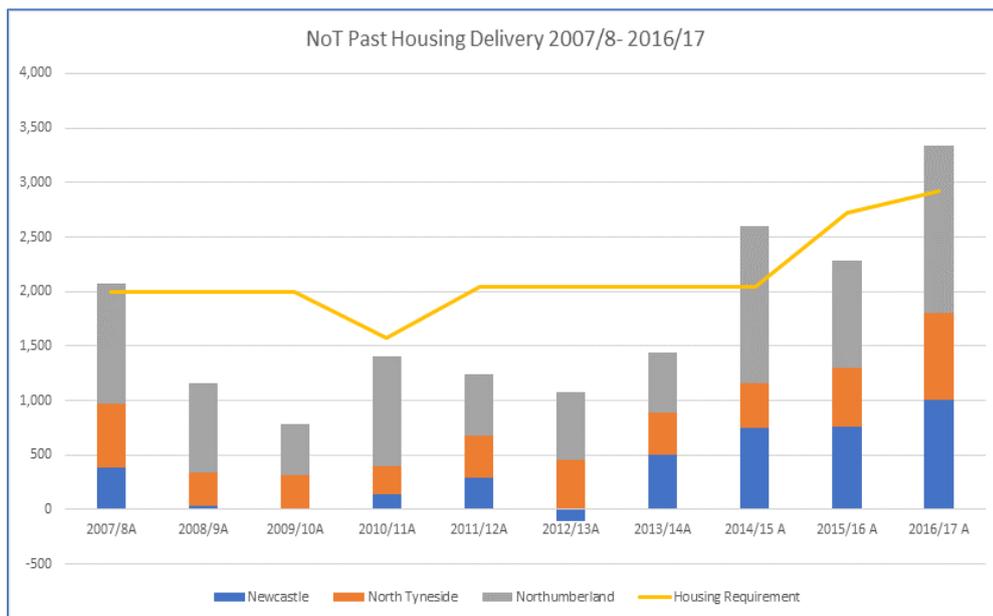
### **Our Progress to Date**

The region continues to progress its housing ambitions collaboratively. We are becoming a test bed for a range of new ageing future schemes, including the Centre for Ageing and Vitality and the Helix site. These sites will trial new and innovative building techniques to ensure that properties are care-ready and easily adaptable to meet a range of needs. The housing and land work of the NTCA can, and will, support these schemes ensuring that the North of Tyne continues to grow its reputation for innovation in ageing.

Our local authorities are also delivering new council homes. For example, Newcastle City Council has, over recent years, committed to bringing forward directly building new, council-owned properties for older people that address identifiable need for such accommodation in the area. More widely, the NTCA has funded the master planning process for the proposed regeneration of the Town Centre and Fish Quay in North Shields, and has funded business case development work for the Northumberland – North Tyneside – Newcastle line that will underpin one of the region's major infrastructure schemes and opportunities for housing and employment land.

MHCLG informed North Tyneside Council that they were unsuccessful in our £15.4m funding bid for Housing Infrastructure Funding for the Murton Gap strategic housing site. The funding was to be applied to new highway infrastructure within the site which would help enable the development of the new housing. Whilst the bid demonstrated its strategic case, it did not meet the overall funding criteria on issues around market failure and value for money. It was also considered there was a reasonable prospect that developers and landowners could collectively fund the infrastructure included in the bid, rather than the taxpayer. As the funding was required to address cashflow as opposed to scheme viability issues, it is likely that the scheme will still be brought forward and we continue to work with the consortia to identify alternative delivery solutions.

The charts below shows the new housing delivery baseline for the region, followed by some snapshot data on performance for 2019/20.



### Design Principles for a North of Tyne Housing Approach

The North of Tyne devolution deal has already signalled our intent as a region to work with government to accelerate the delivery of new homes up to a rate of 3,000 per year by 2032. The proposals in this paper are material to us achieving this (especially in light of Covid-19 impact). But this is not just about the numbers. It is about working together to ensure that our future housing is sustainable, future-ready, inclusive, and is strongly aligned with the new economy that is being shaped in the region. We will do this through maximising our collaboration across the region (across local authorities and with the private sector and RPs), and through building an ambitious partnership with Homes England based on co-production, co-location and potential co-investment, realised through a joint pipeline and delivery plan. It will be underpinned by six principles:

## **#1 - CLIMATE READY**

We want to grow our economy through decarbonisation – as our investments in clean energy, green growth and innovation in carbon reduction make clear. A third of CO2 emissions come from domestic properties. So, we will prioritise development that uses renewable and low carbon technologies and pushes for net zero 'by design' from planning to construction. We will also bring forward proposals for a domestic retrofit programme at scale working with central government and local stakeholders to ensure existing and future policy and funding mechanisms are able to deliver a large scale retrofit programme that maximises local skills and supply chain opportunities, as well as fuel poverty and carbon reductions. We will build on regional innovation in modern methods of construction (MMC) across the wider North East; and we will innovate in the provision of heating and power – much as within Newcastle's Helix development.

## **#2 – AGEING-READY**

We are home to the National Innovation Centre for Ageing (NICA), the Centre for Ageing and Vitality, and the region has a world leading cluster in ageing research, product development and health innovation. We will prioritise developments that maximise inter-generational living, age-friendly homes 'by design', co-operative models and the use of enhanced digital connectivity to expand our supported living offer in both rural and urban parts of the region. Examples include plans for technology enhanced supported home in Murton Gap, and the development of housing, health and social care hubs with step up/step down provision in Northumberland.

## **#3 – DIGITALLY ENABLED**

We will invest as a region in housing that is digitally connected – using regional expertise of the National Centre for Innovation in Data (NICD), the International Centre for Connected Construction (IC3) and the investment in rural fibre connectivity that we are already making. We have significant expertise in BIM, 'connected construction' and smart city technology – and will show how these digital specialisms can support housing that ageing, infrastructure and low carbon design.

## **#4 – BOLD ON INFRASTRUCTURE**

We will make an early investment in bringing forward a joint infrastructure statement for the North of Tyne area – which shows where transport and infrastructure related investments will create opportunities for affordable housing, commercial development and land value growth. This will account for wider infrastructure asks (e.g. Transforming Cities Fund) and examine where targeted infrastructure investment, such as new roads or road junctions, may be needed to unlock sites for residential and economic growth (building on Spring Budget 2020). This will include a specific focus on the Northumberland-North Tyneside-Newcastle line, which will open up a passenger line from Ashington (and Blyth), and will intersect with the Metro system at Northumberland Park and Newcastle Central Station. Bringing forward this infrastructure plan is a critical early priority.

## **#5 – CITY, TOWN AND COUNTRY**

We will develop a balanced portfolio that reflects the physical, economic and social geography of the region. This means acknowledging diversity in housing construction type, tenure, density and purpose, as well as being proactive in ensuring that our places are connected digitally and physically. Issues of affordability and unit growth – which dominate so much of the national housing debate – play out in a nuanced way within the region. We have affordability issues in pockets, but not at the scale seen in the South East, for example. This means we need develop a bespoke approach across rural and urban settings that prioritises future sustainability.

## **#6 – COLLABORATION**

Our approach will be one of close collaboration – between our constituent Local Authorities; with Homes England and central government; with industry bodies such as the National Housing Federation and the Home Builders Federation; and with the private and not-for-profit developers, investors and universities that will enable the delivery of our regional ambitions. Much of this public-private-social collaboration is already happening – for instance via the HLB, and on some of our key sites (and in preparation for HIF bids). Many sites in the North of Tyne can indeed be delivered

without intervention; and we will take a lead from our Local Authorities as the planning authorities and principal conduits to the market.

Underpinning all of these principles is a commitment to shaping our places and communities and creating outstanding places to live. Our housing markets are varied and diverse – including smaller rural settlements in Northumberland and our market towns, as well as the settlements of the urban core of Newcastle and North Tyneside, together with everything in between. Our aspiration across all of these settings is to ensure a supply of high-quality housing of a variety of types and tenure which is affordable, accessible, and which meets the housing needs of current and future generations. Ensuring that new housing is high quality in terms of its design and specification will ensure that it is environmentally sustainable, affordable to run and has sufficient space standards to meet the needs of the occupiers.

We are committed to ensuring that new housing developments these are planned properly with appropriate infrastructure improvements to ensure that they do not impact detrimentally on existing communities. Securing design quality in terms of design and layout will create strong communities with a sense of identity and place and will ensure the North of Tyne has an outstanding housing offer and is well placed to attract new residents and business. Embedding design quality and delivering great places to live will create environmental, social and economic value which impacts positively on our health and wellbeing and strengthens our communities. We are committed to working with development partners including SMEs, volume housebuilders and registered providers together with Homes England to achieve these objectives around placemaking and ensure that housing investment is of the highest quality and contributes significantly to creating places where people choose to live.

## **FIVE INITIAL STEPS TO DELIVER ON OUR AMBITIONS:**

We will deliver on the ambitions set out above in five ways:

### **1. Funding Strategic Capacity**

Local Authority officers have identified strategic planning, design and market engagement capacity and delivery skills as fundamental to the region's ability to create sustainable new models of housing. We want to invest jointly to address this capacity gap, which is now critical to progress our collective housing and growth ambitions.

To do this, we will create a Capacity Fund with investment from the North of Tyne Combined Authority which, alongside capacity and resource from Homes England will allow us to unlock resource and expertise that our local authorities can draw down. We are clear that our model is not building a large housing team at a CA level; but creating capacity that will support and work for our Local Authorities. The £500k approval included in the recommendation is to start some of the specific work needed to underpin the wider approach.

### **2. Developing the Long-Term Pipeline**

The North of Tyne can be the region that pushes hardest for low-carbon, ageing-ready, digitally connected homes at-scale. To do this, we will develop a shared pipeline of strategic sites and themes that form the backbone for joint investment and planning. We will work with our local authorities to co-create this pipeline - with a view to targeting joint-investment in bringing sites to viability and creating a housing 'offer' that is strongly aligned to our core purpose and target growth sectors.

### **3. Collaborating on Future Infrastructure**

Our Devolution Deal commits NoT authorities to collaborate in producing an Infrastructure Delivery Statement – as part of developing closer strategic infrastructure planning alignment at the next review of Local Plans. This will give us a clear North of Tyne picture of our shared priorities, and of the physical and social infrastructure 'gap' that we will need to close as a region, and support as a CA. This work is given extra impetus by Government announcements on infrastructure spending – including the likely funding of a re-vitalised Northumberland – North Tyneside – Newcastle line which

will act as a strategic 'inclusive growth corridor' within which we can take a cross-authority approach to residential and commercial development and public service reform opportunities.

#### **4. Regenerating and Future Proofing our Existing Housing**

Cabinet has been clear as to the need to balance ambitions for future housebuilding with attention to our current stock. Too many of our residents live in housing that is not fit for purpose – and our local authorities are already taking innovative steps to encourage responsible landlords, and to shift ownership models and work with our housing associations to buy and 'turn around' housing where possible. We want to work with Homes England to build on these examples, and to trial a bold housing retrofit scheme in the region as part of our package of investments in climate change readiness.

#### **5. Co-Locating and Co-Creating**

Our approach to housing and land thus far has been collaborative, working with our local authorities and Homes England to build plans that allow the area to deliver increased numbers of new homes. As part of this agreement, we want to continue this partnership through a commitment to co-location, co-creation and co-investment.

- Co-location – NTCA and Homes England will share the same building at the Helix development in central Newcastle. This will maximise dialogue and joint working between the teams.
- Co-production – NTCA, its Local Authorities and Homes England will jointly design and commission the next steps noted in this paper and work together to develop and build out our joint pipeline.
- Co-investment – NTCA, its Local Authorities and Homes England will work together to explore opportunities for co-investment in bringing our sites to viability, both through existing funding streams, LA investment, borrowing and land, and through bespoke work on strategic sites that we propose below.

Subject to approval, next steps include:

1. Housing and Land Board consider the specification for a three-part piece of external consultancy support that would support NTCA and LAs in three specific areas:
  - First, work collaboratively with Local Authorities (and in line with the current status of Local Plans) to develop the existing strategic pipeline or 'prospectus' of future sites. This directly addresses a lack of capacity identified by LA officers as a barrier to the above; and would focus on strategic alignment with NTCA priorities. [This initial piece of work would bring capacity to examine the strategic, planning, property and legal requirements for each site, and work up a technical checklist for each site or theme identified based on these].
  - Second, draw together the Infrastructure Delivery plans of each Local Authority, plus Government infrastructure spending commitments, to create a draft Joint Infrastructure Delivery Statement (as outlined in the NoT Devolution Deal) which could be further considered by HLB and Cabinet. We would then develop this further with Housing and Land Board, and in a workshop with Cabinet.
  - Third, subject to successful completion of the above, conduct a more detailed feasibility study into the NoT pipeline – working in close collaboration with our Local Authorities and Homes England - examining the underlying infrastructure requirements, and the specific barriers to viability that may benefit from NTCA and Homes England co-investment. This would include 'business cases' for each site (or a prioritised list) with consideration of the usual suite of economic, employment, infrastructure and environmental considerations.

Subject to approval, interim findings will be reported to the Housing and Land Board and Cabinet in Autumn.

## **1. Potential Impact on Objectives**

- 1.1** The proposals contained within this paper help the NTCA meet its goals around making the North of Tyne a great place to live; increasing and expanding communities within the area, boosting the local economy by providing a range of homes of all types and tenures in addition to the resultant jobs arising from the process, as well as meeting the combined authority's focus on inclusive growth.

## **2. Key Risks**

- 2.1** The risks arising from the actions within this paper are relatively low. The measures contained will have a positive effect on local housing markets within the North of Tyne helping to build towards a response to the COVID-19 pandemic by quickening the pace of work on a range of key sites. Where there are risks of delay to the work because of COVID-19, NTCA staff will mitigate these risks.

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

- 3.1** Up to £500,000 will be available from 2020/21 through to 2021/22 to fund a range of capacity building exercises outlined above and all procurement of services will be done through approved procurement channels.

## **4. Legal Implications**

- 4.1** A key part of the processes outlined above will be sharing information between the NTCA, the three constituent local authorities as well as other public bodies, namely Homes England. This will be conducted in accordance with data protection legislation and information sharing best practice.

## **5. Equalities Implications**

- 5.1** NTCA is committed to driving equality and diversity in housing. We believe that striving for greater diversity will ensure that the housing sector provides the right services and meets the right needs and aspirations of their customers in their diversity. The measures contained within this paper will help the NTCA meet its duties under the Equality Act 2010, particularly around advancing equality of opportunity for those with protected characteristics. An equalities impact assessment will be undertaken in due course.

## **6. Inclusive Economy Implications**

- 6.1** The paper sets out a range of interventions that will grow the economy of the North of Tyne in an inclusive manner providing opportunities for community growth as well as supporting the wider inclusive economy work of the combined authority by providing high quality homes in a range of type and tenure.

## **7. Climate Change Implications**

- 7.1** The paper outlines a range of ways in which future housing growth in the North of Tyne will meet sustainability targets. While housing development is a high carbon activity, the combined authority is committed to exploring a range of methods – from modern methods of construction through to greater use of local suppliers – to reduce the carbon impact of new housing.

**8. Consultation and Engagement**

**8.1** Consultation has been undertaken as part of this work with involvement from the three constituent local authorities, Homes England and the Housing and Land Board.

**9. Appendices**

**9.1** None

**10. Background Papers**

**10.1** None

**11. Contact Officers**

**11.1** Dr Henry Kippin, Director of Economic Growth