



# Delegated Decision Report

1<sup>st</sup> December 2020

**Subject: NTCA Brownfield Housing Fund Programme - Scotswood Phase 2**

**Report of: Director of Economic Growth**

**Portfolio: Housing and Land**

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## Report Summary

In July 2020, the North of Tyne Combined Authority (NTCA) was awarded a £23,853,618 share of the £400m Brownfield Housing Fund. NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund. The draft pipeline was considered by the Housing & Land Board and Investment Panel with a recommendation that the schemes that pass the initial gateway assessment are accepted onto the programme. Quick win projects that have made it past the gateway process and can spend in year 1 have been invited to prepare a full business case, Scotswood Phase 2 is one of those schemes.

The purpose of this report is to request the approval of the Scotswood Phase 2 project delivered as part of the Brownfield Housing Fund for a total value of £2,948,000.

On the 29<sup>th</sup> September 2020 NTCA Cabinet considered a report on the North of Tyne Brownfield Housing Fund Programme and authorised the Interim Head of Paid Service - in consultation with the Investment Panel, the Mayor and the Portfolio Holder to consider and approve relevant business case applications for the North of Tyne Brownfield Housing Programme. Cabinet also authorised the Interim Head of Paid Service to finalise the conditions for funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation relating to the awards.

## Recommendations

The Interim Head of Paid Service is recommended to

- i. approve £2,948,000 for Scotswood phase 2, subject to the funding conditions set out in paragraph 1.7

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

<b>Proposal Name</b>	Scotswood Phase 2
<b>Lead Organisation</b>	Newcastle City Council
<b>Delivery Areas</b>	Scotswood, Newcastle
<b>Timescales</b>	December 2020 to March 2021
<b>Project Value</b>	£3,184,000
<b>Grant / Loan amount requested</b>	£2,948,000
<b>NTCA Budget Implications:</b>	This forms part of the £24m Brownfield Housing Fund

- 1.1 In July 2020, the NTCA was awarded a £23,853,618 share of the £400m Brownfield Housing Fund. The funding is intended to support the development of at least 1,500 new homes on brownfield sites across the North of Tyne area. The aim of the fund is to remediate and revitalise brownfield sites across the area for the provision of new homes. The fund can be used on sites with demonstrable market failure, with a benefit cost ratio floor of 1.
- 1.2 NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund as part of a compressed process to develop and agree a programme with by March 21. The draft pipeline was considered by the Housing & Land Board and Investment Panel in October and the updated pipeline will be considered by the Housing & Land Board and Investment Panel in November. Quick wins projects that have made it past an initial gateway process and can spend in year 1 have been invited to prepare a full business case.
- 1.3 The Scotswood Masterplan Area (The Rise) is the most significant regeneration project currently underway in Newcastle. It is being developed by New Tyne West Development Company (NTWDC), a joint-venture partnership between Newcastle City Council, Barratt Homes and Keepmoat Homes. It has a national profile and is often cited as an example of Newcastle's proven track record in housing innovation, delivery of largescale capital projects, and partnering effectively with the commercial and private sector.
- 1.4 In order to develop the new homes within Phase 2 in line with the Planning Permission, there are several planning conditions which are required to be delivered within the Phase 2 programme of works. These include pedestrian links and crossings, highways works, drainage and the construction of retaining structures to overcome the sites' topographical challenges.
- 1.5 All the works identified, (excluding the retaining structures) are a commitment under the Scotswood URV LLP Business Plan, are linked to the development of Phase 2 and are required before occupation of the first properties. Without funding to deliver the retaining structures at Phase 2b, Phase 2 (as a whole) is unviable putting the objectives of the masterplan, including the delivery of a further 1,300 houses in the remaining 4 phases, at risk.
- 1.6 A full external green book appraisal has been undertaken which found that the scheme has a clear strategic rationale and aligns with the strategic ambitions of the North of Tyne Combined Authority and reflects the Brownfield Housing Fund criteria set out by MHCLG. The scheme meets the minimum Benefit Cost Ratio of 1. The full business case and appraisal confirms that the investment of £2,948,000 will unlock the creation of 243 homes. The gross BHF unit cost of these 243 homes is £12,132 which represents excellent value for money. Prior to the completion of Phase 1 there was no private housing market in the west end of the city. The Masterplan was created with the aim to 'attract economically active families back into the area' was seen to be critical to the scheme's success and the local economy. The appraisal notes that the early phases of the project have been resoundingly successful in meeting the aims of the Masterplan. The scheme benefits from well-established governance and management arrangements. Works are monitored by the Scotswood Steering Group which is led by Newcastle City Council's Fairer Housing Unit (FHU) and attended by

all internal Council departments as well as NTWDC. Updates on the works will also be reported through NTWDC Board.

- 1.7 NTCA Investment Panel considered the proposal on the 24<sup>th</sup> November and recommended to the Interim Head of Paid Service that funding of £2,948,000 is agreed subject to the following conditions
- i. Newcastle City Council to provide detailed cost plan before the Funding Agreement is issued.
  - ii. Newcastle City Council to obtain and provide independent State Aid advice from a qualified solicitor confirming the most appropriate compliant State Aid route

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

- 2.1 This project relates to supporting economic activities which are highlighted in the Devolution Deal, the Economic Vision and in support of the six design principles for housing agreed by Cabinet in the Delegated Decision report of April 2020. The award of this funding helps us to meet our stated ambitions to increase the supply of new homes in the North of Tyne.

## **3. Key Risks**

- 3.1 The risks associated with this application have been mitigated through funding conditions. These include receipt of a full, detailed cost plan and receipt of the State Aid adjudication associated with this development.

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

- 4.1 The Brownfield Housing Funding allocation for the NTCA is capital funding and is allocated over five years till the 31 March 2025, at which point all of the funding must be defrayed. All funding associated with this scheme is expected to be claimed by 31 March 2021. Resources are available in the NTCA budget to cover the proposed expenditure.

## **5. Legal Implications**

- 5.1 The comments of the Interim Monitoring Officer are included in the report.

## **6. Equalities Implications**

- 6.1 NTCA is committed to driving equality and diversity in housing. 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, particularly with regard to socio-economic background.

## **7. Inclusive Economy Implications**

- 7.1 The project 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.

## **8. Climate Change Implications**

- 8.1 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.

## **9. Consultation and Engagement**

- 9.1 Newcastle City Council have undertaken extensive community consultation as part of the Scotswood masterplan development process.

**10. Appendices**

10.1 None

**11. Background Papers**

11.1 NTCA Cabinet Paper 29<sup>th</sup> September 2020, Brownfield Housing Fund  
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/20200929-Cabinet-Agenda-Pack.pdf>

**12. Contact Officers**

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**11. 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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