



# Delegated Decision Report

12 January 2023

**Subject: NTCA Brownfield Housing Fund Programme –  
Ellington Colliery Phases 3 and 4**

**Report of: Principal Housing and Infrastructure Manager**

**Portfolio: Housing, Land and Development**

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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. A further extension to the Brownfield Housing Fund was announced in the Levelling Up White Paper in February 2022. NTCA was awarded an additional £7,976,893 share, bringing the total amount of Brownfield Housing Funding awarded to £31,830,511. NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund which was endorsed by the Housing & Land Board and Investment Panel in Autumn 2020 and an updated pipeline was endorsed as part of the Brownfield Housing Fund Delivery plan in July 2022. Schemes which pass the initial gateway process have been added to the pipeline and invited to prepare a full business case. Ellington Colliery Phases 3 & 4 is one of those schemes.

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 Chief Executive (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 Chief Executive (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.

The purpose of this report is to request the approval of the Ellington Colliery Phases 3 & 4 project delivered as part of the Brownfield Housing Fund for a total value of £1,293,737.

## Recommendations

The Chief Executive (Head of Paid Service) is recommended to

- i. approve £1,293,737 for Ellington Colliery Phases 3 & 4, subject to the funding conditions set out in paragraph 1.6

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

<b>Proposal Name</b>	Ellington Colliery Phases 3 & 4
<b>Lead Organisation</b>	Ascent Homes (Advance Northumberland)
<b>Delivery Areas</b>	Ellington, Northumberland
<b>Timescales</b>	Funded works to begin in March 2023 Funded works to complete November 2026  Homes to start on site in July 2023 Homes to complete in January 2029
<b>Project Value</b>	£24,324,005.54
<b>Grant / Loan amount requested</b>	£1,293,737
<b>NTCA Budget Implications:</b>	This forms part of the £31.8m NTCA 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. A further extension to the Brownfield Housing Fund was announced in the Levelling Up White Paper in February 2022. NTCA was awarded an additional £7,976,893 share, bringing the total amount of Brownfield Housing Funding awarded to £31,830,511. 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 which was endorsed by the Housing & Land Board and Investment Panel in Autumn 2020 and an updated pipeline was endorsed as part of the Brownfield Housing Fund Delivery plan in July 2022. Schemes which pass the initial gateway process have been added to the pipeline and invited to prepare a full business case. NTCA in collaboration with the Local Authorities will manage the Brownfield Housing Fund programme till 2025, updating the delivery plan annually.
- 1.3 The site is the former Ellington Colliery site, in Ellington Northumberland which closed in January 2005. Part of the site has come forward for residential development, with Phases 1 & 2 already under construction. The applicant is Ascent Homes, who are the house-building arm of Advance Northumberland. The proposal is for 152 residential units for market sale. Phases 3 & 4 provide no affordable housing, as the affordable housing mix for the whole site was calculated, secured and frontloaded in earlier phases of the development scheme. Without BHF funding, the scheme is commercially unviable and would not be delivered.
- 1.4 BHF funding is required to address cost / value gap as set out in the schemes submitted development appraisal. BHF funding will be used to pay for eligible works comprising of: pre-drilling and vibro piling, site investigation and preliminary works, site clearance, highway and ground preparations, substation construction and retaining wall construction.
- 1.5 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 DLUHC. The scheme meets the minimum Benefit Cost Ratio of 1 and the full business case and appraisal confirms that the investment of £1,293,737 will unlock the development of 152 homes. The grant recipient, Ascent Homes, who are

the house-building arm of Advance Northumberland, have a strong track record of development within Northumberland.

1.6 NTCA Investment Panel considered the proposal on 7 November 2022 and recommended to the Chief Executive (Head of Paid Service) that funding of £1,293,737 is agreed subject to the following conditions:

- Maximum Grant of £1,293,737.
- Provide proof of match funding and necessary Board approvals to proceed with the scheme as a precondition to any funding agreement.
- To create and maintain a detailed risk register and share with NTCA for approval as a precondition to any funding agreement.
- Initial Land Value as set out in the business case to be treated as maximum cost.
- Valuation of 'Market Value' of the land to be prepared in accordance with the RICS Valuation - Global Standards (January 2020) as amended, published by the Royal Institution of Chartered Surveyors ("RICS") ("the Red Book") and the IVSC International Valuation Standards (IVS).
  - Valuation report to be addressed to NTCA and Advance Northumberland (at the applicants cost).
  - No special assumptions to be applied.
  - Valuation to take account of known ground conditions.
- If market value of the site is lower than that in the business case then this should be netted off the grant by a corresponding amount.
- Clawback – based upon an open book approach upon completion of the scheme in 2028 with a share of any additional profit in excess of the initial appraisal amount to be shared between the parties.
- Subsidy Control position to be assessed by suitably qualified lawyer.
- To provide a detailed monitoring and evaluation plan prior to draw down of any funding.

## **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 Subsidy Control assessment 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. Resources are available 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.

## 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 The scheme was consulted on as part of the planning application 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>

11.2 NTCA Delegated Decision 7<sup>th</sup> July 2022, Brownfield Housing Fund Programme Pipeline  
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/07/REPORT.pdf>

## 12. Contact Officers

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## 13. 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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