



Delegated Decision Report

12 January 2023

Subject: NTCA Brownfield Housing Fund Programme – Moorside

Report of: Principal Housing and Infrastructure Manager

Portfolio: Housing, Land and Development

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. Moorside is one of those schemes.

On the 29th 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 Moorside project delivered as part of the Brownfield Housing Fund for a total value of £916,615.

Recommendations

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

- i. approve £916,615 for Moorside, subject to the funding conditions set out in paragraph 1.6

1. Background Information, Proposals and Timetable for Implementation

Proposal Name	Moorside
Lead Organisation	Ascent Homes (Advance Northumberland)
Delivery Areas	Newbiggin-by-the-Sea, Northumberland
Timescales	Funded works to begin in February 2023 Funded works to complete June 2023 Homes to start on site in July 2023 Homes to complete in Spring 2025
Project Value	£13,651,000
Grant / Loan amount requested	£916,615
NTCA Budget Implications:	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 Moorside First School in Newbiggin-by-the-Sea, Northumberland. This site has been vacant since the closure of the school in 2009, which has been subsequently demolished. The proposal is for unlock 71 new residential units, including 8 affordable homes. 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: site acquisition, site clearance, demolition and asbestos removal, site remediation, retaining wall and step construction, sewer and drainage infrastructures, deep and piled foundations to specific house plots within the scheme and the diversion of Northumbrian Water sewer.
- 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 appraisal noted that the scheme can make a significant contribution to the North of Tyne economy, wider North East and national economic priorities. The scheme meets the minimum Benefit Cost Ratio of 1 and the full business case and appraisal confirms that the investment of £916,615 will unlock the development of 71 new residential units, including 8 affordable homes. The grant recipient, Ascent Homes, have a strong track record of development within Northumberland.

1.6 NTCA Investment Panel considered the proposal on 14th September and final eligible costs on 7th November 2022 and recommended to the Managing Director (Head of Paid Service) that funding of £916,615 is agreed subject to the following conditions:

- Prior to payment of any claim by NTCA, the applicant must provide evidence that planning permission for the site has been secured
- Red Book Valuation to provide certainty on the site acquisition costs.
- Applicant to provide a more detailed Programme Plan and Procurement Plan.
- It is recommended that a clawback clause is added to the Grant Funding Agreement should costs be lower and values higher than stated in the business case.
- It is recommended that the applicant reports to NTCA on the achievement of key milestones, including securing planning, site acquisition and the sale of the 8 affordable units to a Registered Provider.
- Compliance with the Subsidy Control requirements

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 affordable 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 principle of a housing scheme in this location was consulted on as part of the Local Plans process, as a designated housing allocation. A detailed scheme will be consulted on as part of the planning process, on submission of a planning application.

10. Appendices

10.1 None

11. Background Papers

11.1 NTCA Cabinet Paper 29th 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 7th 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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