



# Delegated Decision Report

29 February 2023

**Subject:** Forth Yards Business Case Development Fund Application  
**Report of:** Senior Economic Development and Regeneration Officer  
**Portfolio:** Housing, Land and Development

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## Report Summary

The purpose of this report is to approve a funding award of £149,500 from the NTCA Business Case Development Fund to Newcastle City Council to develop new detailed Planning Framework for Forth Yards.

The Investment Plan agreed by NTCA's Cabinet in April 2019 allocated £4.5m to support business case development work. In April 2020, NTCA Cabinet approved delegation to the then Interim Head of Paid Service (now Chief Executive), in consultation with Investment Panel, to approve Business Case Development Fund (BCDF) investment decisions up to the value of £150,000 of NTCA Investment.

The NTCA Technical Officer Group and Investment Panel were consulted on this proposal on 15<sup>th</sup> February 2024 and 29 February 2024 respectively and recommended the project for approval in line with the existing delegation to the Chief Executive based on their fit with the NTCA Investment Plan, value for money and deliverability.

### Recommendations:

The Chief Executive, in consultation with the Director of Finance, the Mayor and relevant Cabinet Member (s) and in accordance with the scheme of delegation, is recommended to approve the following funding award, and authorise entry into required agreements to facilitate approvals, as set out in this report:

1. Business Case Development funding of the amount of £149,500 to be awarded to Newcastle City Council for the delivery of the Forth Yards project and subject to the conditions set out in this report.
2. To authorise the Chief Finance Officer and Monitoring Officer to:
  - a. prepare the necessary documentation and to enter into grant agreements or contracts with the lead applicants.

## 1. Background:

In February of 2019, Cabinet agreed to the establishment of a NTCA Investment Fund Business Case Development Fund. Cabinet authorised the Chief Executive to approve business cases and delivery plans in consultation with Investment Panel and the Mayor.

As a once in a generation investment, Forth Yards will look to deliver a real opportunity to deliver significant regeneration enabling new homes, new public realm and a new neighbourhood to the west of Central Station on the banks of the River Tyne.

Forth Yards is one of the most significant brownfield regeneration sites in the city and faces a number of complex viability challenges, access constraints and infrastructure requirements, which have stopped the private sector from bringing it forward. Homes England have recently acquired Quayside West, the largest land parcel on the Forth Yards, and brings almost half of the site into public sector ownership, which will help to bring forward the wider transformation of the whole site.

After early-stage discussions and the establishment of the Forth Yards Steering Board (consisting of senior representation from NTCA, Home England, Newcastle City Council and Network Rail) in February 2023, a joint Memorandum of Understanding was signed – this agreement outlines the collaborative public sector consortium approach to delivery of the site. This MOU set out the following which is pertinent:

1.7 NCTA's role in the project is to support Newcastle City Council with the delivery of the project. This will include providing resource and expertise to inform the workstreams, formally engaging in the governance model, accessing funding and wider tools that NTCA has access to that will support the partner's vision and ambition for Forth Yards, championing and promoting the investment opportunity at a national level, maintaining engagement and oversight through Housing and Land Board, strategic convening, contributing to the vision and integrating within wider regional ambitions for inclusive growth and net zero.

**Vision:** Forth Yards will be a neighbourhood that is truly world class – delivering sustainable environmentally friendly housing, green open space, walkways, cycleways, and good connectivity to the city centre and with existing communities in the west. As a residential-led development it will offer a range of housing including affordable homes that will attract new families, safeguard employment and strengthen the city's economy in the future.

Several technical workstreams have been established to proactively work at pace to consider the vision, access, infrastructure requirements and routes to market. There is a requirement for technical capacity funding to support all this work and develop a robust planning framework to ensure aspirations of the public sector partners are achieved. An allocation of BCDF will allow the public sector consortium to collaboratively fund what is needed, no other funding has been identified to support the business case development for the framework.

The current planning framework is at or nearing the end of its usefulness, and unable to fully support the development of Forth Yards. A new planning framework is required to reflect the current changes in legislation to enact planning reform, new political aspirations including addressing climate change, biodiversity, flood resilience, as well as economic and social policies. Forth Yards is a strategic site that requires a new Supplementary Document which will be subject to an examination in public.

## 2. Forth Yards Introduction

<b>Proposal Name</b>	Forth Yards Planning Framework
<b>Lead Organisation</b>	Newcastle City Council
<b>Delivery Areas</b>	Newcastle Forth Yards
<b>Timescales</b>	April 2024
<b>Project Value</b>	£149,500
<b>Grant Amount requested</b>	£149,500
<b>NTCA Budget Implications</b>	NTCA Cabinet have agreed a BDCF Investment Fund allocation of £4.5m in February 2019. If this proposal is approved, there will be £135,512 remaining in the BCDF allocation.

Forth Yards is a Major Gateway and Key Strategic Site for the City of Newcastle. A 20-hectare regeneration area, it occupies a commanding position along the Western edge of the City Centre, with the River Tyne at its southern boundary and the Redheugh Bridge/St James' Boulevard as its north-south spine. A major gateway into the city by road, rail and metro, Forth Yards has the potential to transform the urban landscape of Newcastle and connect west end communities and neighborhoods with the city centre. At 20 hectares, Forth Yards is Newcastle's last major underdeveloped water frontage brownfield site area and boasts an array of industrial archaeological heritage and historic railway infrastructure.

Plans are currently being brought forward to deliver a number of significant residential-led schemes across Forth Yards, with Newcastle City Council working together with the site owners, Homes England, Network Rail and North of Tyne Combined Authority to enable the comprehensive development of a well-connected, mixed use and sustainable new place that integrates well into the existing fabric and communities of the city.

The site is complex, comprising fragmented public and private land ownerships, and challenges of a common infrastructure requirement and significant abnormal costs which create a viability challenge. Given these multiple land ownerships, and the pursuit of individual schemes through the planning process, the project requires a collective vision and identity to address the real risk that the opportunity will not be realised, or only partially realised.

To respond to the scale of the challenge significant public sector intervention will be required (estimated to be in excess of £70m), which will need to be delivered through a collaborative and focused approach across the public sector partners (Newcastle City Council, North of Tyne Combined Authority, Homes England and Network Rail) from a mix of public sector support to provide primarily transport infrastructure interventions to address site wide viability issues and deliver the vision for the Forth Yards. A robust planning framework is thus required to ensure that the aspirations of the public sector partners are achieved.

The key deliverable is a comprehensive urban planning framework, which will aim to create the comprehensive development of a residential led, well connected, mixed use and sustainable new community that integrates well into the existing fabric and communities of the city.

If agreed, this project would form part of the key resources and actions towards the delivery of the Forth Yards development, aligned with purchase of land and joint venture agreements by Homes England; the development of the key gateway sight from the station, north of Pottery Lane, by Network Rail and the funding input to date from Newcastle City Council for an early outline masterplanning exercise, as undertaken by Faulker Brown; an early transport infrastructure framework, as undertaken by Mott McDonald and ongoing viability & feasibility support from Avison Young.

### **3. Forth Yards – delivery; benefits and outcomes:**

This application is seeking funding for a new detailed Planning Framework for Forth Yards; to this end, the measurable benefits will comprise the identification of the key components of a dynamic and sustainable urban planning framework to guide the development of Forth Yards, ensuring a balanced and resilient residential-led urban development, including:

1. Land Use Allocation:
  - Define clear allocations for residential, commercial, social, cultural, and recreational purposes.
  - Promote mixed-use development to encourage vibrant and diverse neighbourhoods.
2. Infrastructure Development:
  - Plan for robust and efficient transportation systems, including low car neighbourhoods and active travel.
  - Ensure adequate utility provisions, water, electricity, and waste management.
3. Environmental Sustainability:
  - Implement green spaces and promote sustainable building practices to address the city's net zero targets.
  - Integrate climate-resilient design principles to address environmental challenges.
  - Integrate the heat network.
4. Community Engagement:
  - Foster community participation in the planning process through public forums, workshops, and feedback sessions.
  - Prioritise inclusivity and diversity considerations to meet the needs of the community.
5. Economic Development:
  - Identify key economic sectors for growth and innovation.
  - Facilitate the creation of job opportunities and a supportive environment for local businesses.
6. Cultural Preservation:
  - Preserve and celebrate the city's cultural heritage through adaptive reuse of historical sites and

landmarks.

- Encourage public art and cultural events to enrich the community fabric.

7. Resilience and Safety:

- Develop strategies to mitigate risks, ensuring the safety and well-being of residents and visitors.
- Incorporate appropriate smart city technologies.

8. Housing and Social Services:

- Address housing needs through a mix of affordable and market-rate options.
- Integrate community, healthcare, and educational facilities to create a holistic living environment.

9. Governance and Regulations:

- Establish transparent and efficient governance structures for effective implementation.
- Regularly review and update regulations to adapt to changing needs and emerging trends.

10. Monitoring and Evaluation:

- Implement a robust monitoring and evaluation system to assess the framework's effectiveness.
- Continuously gather feedback, making necessary adjustments for ongoing improvement.

The main beneficiaries will be:

- Occupiers and tenants of the new developments on Forth Yards;
- Landowners;
- Newcastle City Council;
- The Forth Yards Public Sector Partnership;
- And, in time, all residents, users and visitors of Forth Yards and the wider west of Newcastle communities.

Milestones are as follows:

<b>Milestone</b>	<b>Completion Date</b>
<i>Issue ITT to prospective consultants</i>	<i>March 2024</i>
<i>Review tender response and select consultants</i>	<i>April 2024</i>
<i>Commence commission</i>	<i>April 2024</i>
<i>Receive interim Business Case</i>	<i>September 2024</i>
<i>Submit Business Case</i>	<i>December 2024</i>

#### 4. **Finances / Legal / Appraisal:**

The £149,500 revenue funding ask from Newcastle is broken down as follows:

<b>Newcastle City Council internally resourced support</b>	
Specialist Planning Officer leading on Business Case	£30,000
Project Management support	£10,000
Economic Development advice	£15,000
<b>Early Feasibility Studies to inform Outline Business Case</b>	
Initial movement and connectivity analysis including active travel and associated access feasibility incorporating wider network connections	£15,000
Initial Design Code review	£7,500
Initial ecology baseline assessment including BNG option appraisal	£15,000
Initial sustainability review	£10,000
Initial heritage and industrial archaeology assessment	£5,000
Indicative housing needs assessment	£10,000

Indicative school requirement assessment	£5,000
Initial flooding and flood management assessment	£7,500
Viability review to assess potential s106 contributions to support infrastructure requirements (including schools etc.)	£19,500
<b>TOTAL</b>	<b>£149,500</b>

It was highlighted that whilst there is no match revenue funding toward this application, as outlined above, all partners to the scheme under the Memorandum of Understanding have already delivered substantial resource toward the delivery of the Forth Yards Vision, including significant land purchase at Quayside West and focussed work on delivering the 'Highline' public realm access via NR owned railways sidings; other key reports; visioning work and financial modelling; and stakeholder workshops and consultation.

Legal comments relating to Subsidy Control were submitted by DWF. They commented that there is no subsidy as money has flowed and will flow from one public authority to another to enable the latter to fund ordinary role of State activities for the benefit of the general public. The Council therefore does not constitute an enterprise for the purposes of the proposed funding to be awarded and so it cannot qualify as a subsidy for failing the second part of what is a subsidy in section 2 of the Subsidy Control Act 2022.

Additionally, it was set out that funding such a new Planning Framework would enable the Local Authority, and the scheme, to extract greater environmental; ecological; social and economic benefit for the communities of Forth Yards, Newcastle and the wider region.

This application was internally assessed by the PMO team. The assessment suggests that the project demonstrates strong strategic fit and rationale for investment, with the aim of developing a comprehensive urban planning framework for a complex, but key strategic site. It was noted that the project is seeking 100% funding from NTCA, whereas the BCDF programme would normally require match funding of at least 30%. However, the application does demonstrate that the applicant and Homes England have already spent significant sums on complementary work which will support this activity. Whilst these costs sit outside of this project, their added value provides a level of justification for the lack of direct match funding.

**5. Potential Impact on Objectives:**

5.1 This project relates to supporting Housing and economic activities which are highlighted in the Devolution Deal, with Forth Yards identified as being a key brownfield housing opportunity.

**6. Key Risks:**

6.1. The risks associated with this application are minimal, enabling a key public sector partner to update their planning policy in line with the latest vision for the site, any risk subsequently identified will be addressed within the Grant Funding Agreement.

**7. Financial and Other Resources Implications:**

7.1 The allocation for this project was set out and approved at Cabinet in 2019. This will be the one of the final allocations made from the NTCA Business Case Development Fund pot.

**8. Legal Implications:**

8.1 The comments of the external legal adviser are included in the report.

**9. Equalities Implications:**

9.1 NTCA is committed to driving equality and 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, particularly with regard to socio-economic background.

**10. Inclusive Economy Implications:**

10.1 The project sets out a range of interventions that will hugely help the economy of Newcastle; to help secure local jobs and apprenticeships and will, in an inclusive manner, providing opportunities for communities to access high quality jobs; business opportunities and new affordable homes.

**11. Climate Change Implications:**

11.1 The remediation; decontamination and regeneration of Forth Yards will not only improve the environment of the area but will serve to attract local people and visitors alike. The development will be 'car neutral' and will be delivered under Net Zero principles.

**12. Consultation and Engagement:**

12.1 Extensive consultation has been undertaken with key stakeholder and wider partners.

**13. Appendices**

None

**14. Background Papers:**

None

**15. Contact Officers**

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**16. Sign-off**

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