

Delegated Decision Report

5th August 2021

Subject: NTCA Brownfield Housing Fund Programme – Commissioners Quay

Report of: Principal Economy and Strategy Manager

Portfolio: Housing and Land

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, Commissioners Quay is one of those schemes.

The purpose of this report is to request the approval of the Commissioners Quay project delivered as part of the Brownfield Housing Fund for a total value of £58,392.06.

On the 29th 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 £58,392.06 for Commissioners Quay, subject to the funding conditions set out in paragraph 1.6

1. Background Information, Proposals and Timetable for Implementation

Proposal Name	Commissioners Quay
Lead Organisation	Northumberland County Council
Delivery Areas	Blyth
Timescales	December 2020 to September 2021
Project Value	£6.69m
Grant / Loan amount requested	£58,392.06
NTCA Budget Implications:	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 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 April 2021. 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 Commissioners Quay forms a significant part of the regeneration of Blyth Quayside. The proposal is for 41 residential units, which are predominantly 2 and 3 bedroomed homes. This represents Phase 1 of the residential element of the Quayside and will complement and enhance existing regenerated areas of the wider site to the north including Blyth Workspace and The Commissioners Quay Inn.
- 1.4 Due to ground conditions, the scheme has large fixed costs, particularly regarding increasing site levels and the need for vibro piling. As a result of this, although planning permission was initially obtained in October 2015, a further application was made in early 2018 to reflect value engineering undertaken on the original scheme. Despite this, unforeseen ground issues were encountered when work commenced on site, which subsequently forced the scheme to stop. The high costs reduce the developer profit to such a level as to make the project unviable.
- 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 MHCLG. The scheme meets the minimum Benefit Cost Ratio of 1 and the full business case and appraisal confirms that the investment of £58,392.06 will unlock the development of 41 homes. The scheme benefits from well-established governance and management arrangements. Ascent Homes are responsible for delivering the scheme. Ascent are the housebuilding arm of Advance Northumberland (Northumberland County Council's arm's length regeneration company).
- 1.6 NTCA Investment Panel considered the proposal on the 1st July and recommended to the Head of Paid Service that funding of £58,392.06 is agreed subject to the following conditions:
- Applicant to bear any cost over runs in relation to development costs
 - Provide evidence of Northumberland County Council loan agreement.
 - Independent Subsidy Control advice to be provided and confirmed by a suitably qualified lawyer acting on behalf of the North of Tyne Combined Authority

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 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. 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 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 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 29th 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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