

23 July 2025

Title: Strategic Place Partnership – Technical Capacity Fund
Report of: Phil Graham, Project Manager
Portfolio: A North East we are Proud to Call Home

Report Summary

The purpose of this report is to provide details of the Strategic Place Partnership – Technical Capacity Fund and recommended the project for approval in accordance with the delegation agreed by the North East Combined Authority (North East CA) Cabinet on 28 January 2025. This was endorsed by Finance and Investment Board on 27 May 2025.

In January 2025, North East CA Cabinet approval was provided to allocate £1m of Investment Fund to a Technical Capacity Fund to strengthen the business cases and investment readiness of schemes on the North East Strategic Place Partnership (SPP) housing pipeline, and to delegate approval of the final principles, eligibility, scope, delivery and procurement arrangements of the fund to the Chief Executive, in consultation with the Finance and Investment Board.

Further to the Cabinet approval in January 2025, a small-scale business case proposition has been drafted to outline the intended approach, investment objectives and key outputs/outcomes of the proposal and ensure it is aligned with the Single Assurance Framework. The business case has subsequently been through an appraisal process conducted by the Programme Assurance Team with details of that process outlined within Section 2 of this Report.

In summary, it is proposed that a Technical Capacity Fund is established to provide the technical assistance and business case development resources required to take our ambition forward. This fund will match Homes England revenue funding where available, and support the organisations to overcome challenges and maximise opportunities across the region to support the delivery of housing through the SPP. It will fund activity including site and market assessment, with the objective of de-risking pipeline schemes and developing propositions for future devolved funds that support the principles of the Local Growth Plan, North East CA Corporate Plan, and the SPP.

As such, this proposal seeks to allocate up to £1m to support this work; reviewing the housing pipeline, with priorities identified to take forward next steps on site-by-site basis. This will include technical due diligence to assess viability, site needs and what is required to address market failures and constraints in a wider place-based approach, considering phasing and timescales. This will help us to better understand the scale of the opportunity and investment required to unlock growth and remediate land.

Following this initial assessment, the Strategic Place Partnership will then consider more detailed milestones to direct and shape the delivery of the housing pipeline. This will lead to the development of a robust and ongoing pipeline that can unlock development of new infrastructure and new homes with a view to working towards establishing a rolling programme that will help mitigate future delivery risks once further government funds are announced. We want to build on our brownfield housing fund delivery track record and unlock more unused brownfield sites to support core growth priorities across the region.

The Director of Economic Growth and Innovation will approve the commencement and award of related procurements and the onward award of contracts up to £250,000, or grant offers up to a maximum of £500,000, in line with General Delegations 3, 4, 5, 6 & 7 set out in Part 2.7 of the Constitution; the programme of work set out in the business case, and the agreed assurance principles

This report was considered by Technical Officers Group on 14 April 2025 and Finance and Investment Board on 27 May 2025.

Recommendations

The Chief Executive is asked to:

- i. Approve £1m of Investment Fund to develop a Strategic Place Partnership – Technical Capacity Fund.

A. Summary of Investment Proposal (Context)

1. Background

In July 2024, the North East Combined Authority (North East CA) and Homes England agreed to enter a MOU for a Strategic Place Partnership (SPP), to overcome challenges and maximise opportunities across the region to support the delivery of housing as an integral part of a strategic approach to economic regeneration, infrastructure planning and inclusive place making. This was subsequently signed in October 2024.

Together, with partners, we need to improve and increase the supply and diversity in housing choices in the North East, including accelerating the delivery of affordable homes. We will do this by providing the right homes in the right locations, meeting local need and attracting and retaining talent for our growing industries – crucially, not in isolation but as part of an integrated, multi-faceted approach by the North East Combined Authority. Working together, three strategic objectives of the SPP were identified that support the North East's wider ambition for housing and land, adding value to the work already happening.

- SO1 – Accelerate the delivery of high-quality homes which offer affordability, choice and that are accessible to all and offer real choice to people at all income levels.
- SO2 – Unlock housing led regeneration and inclusive economic growth through innovative funding and investment strategies.
- SO3 – Create fairer, healthy, well-connected and resilient places where communities can thrive and contribute to the region's net zero ambitions.

The English Devolution White Paper confirms that Government supports strengthened partnerships between combined authorities and Homes England. We will seek to build on our existing Strategic Place Partnership and move towards a regional place-based operating model. This model will set the direction for future affordable housing and housing infrastructure funding programmes deployed in the region, including ensuring these funds deliver the tenure mix required and bring forward those priority sites identified within the SPP pipeline.

Pipeline priorities are agreed with partners through the Strategic Place Partnership. These priorities underpin the interim Local Growth Plan, Local Authority Housing Strategies and housing market demand. We will work closely with colleagues from Homes England to ensure alignment of both capital and revenue resources to maximise impact and value for money to support delivery of these priorities.

Pipeline Development

Further to the launch of the SPP in October 2024, a pipeline of potential sites to support housing development and growth has been developed in partnership with constituent local authorities, the North East Housing Partnership and Homes England. Bimonthly meetings are held with Local Authorities and Homes England to update and review the pipeline. These meetings ensure Local Authorities have an opportunity to provide updates on priority schemes and discuss the support required from both Homes England and the North East CA to bring sites forward. The pipeline of sites developed to this point has the potential to deliver up to 25,000 new homes over a 15 year period, however, further due diligence is required to understand barriers, infrastructure needs and investment asks to deliver this over the short, medium and long term.

To be in the strongest position possible to direct future national and devolved housing, regeneration and infrastructure funding, work is needed urgently to strengthen the pipeline for housing growth and wider enabling infrastructure needs. To deliver at scale and unlock more brownfield land and unviable sites, we need to fully understand the remediation, constraints, market failures, viability, investment requirements and market and investor appetite for the long term phased approaches required.

In January 2025, North East CA Cabinet approval was provided regarding a proposal to allocate £1m of Investment Fund funding to a Technical Capacity Fund to strengthen the business cases and investment readiness of schemes on the North East Strategic Place Partnership housing pipeline, and to delegate approval of the final principles, eligibility, scope, delivery and procurement arrangements of the fund to the Chief Executive, in consultation with Finance and Investment Board.

Through working with Homes England and Local Authorities / Registered Providers, we know that this technical capacity support is urgently needed to unblock barriers and to improve investment readiness. Whilst it is anticipated there will be high demand for this support, it should be noted that accessing this funding is not a requirement for schemes to be included on the pipeline, but rather an option of additional support if helpful. The aspiration is for the technical capacity fund to be utilised in a flexible way dependent on the challenges faced by schemes on the SPP housing pipeline. As such the ability to further shape the fund's investment priorities within the cost headings identified below will be dependent on continued conversations with partners in order to deliver the intended outcomes. Furthermore, this flexibility is required due to the deliverability position of schemes and differences in organisational capacity.

The proposed Technical Capacity Fund will support a range of interventions to unblock the next stages of development within the SPP housing pipeline, across a range of priority schemes within the short (2026-28) and longer term. This will incorporate the following broad areas of spend:

- Viability assessments (~£100k)
- Masterplans, feasibility studies and technical investigations (~£400k)
- Business case development (~£250k)
- Capacity & resource (~£250k)

In line with the Single Assurance Framework Assurance Principles, the Technical Capacity Fund will be utilised and distributed via the following two routes:

1. The award of a Grant

Local Authorities and Registered Providers will be able to apply for grant funding via a proportionate business case, through an open and transparent project call process. This call will outline project specific eligibility criteria (including an upper limit on funding ask per scheme and a maximum number of submissions per Local Authority area) and must demonstrate how schemes on the SPP pipeline are further unlocked and cases for investment are further developed. This could include asks for revenue support to undertake masterplans, feasibility studies and/or business case development work. All call documents and supporting business case documentation will be developed in line with the North East CA Single Assurance Framework to ensure that all statutory information required for entering into a grant funding agreement is provided, and that proposals are independently appraised within the Programme Assurance Team to ensure value for money, deliverability, and compliance with subsidy control regulations.

2. The procurement of Services

A procurement process will be used when we are clear on the delivery requirements to achieve specific objectives and we seek to buy the necessary goods, works or services from an external provider. The provider will be awarded the contract through a tendering or competitive bidding process, with all procurements adhering to the public sector procurement regulations. For example, following additional conversations with partners, NECA may require additional technical consultancy capacity to work with stakeholders and develop the investment readiness of schemes on the SPP pipeline or expertise to undertake viability assessments at scale across multiple sites within the region.

An approvals panel will be set up to ratify the outcomes of business case submissions and any procurements, aligned with North East CA assurance principles and SPP pipeline and SPP priorities. Learning the lessons from managing the Brownfield Housing Fund pipeline and Homes England revenue resource to inform the Brownfield Infrastructure and Land Fund, funding decisions will be made on value for money and appropriateness of the investment required. Monthly meetings will continue to be held with Homes England to ensure alignment of support and resources, and to manage the work of the SPP.

The Director of Economic Growth and Innovation will approve procurement and award of contracts up to £250,000, or grant offers up to a maximum of £500,000, in line with General Delegations 3, 4, 5, 6 & 7 set out in Part 2.7 of the Constitution; the programme of work set out in the business case, and the agreed assurance principles.

2. The Investment Proposal

2.1 Outputs and Outcomes

Outputs from the proposed technical capacity fund include but are not limited to:

- Prioritisation criteria for single pipeline
- Production of visioning statements
- Production of scheme masterplans
- Viability assessments
- Production of business cases to outline capital asks
- Asset mapping

The overarching Outcome of the technical capacity fund is:

- The creation of a single investment pipeline – understanding the needs and opportunities across a variety of short, medium and long term priority sites across the region.

Benefits linked to this proposal include:

- 5,000 homes to be unlocked within the next 5 years, with delivery rate increasing
- Ambition to unlock 10,000 homes in the medium/longer term

Please note: This funding helps us to understand the barriers and bring schemes to a point of capital investment readiness rather than actually deliver these homes.

2.2 Timetable for Implementation

Milestone	Forecast Date
Proposal start date	April 2025
Establish short, medium and longer term investment priorities.	December 2025
Accelerate the delivery of short term priority sites.	March 2027
Create a single investment pipeline.	March 2028
Strengthen the investment readiness of schemes in all stages of development – from initiation phase to shovel ready opportunities.	March 2028
Financial Completion Date	March 2028
Anticipated proposal completion date (date by which all outputs/outcomes will have been achieved)	March 2028

2.3 Evaluation

It is not anticipated that a direct evaluation of this fund will be required due to it being to support the investment readiness of potential future capital schemes.

2.4 Appraisal

The details provided below are directly lifted from the appraisal report completed by the Programme Assurance Team at the North East CA.

The business case clearly sets out the proposed approach and activity associated with this programme. Net Zero considerations have been appropriately considered and it is intended that the funding will be utilised to bring forward schemes that are above industry standards for efficiency and sustainability. Some further work is required around objective setting prior to funding award.

The Strategic, Economic & Commercial Case

Strategic fit has been demonstrated within the business case. There is clear alignment with North East CA strategic priorities and the Mayoral Manifesto, as well as local growth plans, and Government Devolution White Paper.

The rationale is clear in that funding is required to have a viable pipeline of investable sites across the North East to quickly take advantage of national funding opportunities. It will allow viability issues to be addressed in advance of funding availability and unlock stuck sites for investment. Whilst there are no direct outputs and outcomes, the longer-term impacts of having a developed pipeline of investible activity are clear and positions the CA well to take advantage of future funding opportunities in order to remediate land and bring forward 5,000-10,000 homes.

The Financial & Management Case

Financial and management case is reasonably well set out. Funding has been broken down into four key areas of delivery. This will be delivered predominantly through procured activity or applications for funding from Local Authorities or Registered providers, with a budget for capacity and resources. There is no additional breakdown of what the capacity and resources budget will fund.

The programme will be internally managed by North East CA with an SPP programme board and steering group set up to ensure all key stakeholders are able to input and shape activity. There are no costs for additional internal resource, although this could be brought forward through the capacity and resources workstream.

The programme requires ongoing awards of funding and an approvals panel will be set up to ratify the outcomes of procurement specification design, and outcomes of business case submissions aligned with North East CA assurance principles..

The business case has not fully considered risks and it is a recommendation that these are fully set out. Particularly around internal capacity to deliver and drive the programme, as well as financial risks such as too much demand.

Subsidy control is considered low risk. The immediate position is no subsidy on the basis of the beneficiaries falling outside the scope of subsidy control. However, where there is onward award of funding through Grant Funding Agreements, subsidy control will continue to be assessed on a case by case basis through the application and appraisal process.

2.5 RAG Assessment

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green
	Economic case	Green
	Financial case	Green
	Management case	Green
	Overall rating	Green

2.6 Recommended Conditions of Funding

Any grant funding to external bodies will be subject to case specific conditions.

There are no ongoing funding conditions.

B. Potential Impact on North East Combined Authority Objectives

- **Local Growth Plan (LGP) - ‘Creating Real Opportunity’**

Within the LGP the North East CA set out the ambition is to build a North East we are proud to call home with well-connected housing, highstreets and places that are accessible to all and support everybody to live well in our cities, towns, countryside and coast.

- **Strategic Place Partnership (SPP)**

Proposals recently set out by Government in their English Devolution White Paper provide us with an opportunity to accelerate our housing delivery by identifying priorities for investment and deepening our partnership with Homes England and to maximise alignment and opportunities for future funding, building on the existing North East SPP agreement. Fundamental to deliver the priorities of the SPP is the development of single comprehensive pipeline of housing sites across the region. This will enable us to understand the barriers and investment asks to deliver place-based regeneration within communities of the region.

- **National Housing Targets**

Furthermore, Government has set out a clear role for combined authorities in enabling housing delivery and making progress toward the Government’s 1.5 million new homes target. Key to enabling a coordinated cross boundary approach will be the creation of a spatial framework that promotes balanced growth and aligns with our collective environmental goals and net-zero priorities.

The Combined Authority, working with the local authorities, will promote alignment across Strategic infrastructure investment and ensure that the region leverages significant government funding for investment in regeneration, brownfield development, and urban renewal initiatives as a result of closer strategic collaboration between stakeholders and clarity of vision.

- **Mayoral Manifesto**

Delivery of social and affordable homes is of vital importance in the challenge to eradicate child poverty in the region. The delivery of good quality homes is a vital part of the mission that ‘everyone deserves a good start in life’. This proposal supports us in being well positioned unlock new housing and to regenerate existing housing helping to ensure that this Mayoral manifesto pledge is delivered.

C. Key risks

A risk register has been developed and included within the business case submission. Risks related to the proposal include:

- Supported schemes not coming forward (wasted effort / resource)
- Supported schemes not delivering intended housing outputs (reputational damage)
- Financial demand for technical assistance funding outstrips capacity of fund (reputational damage / impacted relationship with potential recipients)

Risk response actions have been identified to avoid or reduce risk in all cases.

D. Financial and other resources implications

The financial profile for the project/programme is included below:

Funding source	2025/26	2026/27	2027/28	Total
<i>North East CA Investment Fund (£)</i>	£400,000	£300,000	£300,000	£1,000,000
Total (£)	£400,000	£300,000	£300,000	£1,000,000

E. Legal implications

The comments of the Monitoring Officer have been included in this report.

F. Equalities implications

The North East CA complies with the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

G. Consultation and engagement

A cabinet paper was previously taken to the North East CA Cabinet on 28th January 2025 which outlined the SPP – Technical Capacity Fund proposal. Upon completion of this case paper, a copy will be sent to North Tyneside as the portfolio holder for Housing & Land.

H. Appendices

None

I. Background papers

[North East CA Cabinet Report – January 2025](#)

J. Contact officers

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K. Consultees

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
Yes	Yes	Yes	Yes