

Title: Brownfield Housing Fund – Ebenezer Chapel
Report of: Phil Graham – Project Manager (Housing & Infrastructure)
Directorate: Economic Growth and Regeneration
Portfolio: A North East we are Proud to Call Home
Name of Fund/s: Brownfield Housing Fund

Report Summary

The purpose of this report is to provide details of the Ebenezer Chapel proposal to enable it to be recommended for approval in accordance with the Single Assurance Framework. This proposal is to be delivered as part of the Brownfield Housing Fund (BHF) programme for a total value of £168,000.

Recommendations

The Chief Executive is recommended to:

- i. Approve £168,000 of Brownfield Housing Fund and enter into a Grant Funding Agreement with Karbon Homes for the scheme at Ebenezer Chapel in accordance with the July 2024 North East CA Cabinet Delegation and the Single Assurance Framework.

A. Summary of Investment Proposal (Context)

Key Project Information

Project Outline	
Funding Source	Brownfield Housing Fund
Proposal Name	Ebenezer Chapel, Prudhoe
Lead Organisation	Karbon Homes Ltd
Delivery Areas	Northumberland
Start Date	31 October 2025
Financial End Date	31 March 2026
Practical completion date (date by which all outputs will be achieved)	31 October 2026
Total Project Value	£1,776,881
Grant Amount Requested	£168,000
Budget Implications	<p>Due to the Brownfield Housing Fund being under programmed as outlined in the Background section of this report, this is the third of three schemes being brought forward for consideration.</p> <p>Approval of the three schemes to the pipeline (including this project) would achieve a position of the being overprogrammed by £327,880 (0.67%) against the £49.2m programme total value.</p> <p>This position will be managed through utilisation of the additional BHF allocation for 2025/26 announced by Government.</p>

1. Background

- 1.1 On 26th September 2023, NTCA Cabinet 'delegated responsibility to mobilise and take funding decisions, including the management of contractual and delivery risks, in relation to the North East CA's Devolved Brownfield Housing Funding to the Chief Executive in consultation with Investment Panel and authorised the Monitoring Officer and Chief Finance Officer to take all steps necessary to progress these programmes to meet the funding timetables agreed with Government'. (Cabinet Meeting 26 September 2023, Minute no 6 Resolution 4). In May 2024, the North East Combined Authority (North East CA) Cabinet agreed that 'the formal decisions which the former North East Combined Authority and the former North of Tyne Combined Authority made be treated as decisions of the Authority.' (Cabinet meeting 7 May 2024, Minute no C6/5/24 (4)).
- 1.2 The North East CA compiled a pipeline of potential brownfield housing sites across the region in consultation with the local authorities. The relevant local authorities were then invited to progress selected sites to full business case and through the approvals process. To date 19 schemes have been approved from the pipeline, including: Newbiggin Hall, Scotswood The Rise Phase 2, North Shields Masterplan Area, Commissioners Quay, Bellingham Mart, Scotswood The Rise Phases 3, 5 and 5A, Ellington Colliery Phases 3 & 4, The Esplanade, Lyndon Walk, Walker Riverside, Hadston Industrial Estate, Clasper Village, Kelly's Yard, Chandless, Social Housing Sites North Tyneside, Benwell Dene, Sheepfolds, Farrington Row and Horden Masterplan.
- 1.3 Due to unforeseen circumstances in early 2025, two schemes (Chandless in Gateshead and North Blunts in Durham) withdrew from the BHF pipeline. As a result of the withdrawal of these schemes, the current programme position is that £47,152,414 of the £49,214,534 Brownfield Housing Fund has been committed to unlock 2,974 homes (with £2,062,120 unallocated and a 180 homes shortfall against the total MHCLG programme target).
- 1.4 Subsequently, the North East CA has undertaken an Expression of Interest (EOI) process with Local Authority partners seeking 'shovel ready' schemes with a view to ensuring the Brownfield Housing Fund (BHF) programme is fully committed, and the CA is well positioned to meet agreed spend and housing unit targets within the lifespan of the programme (by March 2026). Following review, three schemes were subsequently invited to submit Full Business Cases to detail funding asks and outputs, with summary details provided below.
 - Amberley & Harrogate Street (Sunderland) – BHF funding ask of £1,920,000
 - New Hartley (Northumberland) – BHF funding ask of £302,000
 - Ebenezer Chapel (Northumberland) – BHF funding ask of £168,000
- 1.5 Investment decisions will be taken in line with the Single Assurance Framework thresholds as agreed by the North East CA Cabinet in July 2024 which agreed Portfolio Plans and associated delegations. The Cabinet paper is provided for background reference in Section I of this report.
- 1.6 Brownfield Housing Fund proposals for schemes at both New Hartley (Northumberland) and Amberley & Harrogate Street (Sunderland) were approved via Delegated Decision on 23 July 2025.
- 1.7 The below report provides an overview of the scheme at Ebenezer Chapel and summarises the outcome of the appraisal undertaken on the project.

2. The Investment Proposal

- 2.1 Karbon Homes are seeking to deliver 8 one-bedroom two-person homes for affordable rent targeted to residents aged 55 and above on the site of Ebenezer Chapel, a former Methodist Church which has been unused since its closure in 2015.

- 2.2 The homes are intended to address the identified need across Northumberland for the provision of suitable housing for an ageing population as identified in the Local Plan evidence base. The development meets a range of objectives in Northumberland's local plan including making best use of existing buildings; delivery of a range of tenures on brownfield land; support for community-led housing and specialised housing for older people; provision of affordable housing to meet needs not met by the market; and homes to meet residents' desires to live independently.
- 2.3 All of the dwellings in design and construction will adopt low carbon principles. The building fabric will be highly efficient to minimise heat loss and reduce energy use. Windows and doors will also be highly efficient and be rated in the Building Research Establishment Green Guide as having a low environmental impact based on whole life cycle assessments. An energy efficient heating and plumbing system will also be installed and occupation, thereby supporting the North East CA's vision for a 'Greener North East'.
- 2.4 Karbon Homes will deliver the scheme in partnership with Prudhoe Community Partnership. NB Clark Ltd have been appointed as the contractor and will serve as the lead construction partner, responsible for delivering the build phase from site preparation to project completion.
- 2.5 As evidenced within the scheme's development appraisal, the project is unviable without gap funding support. A summary of eligible expenditure is identified in the table below:

Expenditure Item	Costs
Acquisition	£40,000
Demolition	£89,000
Remediation	£39,000
Total	£168,000

- 2.6 The scheme will contribute directly to the North East CA's Local Growth Plan (Interim) key missions, in particular the objective of creating "A North East we are proud to call home" through delivery of more affordable and social homes. Furthermore, the scheme supports the Mayoral Manifesto priority for delivering 'Good quality, green homes' through repurposing a 0.077-hectare brownfield site for development which might not otherwise come forward due to viability constraints. This will deliver much needed social housing, directly addressing an identified local need.

3. Outputs and Outcomes

Outputs	25/26	Total
Area of land remediated / redeveloped (ha)	0.077	0.077
Number of homes brought forward	8	8
Number of affordable homes brought forward	8	8

4. Timetable for Implementation

Milestone	Forecast Date
Start on site	31 October 2025
Completion of BHF Spend	31 March 2026
Timescale for BHF Outputs to be Achieved	31 October 2026

5. Evaluation

- 5.1 The Brownfield Housing Fund evaluation is completed at programme level on an annual basis.

6. Appraisal

- 6.1 Key points from the appraisal report completed by Savills are outlined below.

- 6.2 The business case provides explanation of the proposal's alignment with national, regional and local housing priorities, particularly the provision of a range of affordable housing on brownfield land. Within the Strategic Case, commentary and data is presented on the current and future balance of supply and demand for the proposed housing for older residents, as is an explanation of the existence of market failure.
- 6.3 Within the Economic Case a detailed assessment for the value for money position of the proposed investment is provided, following MHCLG and Green Book Guidance. Key monetised benefits of the scheme include health benefits to residents, direct land value uplift, NHS savings associated with the delivery of older care provision and amenity benefits associated with redeveloping brownfield land.
- 6.4 The approach to the calculation of the Benefits Costs Ratio (BCR) is sound in the view of the appraisal team, but it is likely to overestimate the land value uplift and therefore the value for money position of the project. However, the appraisal team are confident that the project represents at least 'medium' value for money (BCR of between 1.5 and 2).
- 6.5 The review of the Commercial Case finds that the proposed development responds to an identified need. Given the relatively small scale of the development, the appraisal team are satisfied that demand for accommodation for older people above the age of 55 has been sufficiently established. Following a review of the Applicant's procurement policy, the appraisal team are satisfied that their approach to procurement is reasonable.
- 6.6 The appraisal team note that whilst the scheme still delivers a negative Net Present Value following the inclusion of Brownfield Housing Fund, Karbon Home's investment decision for this development has been taken at a programme and not project level. The appraisal team were able to approve the Financial Case.
- 6.7 The appraisal report notes that the Management Case provides assurance of Karbon Homes and the wider delivery teams relevant experience. It also provides explanation of the delivery, risk and stakeholder engagement strategy.
- 6.8 The initial review of the Management Case identified a major risk to the project achieving the objectives of the Brownfield Housing Fund. Karbon Homes did not previously have control of the site which would present a risk to the expected start on site date. Land assembly is now complete, the business case updated and revised milestones included within this report. As such, the appraisal team are happy to amend their initial RAG rating of the Management Case to Green.

7. RAG Assessment

The assessment follows the HM Treasury Five-Case Model.

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

8. Recommended Conditions of Funding

The award of funding would be subject to the following proposed funding conditions.

No.	Condition
1.	The Recipient will be solely responsible for bearing any cost overruns in relation to development costs for the Project.

B. Potential Impact on North East Combined Authority Objectives

This project has clear alignment with housing priorities within the North East CA's Interim Local Growth Plan. This includes the aspiration to build more homes to meet our housing delivery targets; to support regeneration, brownfield land remediation, and to deliver more affordable and social housing.

By delivering new affordable homes the Ebenezer Chapel scheme will directly support achievement of several commitments outlined within the Mayoral Manifesto, namely; to deliver thousands of houses on brownfield land by the end of the Mayor's first term, and to address the 40,000 people on the waiting list for a home in the region.

Furthermore, the scheme is in line with the objectives of the Brownfield Housing Fund and will contribute to its overall target of delivering additional homes in the North East region on brownfield land by 2028.

C. Key risks

The project is in an advanced stage of development and is planned for delivery within a reasonably short timescale. As such, the delivery risks are anticipated to be minimal. Where potential risks have been identified in the Risk Register, a mitigation strategy is also provided and summarised below:

- Receipt of Brownfield Housing Fund funding: Delays in receipt and/or confirmation of BHF funding may delay the overall delivery of the scheme. Communications between Karbon Homes and the North East CA have been ongoing during the business case development stage, with milestones agreed to ensure deliverability within funding timeframes.

Land assembly is completed, planning permission for the proposed development has been obtained and a contractor has been appointed. From a Brownfield Housing Fund perspective all risks seem manageable and are suitably reflected in the risk register.

D. Financial and other resources implications

The financial profile for the project is included below:

Funding source	2025/26	Total
<i>North East CA Brownfield Housing Fund (£)</i>	£168,000	£168,000
<i>Private Sector Leverage (£)</i>	£796,729	£796,729
<i>Homes England Affordable Homes Programme (£)</i>	£812,152	£812,152
Total (£)	£1,776,881	£1,776,881

Approval of this project has the below impact on the overall position of the Brownfield Housing Fund programme:

BHF overall programme fund	£49,214,534
BHF current commitment	£47,152,414
BHF current position	£2,062,120 (underspend)

Following an EOI process and subsequent evaluation, 3 schemes were subsequently added to the BHF pipeline and invited to submit Full Business Cases detailing funding asks and outputs. The below details the updated overall programme position subject to approvals.

BHF current position	£2,062,120 (underspend)
Amberley & Harrogate Street	£1,920,000 (approved 23 July 2025)
New Hartley	£302,000 (approved 23 July 2025)
Ebenezer Chapel	£168,000 (funding ask)
BHF updated position	£327,880 (overspend)

It is proposed that the overspend position associated with the current programme is covered by the additional allocation (£17.6m) of Brownfield Housing Fund for 2025/26.

E. Legal implications

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

F. Equalities implications

The North East CA follows 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

Stakeholder engagement on this proposed development has taken place as part of the planning process for the scheme. Feedback submitted under the planning application reflects strong local support for the development. Residents welcomed the proposal noting that the chapel has remained derelict for over a decade, leading to ongoing deterioration and issues such as fly tipping. Many expressed that the introduction of affordable homes would be a valuable and positive addition to the community.

Prudhoe Community Partnerships will be responsible for ongoing community engagement throughout the construction of the proposed scheme ensuring the project aligns with local needs and priorities. Any queries and feedback from the local community will be communicated to the wider project team and actioned as appropriate.

H. Appendices

None.

I. Background papers

[July 2024 North East CA Cabinet Report](#)

J. Contact officers

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