

**Title:** Brownfield Housing Fund – 25/26 Pipeline Investment Proposals

**Report of:** Phil Graham – Project Manager (Housing & Infrastructure)

**Portfolio:** A North East we are Proud to call Home

### Report Summary

The purpose of this report is to provide details of nine proposals to enable each to be recommended for approval in accordance with the Single Assurance Framework. These proposals were considered by Technical Officers Group on Monday 24 November and Thursday 18 December 2025, subsequently endorsed by Finance and Investment Board on Monday 19 January 2026 (except those under £1m). All nine proposals are to be delivered as part of the Brownfield Housing Fund (BHF) programme for the values as outlined below:

- Former Coulson Park School Site, Northumberland (£1,105,459)
  - Former Stobswood Brickworks, Northumberland (£2,987,126)
  - Old Town Hall Quarter, Gateshead (£3,420,000)
  - Sheepfolds Plot 2 – Riverside Sunderland (£5,120,437)
  - Windmill Grove, Northumberland (£1,258,937)
  - North Garages Sites, Newcastle (£2,515,000)
  - Walker Sites, Newcastle East (£4,781,275)
  - Former Easington School Site, Durham (£645,632)
  - Lanercost Park, Northumberland (£504,179)
- Total Funding = £22,338,045**

### Recommendations

The Chief Executive is asked to:

- i. Note the contents of the report;
- ii. Approve Brownfield Housing Fund for the amounts outlined to the schemes identified above and to enter into the associated Grant Funding Agreements with relevant lead organisations.

### A. Summary of Investment Proposal (Context)

#### 1. Background

- 1.1 In May 2025, it was confirmed the North East CA would receive £17,600,000 additional Brownfield Housing Fund from MHCLG for 2025/26. This funding is targeted to unlock 705 new homes on brownfield land across the region, with schemes required to be in contract by the end of March 2026. The North East CA has worked at pace with Local Authorities to identify potential schemes that are deliverable and align with local and regional housing priorities. Expressions of Interest were sought via Local Authorities who could also consider area-based options with Registered Housing Providers or the private sector. There was significant interest in the programme extension with 28 expressions of interest received, with a total funding ask of approximately £76m to deliver a total of 2,748 units.
- 1.2 Following evaluation of submissions, 12 schemes were added to a proposed pipeline. This pipeline was endorsed by Finance & Investment Board on Monday 7 July 2025, with the Delegated Decision Report provided in Section G. Collectively, the 12 projects commit to delivering 1,190 homes, including 443 affordable homes, against a total funding ask of £22,859,875. The agreed pipeline has an average intervention rate of £19.2k per unit, which is higher than the average £16.5k per unit intervention rate on the existing £49.2m Brownfield Housing Fund programme. However, MHCLG have made provision for cost increases within the latest funding allocation, with a target intervention rate of £25k per unit. Further context for the increased intervention rate is due to additional costs

associated with unlocking a higher proportion of affordable homes - 37% of units on the proposed pipeline are affordable units compared to 22% of units on the existing programme.

1.3 Subject to approval of all 12 individual investment asks in accordance with the Single Assurance Framework, at programme level the BHF would be approximately £5.07 million overprogrammed (equating to 7.6% of the overall fund). This position was endorsed by Finance and Investment Board to mitigate against the possibility of schemes stalling or withdrawing at this early stage of the development process, managing the risk of underspend and funding being reclaimed by MHCLG. Furthermore, it was proposed that should all schemes added to the pipeline come forward for funding, an approach to manage commitments related to the 2025/26 BHF allocation will be taken. At the current time, it is envisaged that schemes with an expected start on site and subsequent need to draw down funding from 2027/28 onwards will utilise future devolved funding from the National Housing Delivery Fund. Management of the pipeline using the approach outlined enables Brownfield Housing Fund spend to be capped at £17.6m whilst maintaining full delivery of targeted outputs.

1.4 Summary details are provided below to outline the Investment Proposals in relation to nine schemes from the pipeline. Full details of each scheme are provided within Annex 1 to 9. A further three schemes will proceed via a separate Delegated Decision in line with the Single Assurance Framework thresholds agreed by the North East CA Cabinet in July 2024, which agreed Portfolio Plans and associated delegations as well as the delegations agreed by the North East CA Cabinet in June 2025. The Cabinet papers are also provided for background reference in Section G of this report.

1.5 An overview of the nine schemes is provided in the table below.

Scheme	Overall Project Value	BHF Value	Other Public Sector Match	Units Unlocked	Intervention Rate (£ per unit)
Former Coulson Park School, Northumberland	£13,786,711	£1,105,459	£5,415,000	57	£19,394
Former Stobswood Brickworks, Northumberland	£34,343,692	£2,987,126	£0	101	£29,576
Old Town Hall Quarter, Gateshead	£74,901,951	£3,420,000	£12,500,000	243	£14,074
Sheepfolds Plot 2, Sunderland	£23,368,421	£5,120,437	£1,891,927	89	£57,533
Windmill Grove, Northumberland	£9,780,908	£1,258,937	£2,697,000	31	£40,611
North Garages Sites, Newcastle	£27,250,044	£2,515,000	£12,367,500	109	£23,073
Walker Sites, Newcastle	£75,395,716	£4,781,275	£0	451	£10,601
Former Easington School Site, Durham	£6,638,919	£645,632	£5,993,287	25	£25,825
Lanercost Park, Northumberland	£3,591,515	£504,179	£3,087,336	16	£31,511
<b>Overall</b>	<b>£220,927,474</b>	<b>£22,338,045</b>	<b>£43,952,050</b>	<b>1122</b>	<b>£19,909</b>

1.6 There is variance between the required intervention rate of schemes being brought forward for consideration. Multiple factors affect the required public sector funding to ensure viability at project level and these are picked up in the detailed sections covering each proposition. For example, intervention rates can be significantly higher where significant site remediation and/or demolition works are required.

## 2. The Investment Proposal (Former Coulson Park School, Northumberland)

<b>Lead Organisation</b>	Bernicia Group
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	1 April 2026
<b>Financial End Date</b>	31 March 2028
<b>Total Project Value</b>	£13,786,711

<b>Grant Amount Requested</b>	£1,105,459
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- 2.1 The proposition from Bernicia Group is to deliver 57 homes for social rent on a 2.3 hectare site of the Former Coulson Park School in Ashington, Northumberland. The site has been vacant since the school's demolition in 2017 and is part of the Hirst Estate, one of England's most deprived areas. This scheme forms part of the Hirst Masterplan to regenerate the area, improve housing quality, and tackle fuel poverty through the provision of new energy-efficient homes with renewable technologies such as solar photovoltaics and air source heat pumps.
- 2.2 Bernicia are requesting £1,105,459 to cover abnormal site preparation costs, including contamination removal, abnormal foundations, drainage, and utility connections. This funding is critical to address the project's evidenced viability gap alongside Homes England support (£5.4m) and Bernicia's own investment (£7.3m). Homes England funding is anticipated to come from the new Social & Affordable Homes Programme, with Bernicia intending to become a Homes England Strategic Partner.
- 2.3 The appraisal rates the business case as Green overall, with the Strategic, Economic, Commercial, and Management cases assessed to be strong and rated as Green. The Financial case is Amber due to cost uncertainties related to the project's early stage of development and reliance on Homes England match funding with a decision due in Spring 2026. Proposed funding conditions include submission of detailed costs post procurement, confirmation of land acquisition and confirmation of Homes England funding before any drawdown of Brownfield Housing Fund grant.

### 3. The Investment Proposal (Former Stobswood Brickworks, Northumberland)

<b>Lead Organisation</b>	Cussins (North East Limited)
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	April 2026
<b>Financial End Date</b>	October 2026
<b>Total Project Value</b>	£34,343,692
<b>Grant Amount Requested</b>	£2,987,126

- 3.1 Cussins North East Ltd proposes to redevelop a 7.5 hectare site of the Former Stobswood Brickworks in Northumberland which is derelict and has been vacant for 25 years. The scheme seeks to deliver 101 energy-efficient homes (including 10 affordable homes) built to Future Homes Standard. Furthermore, the proposal will integrate green infrastructure and promote sustainable travel via proximity to Widdrington Station. Unlocking the site is expected to attract £28m private investment whilst creating and safeguarding 35 net additional jobs annually during construction.
- 3.2 The developer requests £2,987,126 from Brownfield Housing Fund to support with costs associated with land acquisition and site preparation (drilling and grouting). The proposed development benefits from a planning application and the land purchase is contracted with the only outstanding conditionality being the project's viability. If Brownfield Housing Fund grant support can be secured to address the viability shortfall, the land purchase can be completed, enabling start on site.
- 3.3 The business case is rated Green overall, with Strategic, Commercial, and Economic cases also rated as Green. The Financial and Management cases are Amber due to risks associated with cable relocation and cost escalation. Proposed funding conditions include confirmation of the required Natural England licences and permissions, updated cost plans for superstructure works, and programme/cost certainty for utility diversions. Ongoing conditions of funding will require the Grant Recipient to underwrite cost escalation and provide an open-book review post-completion.

### 4. The Investment Proposal (Old Town Hall Quarter, Gateshead)

<b>Lead Organisation</b>	Capital & Centric
<b>Delivery Areas</b>	Gateshead
<b>Start Date</b>	1 November 2025

<b>Financial End Date</b>	31 March 2029
<b>Total Project Value</b>	£74,901,951
<b>Grant Amount Requested</b>	£3,420,000

- 4.1 The proposed Old Town Hall Quarter development is located on a site designated as a Development Opportunity within the Newcastle and Gateshead Core Strategy and is strategically located near the Quays and transport hubs. The proposal aligns with North East Combined Authority’s strategic priorities delivering housing on brownfield land, supporting climate goals, and stimulating economic growth. Objectives of the scheme include the remediation of 1.9 hectares of brownfield land to unlock and deliver 243 homes and 20,000 sq. ft of commercial space whilst achieving significant carbon savings through connection to Gateshead’s District Energy Network.
- 4.2 The total project cost is estimated at £74,901,951 with Capital & Centric seeking £3,420,000 from the Brownfield Housing Fund. Match funding includes £58.9 million from Capital & Centric’s Social Impact Regeneration Fund and £12.5 million anticipated from Homes England. Gateshead Council has committed £1.99 million as a recoverable grant for pre-construction design work. Without Brownfield Housing Fund support, the scheme would not proceed due to a £15.9 million viability gap caused by abnormal brownfield costs and suppressed property values.
- 4.3 The Brownfield Housing Fund grant will fund critical enabling works, including acquisition of leasehold interests in Old Town Hall Quarter and the adjacent Old Dispensary sites, demolition of a derelict Nelson Street block, initial connections to the District Energy Network, and site remediation. These interventions will unlock the site for development, remove third-party constraints and demonstrate visible progress to build public confidence. The works will also preserve heritage assets and integrate them into the new development, ensuring long-term sustainability and placemaking benefits.
- 4.4 An external appraisal has been undertaken and the business case is rated Green overall, though the commercial and financial cases are Amber due to funding dependencies, early-stage design and risks associated with leasehold acquisition, with North East CA exposure mitigated by a proposed legal charge over assets. Proposed conditions include confirmation of Homes England funding prior to drawdown of grant, an updated development appraisal to be submitted following final scheme design and an internal legal review of the leasehold arrangements, including approach to subsidy control ahead of entering into a funding agreement.

**5. The Investment Proposal (Sheepfolds Plot 2, Riverside Sunderland)**

<b>Lead Organisation</b>	Sunderland City Council
<b>Delivery Areas</b>	Sunderland
<b>Start Date</b>	1 November 2025
<b>Financial End Date</b>	31 December 2027
<b>Total Project Value</b>	£23,368,421
<b>Grant Amount Requested</b>	£5,120,437

- 5.1 The proposed development will deliver 89 high-quality, energy-efficient homes and 3,000 sq. ft of commercial space on Plot 2 of the Sheepfolds neighbourhood, part of the Riverside Sunderland regeneration programme. The site is a 0.62 ha brownfield parcel currently occupied by the former Edward Thompson Printworks and requires significant remediation and demolition. The continued development of the regionally significant Sheepfolds neighbourhood is a key component of the Riverside Sunderland Creative Mayoral Development Zone (MDZ) and Riverside Sunderland 2040 vision, supporting inner-city regeneration along the River Wear corridor.
- 5.2 The scheme is proposed to be delivered by Vistry Group, who were appointed preferred developer for Sheepfolds by Sunderland City Council following a competitive procurement process in 2024.

Remediation of the site is expected to be complete by September 2027, with construction of housing from July 2028 (and completion in May 2030). Sunderland City Council are seeking £5,120,437 Brownfield Housing Fund grant funding to contribute to total scheme costs of £23,368,421. Other funding is expected to comprise £1,891,927 from Sunderland City Council and £16,356,057 developer finance from Vistry Group.

- 5.3 An external appraisal has been undertaken, all cases are rated Green with the exception of the management case being a marginal Amber. This is predominantly to highlight tight delivery timelines against funding deadlines. Conditions include confirmation of hybrid planning consent, the Recipient to provide an updated development appraisal and confirmation of match funding. Risks are largely associated with the programme timeframes and any slippage alongside additional technical constraints, mitigated through robust governance, fixed-price contracts, and regular progress monitoring.

## 6. The Investment Proposal (Windmill Grove, Blyth, Northumberland)

<b>Lead Organisation</b>	Northumberland County Council
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	21 September 2026
<b>Financial End Date</b>	31 December 2027
<b>Total Project Value</b>	£9,780,908
<b>Grant Amount Requested</b>	£1,258,937

- 6.1 The Windmill Grove proposal seeks to unlock a 0.69 ha brownfield site in Blyth, Northumberland. The site currently contains outdated maisonette units that are structurally compromised and no longer meet local housing demand. The proposal involves demolishing these units and delivering 31 new affordable homes, comprising a mix of 3- and 4-bedroom family houses and 1- and 2-bedroom Tyneside flats, including two adaptable M4(3) properties. All homes will be owned and managed by the Council and allocated through Northumberland Homefinder.
- 6.2 Brownfield Housing Fund grant funding of £1,258,937 is requested to contribute to the total costs of the scheme, which are stated to be £9,780,908. Match funding will include £2,697,000 from Homes England's Social and Affordable Homes programme, and additional developer finance from the Council's Housing Revenue Account. Without Brownfield Housing Fund grant, the scheme would not proceed due to high abnormal costs, including asbestos removal, demolition, and installation of low-carbon technologies such as air source heat pumps and solar PV. The financial appraisal shows a negative residual land value without gap funding, confirming the need for intervention.
- 6.3 An external appraisal has been undertaken and rated the business case Green across all cases, the proposed conditions of funding include planning approval to be confirmed prior to the drawdown of any grant, and updated cost appraisals to be provided post-contractor procurement. Risks involve planning delays, ground conditions and contractor appointment, mitigated through early site surveys and use of the NEPO procurement framework.

## 7. The Investment Proposal (North Garages Sites, Newcastle)

<b>Lead Organisation</b>	Newcastle City Council
<b>Delivery Areas</b>	Newcastle upon Tyne
<b>Start Date</b>	January 2026
<b>Financial End Date</b>	March 2028
<b>Total Project Value</b>	£27,250,044
<b>Grant Amount Requested</b>	£2,515,000

- 7.1 Newcastle City Council aims to regenerate four neighbourhoods (Newbiggin Hall, West Denton, Slatyford, and Kenton Bar) by repurposing 17 disused garage sites into 109 homes for social rent.

These sites are currently derelict, attract anti-social behaviour, and offer no community value. The scheme supports the Council's neighbourhood regeneration strategy, improving housing choice and freeing up underoccupied family homes by offering smaller, high-quality options.

7.2 The Council seeks £2,515,000 of Brownfield Housing Fund grant to overcome abnormal costs that make development unviable in these low-value markets. Eligible works include demolition, ground remediation, asbestos treatment, and site preparation. The funding will also cover utility upgrades, flood risk mitigation and site security improvements. Without this funding intervention, the scheme would not proceed due to high remediation costs.

7.3 The appraisal rates the overall business case as Green, with the Strategic, Economic, and Management cases also rated as Green, but Commercial and Financial cases rated Amber due to procurement and cost uncertainty. Conditions include submission of a Procurement Commissioning Plan, confirmation of ground investigation results, match funding from Homes England and Newcastle City Council, and an open-book assessment post-completion.

## 8. The Investment Proposal (Walker Sites, Newcastle East)

<b>Lead Organisation</b>	Newcastle City Council
<b>Delivery Areas</b>	Newcastle
<b>Start Date</b>	1 April 2027
<b>Financial End Date</b>	31 December 2028
<b>Total Project Value</b>	£75,395,716
<b>Grant Amount Requested</b>	£4,781,275

8.1 The Walker Sites, Newcastle East proposition is a major regeneration project which spans 7 sites in one of Newcastle's most deprived areas, aiming to unlock 451 homes, including 137 affordable units, to diversify housing options and stimulate economic growth. The scheme seeks £4,781,275 from the Brownfield Housing Fund to support with demolition and enabling works, whilst remaining costs are covered by developer finance through a joint venture between Newcastle City Council and Keepmoat Homes.

8.2 An external appraisal has been undertaken. The proposal's business case was assessed as Green across all cases and is supported by a strong strategic rationale and high value-for-money judgement. Furthermore, the appraisal noted that the proposed delivery approach mirrors that which has been successful in the West of the City and developed with the same delivery vehicle.

8.3 Proposed conditions of funding include confirmation of planning approval prior to drawdown of any grant and the Recipient to under-write capital cost escalation, whilst risks include planning delays, and sales performance, mitigated through contingency planning, robust governance, and pre-application engagement.

## 9. The Investment Proposal (Former Easington School Site, Durham)

<b>Lead Organisation</b>	Durham County Council
<b>Delivery Areas</b>	Durham
<b>Start Date</b>	23 July 2025
<b>Financial End Date</b>	30 September 2026
<b>Total Project Value</b>	£6,638,919
<b>Grant Amount Requested</b>	£645,632

9.1 The Former Easington School Site proposition seeks to unlock a 0.72 ha brownfield site in Easington, County Durham through funding the necessary remediation and infrastructure provision on a cleared site previously occupied by Easington School. This is part of a wider 10.8 ha strategic landholding owned by Homes England which will deliver 25 high-quality, energy-efficient social rent

homes through Durham County Council's Housing Delivery Programme with construction of homes to M4(2) lifetime standards, incorporating air source heat pumps, photovoltaic panels, and EV charging points to meet EPC A ratings and low-carbon goals.

- 9.2 Brownfield Housing Fund grant of £645,632 is requested to contribute to the total costs of the scheme, which are stated to be £6,638,919. Site preparation works are due to begin in early 2026, with housebuilding starting in July 2026 and the scheme expected to be completed by December 2027. The scheme targets residents in housing need, particularly older people, by providing adaptable homes that support independent living. It aligns with the North East CA's strategic objectives by addressing market failure in affordable housing, supporting inclusive growth, and contributing to the delivery of 836 affordable homes annually in County Durham. The scheme will also enhance local sustainability, support community facilities, and stimulate local economic activity.
- 9.3 An external appraisal has been undertaken. The business case is rated Green across all five cases, with conditions requiring confirmation of match funding and updated development appraisals prior to drawdown. Key risks include planning approval, cost inflation, and site-specific constraints such as remediation and utility diversions. Mitigation measures include early surveys, contingency allowances and a clear governance structure through Durham County Council's established delivery programme.

## 10. The Investment Proposal (Lanercost Park, Cramlington, Northumberland)

<b>Lead Organisation</b>	Northumberland County Council
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	4 May 2026
<b>Financial End Date</b>	30 April 2027
<b>Total Project Value</b>	£3,591,515
<b>Grant Amount Requested</b>	£504,179

- 10.1 The Lanercost Park scheme aims to deliver 16 homes for affordable rent on a 0.22-hectare infill site in Cramlington, replacing demolished flats that were unfit for purpose. These homes will be owned and managed by Northumberland County Council and will be allocated via the Northumberland Homefinder. The scheme incorporates renewable energy technologies and sustainable drainage systems, supporting net-zero objectives and addressing local housing need.
- 10.2 Northumberland County Council seeks £504,179 from the Brownfield Housing Fund to support with abnormal costs, with match funding from Homes England's Social and Affordable Homes Programme, in addition to Council Housing Revenue Account resources covering total project costs of £3,591,515.
- 10.3 An external appraisal has been undertaken. The strategic, commercial, management and economic cases are rated Green, while the financial case is Amber, in the main due to Biodiversity Net Gain (BNG) cost uncertainties. Conditions include confirmation of planning consent and BNG costs before funding drawdown. Risks relate to construction costs, stopping-up orders, and biodiversity compliance, mitigated through cost planning and early engagement with statutory bodies.

### B. Potential Impact on North East Combined Authority Objectives

The projects outlined in this paper have clear alignment with housing priorities within the North East CA's 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 housing.

By delivering new affordable homes the schemes 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 schemes are 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. Evaluation**

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

### **D. Legal Implications**

The Monitoring Officer has been consulted on this report. Subsidy control issues will be dealt with by means of conditions in the grant funding agreements where necessary.

### **E. 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.

### **F. Appendices**

Annex 1\_ The Investment Proposal (Former Coulson Park School, Northumberland)  
Annex 2\_ The Investment Proposal (Former Stobswood Brickworks, Northumberland)  
Annex 3\_ The Investment Proposal (Old Town Hall Quarter, Gateshead)  
Annex 4\_ The Investment Proposal (Sheepfolds Plot 2, Riverside Sunderland)  
Annex 5\_ The Investment Proposal (Windmill Grove, Blyth, Northumberland)  
Annex 6\_ The Investment Proposal (North Garages Sites, Newcastle)  
Annex 7\_ The Investment Proposal (Walker Sites, Newcastle)  
Annex 8\_ The Investment Proposal (Former Easington School Site, Durham)  
Annex 9\_ The Investment Proposal (Lanercost Park, Northumberland)

### **G. Background Papers**

July 2024 North East CA Cabinet Report

July 2025 Delegated Decision Report Brownfield Housing Fund – Extension of Programme

June 2025 North East CA Cabinet Report

### **H. Contact officers**

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## Annex 1. The Investment Proposal – Former Coulson Park School Site, Northumberland

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Former Coulson Park School Site
<b>Lead Organisation</b>	Bernicia Group
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	1 April 2026
<b>Financial End Date</b>	31 March 2028
<b>Practical completion date (date by which all outputs will be achieved)</b>	30 June 2028
<b>Total Project Value</b>	£13,786,711
<b>Grant Amount Requested</b>	£1,105,459
<b>Budget Implications</b>	As detailed in 'Background' section (1.3)

- 1.1 The proposed scheme at Coulson Park would provide 57 much needed social rented homes on the site of the former Coulson Park First School, Ashington, Northumberland. Coulson Park school was demolished in 2017, and the site has remained disused and undeveloped since. The 2.3 ha site is registered on Northumberland's Brownfield Housing Register (REF 5133).
- 1.2 The site falls within the Hirst Estate which is the most deprived area of Ashington and is in the top 10% most deprived areas in England. The area faces complex challenges such as high unemployment, poor health and unsuitable homes (size, space, poor condition, poor energy efficiency).
- 1.3 In 2023, Northumberland County Council, Bernicia and Advance Northumberland commissioned Ryder Architecture to develop a Masterplan for the Hirst, to restore the core of Ashington and help the area thrive again. The Coulson Park scheme is outlined in the Hirst Masterplan as an important catalyst to facilitate Hirst's regeneration.
- 1.4 The new homes will be highly energy efficient, helping to tackle fuel poverty, and will incorporate renewable energy and low carbon technology such as solar PV panels and air source heat pumps. Residents' feedback from wide-ranging consultation demonstrates support for the physical regeneration of the Hirst and Coulson Park to create more choice in housing type, and warmer, more efficient and more accessible homes.
- 1.5 Northumberland County Council currently own the land but heads of terms have been agreed, and they have approval to dispose of the land to Bernicia (conditional upon planning and grant funding). A partnership and contractor structure between Bernicia and Advance Northumberland Ltd will then be used to deliver the scheme. Upon completion, Bernicia will own and manage the units.
- 1.6 Bernicia are committed to delivering the scheme through the use of their own funds (£7.3m), in combination with Homes England Funding (£5.4m) and Brownfield Housing Fund (£1.1m). The Brownfield Housing Fund investment covers £1.1m of abnormal site preparation works as outlined below. Additional Homes England funding is anticipated to come from the new Social & Affordable Homes Programme, with Bernicia intending to become a Homes England Strategic Partner.
- 1.7 The development appraisal for the site demonstrates that even with public sector intervention from both Brownfield Housing Fund and Social & Affordable Homes Programme, the development still delivers a negative profit on Gross Development Value. Ordinarily, this would make the development unviable, but Bernicia have confirmed that it will utilise internal financial resources to subsidise the development to deliver a zero profit level.
- 1.8 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Cut & fill requirements for the Development	£100,875
Cart away surplus arisings	£329,295
Capping layer	£48,891
Abnormal foundations	£142,500
SUDs drainage proposal	£35,000
Substation	£37,198
Demolition, grubbing up and removal of existing hardstandings and foundations including contamination	£75,000
Attenuation tank	£55,200
Lowering existing services	£25,000
STATs utilities – infrastructure and connections	£256,500
<b>Total</b>	<b>£1,105,459</b>

## 2. Outputs

<b>Outputs</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>Total</b>
Brownfield Land Remediated (hectares)	2.3			2.3
Social Rented Homes	12	36	9	57

## 3. Timetable for Implementation

<b>Milestone</b>	<b>Forecast Date</b>
Planning Approval	March 2026
Land Acquisition Completed	April 2026
Remediation Start on Site	June 2026
Completion of Remediation	October 2026
Housing Start on Site	October 2026
Completion of BHF Spend	March 2027
Completion of Housing Construction	June 2028

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Sanderson Weatherall are outlined below. This includes the background to the proposed funding conditions.
- 4.2 The Strategic Case is rated Green, owing to the clear strategic rationale and fit with both the Local Growth Plan and Mayoral Manifesto pledges. Furthermore, the appraisal team view the scheme aligning with sub-regional and local plans including the Northumberland Local Plan 2016-2036 and the current Northumberland County Council Corporate Plan.
- 4.3 In the view of Sanderson Weatherall, the business case clearly outlines the context for the development of the site including socio economic context and levels of local deprivation. It also outlines how the scheme fits into the wider regeneration in the area. The need for affordable housing is identified in local policy documents which depict an undersupply of affordable larger family homes in the local area – a view reciprocated in consultation with stakeholders as part of the development of the Hirst Masterplan.
- 4.4 The Financial Case is rated Amber by the appraisal team. The information provided around both construction and abnormal costs are high level at this stage and used by Savills to support their financial viability assessment of the site. During appraisal, Sanderson Weatherall reviewed the cost plan and propose a grant funding condition for the applicant to share tendered costs once available, following detailed scheme design, to check that overall scheme costs remain the same and that the

BHF funded abnormal costs are no lower than those provided for this appraisal. In subsequent conversations with the applicant, it has been agreed that detailed costs will be provided in January 2026 following submission of the planning application and the conclusion of detailed design works.

- 4.5 The appraisal report notes that Bernicia require match funding from Homes England (Social and Affordable Homes Programme) which is not yet secured at the present time. A decision is expected on this in Spring 2026 and the appraisal team propose a further condition for the applicant to confirm this prior to draw down of any Brownfield Housing Fund.
- 4.6 In terms of financial sustainability, the appraisal team accept that Bernicia can fund the viability gap which remains following agreement of public subsidy from both the North East CA and Homes England – assessed to be approximately £1.085 million by Sanderson Weatherall. Bernicia has confirmed that it will utilise internal financial resources to subsidise the development and are doing so as this development is being delivered as part of a wider strategic programme, so are able to cross subsidise the development. With the addition of Brownfield Housing Fund, the appraisal team note that the development becomes viable in the context of the wider programme.
- 4.7 The ongoing sustainability of the scheme is based upon Bernicia Group retaining the scheme as social housing and as a well-established housing provider Sanderson Weatherall do not foresee any issues in terms of long-term sustainability.
- 4.9 The Economic Case is rated Green, reflecting the economic model which shows a BCR of 2.02. Economic benefits taken into account include direct land value uplift, wider area impact, affordable housing health benefits and reduction in crime with the total monetised benefits of the scheme estimated to be £21.7m.
- 4.10 The Commercial Case is rated Green which reflects the appraisal team’s view that the procurement plan and delivery model is suitable for a project of this nature. Bernicia have entered into a JCT Design and Build contract with Advance Northumberland to deliver the scheme. In the view of Sanderson Weatherall, both organisations have a track record of delivering schemes of this nature and have the capability to meet the proposed programme.
- 4.11 The Management Case is assessed as Green reflective of amongst other aspects, a transparent and accountable approach to project risk management. All identified risks have assigned owners, mostly drawn from the project leadership team. The Director of Development at Bernicia will assume overall responsibility for the delivery of the project, with site work managed by the Head of Construction at Advance Northumberland.
- 4.12 The appraisal report notes that Bernicia will lead the development with Advance Northumberland, who will be contracted for construction. Bernicia will procure the necessary subcontractors to deliver the development. Upon completion, Bernicia will own and manage the units.
- 4.13 As reported by Sanderson Weatherall, the applicant has outlined suitable systems for monitoring finance and outputs. The proposal also forms a part of the Hirst Masterplan. The monitoring and evaluation of the Hirst Masterplan will adhere to the established Northumberland County Council and partners’ Monitoring and Evaluation Framework. It is further noted that community engagement will be at the heart of the monitoring and evaluation efforts.
- 4.14 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

- 5.1 The assessment follows the HM Treasury Five Case model.

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green

	Economic case	<b>Green</b>
	Financial case	<b>Amber</b>
	Management case	<b>Green</b>
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

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

No.	Condition
<b>Pre-Contract Conditions:</b>	
1.	Detailed scheme design and tendered costs must be submitted to check that overall scheme cost remain the same and also that the BHF funded abnormal costs are no lower than those provided for this appraisal.
2.	The Subsidy Control opinion from Womble Bond Dickinson which has been provided by the applicant should be reviewed by a suitably qualified lawyer for North East CA to satisfy themselves as to the validity of approach.
<b>Ongoing Conditions:</b>	
3.	No draw down of funding until the applicant has acquired the freehold of the remaining land from Northumberland County Council.
4.	No draw down of funding until Homes England funding is confirmed.
5.	The Recipient will underwrite any capital cost escalation to allow the completion of the project should costs increase beyond budget.
6.	The Recipient shall provide a full open book assessment on completed scheme once all phases are completed to ensure the scheme reflects actual tenure mix, actual scheme cost and value, and units delivered as proposed in the Full Business Case.

## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

7.2 **Planning Permission:** Planning is being submitted in November 2025. It is imperative that permission be granted in time for start on site (July 2026). Permission is currently estimated to be in place from March 2026. Bernicia will continue to liaise with Northumberland County Council to ensure this remains on track.

7.3 **Land Acquisition:** The Land is currently owned by Northumberland County Council. Heads of terms have been agreed, and they have approval to dispose of the land to Bernicia but this will be conditional upon planning and grant funding. Bernicia will enter a conditional contract with Northumberland County Council. Any delays in obtaining planning permission (and subsequent land assembly) would impact the programme of works for the scheme, but the current estimated construction start on site date of October 2026 is well within the parameters of the Brownfield Housing Fund and as such this risk is low when considered at programme level.

7.4 **Homes England Grant:** The additional funding from Homes England is required to ensure that the scheme can go ahead. Continuous engagement with Homes England is being undertaken to progress Bernicia as a strategic partner.

- 7.5 Site Contamination: Site contamination is expected to a certain level but if this is greater than expected it may cause cost increases/time delays. Additional targeted testing is to be carried out to quantify SFARP (So Far As Is Reasonably Practicable).
- 7.6 From a Brownfield Housing Fund perspective all risks seem manageable and are suitably reflected in the risk register.

## 8. Financial and other resources implications

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

Funding source	2026/27	2027/28	2028/29	Total
Brownfield Housing Fund (£)	£1,105,459	£0	£0	£1,105,459
Homes England SAHP (£)	£4,061,250	£1,353,750	£0	£5,415,000
Private Sector Leverage (£)	£5,449,689	£1,816,563	£0	£7,266,252
<b>Total (£)</b>	<b>£10,616,398</b>	<b>£3,170,313</b>	<b>£0</b>	<b>£13,786,711</b>

8.2 Status of match funding:

- Further to the match funding comments set out above, a funding application for Homes England SAHP will be made in early 2026, with a funding decision from Homes England is expected in Spring 2026.

## 9. Consultation and engagement

- 9.1 Residents of Hirst were engaged with as part of the Hirst Masterplan. Engagement was carried out from January to July 2023 through a variety of methodologies, including visioning sessions, design sprints, interviews, workshops, online surveys, drop in events and pop-ups.
- 9.2 This included engagement with core partners at NCC, Advance Northumberland, Bernicia Homes, local people and Hirst residents, County Councillors, the local MP for Wansbeck, Ashington Town Council, Northumberland Communities Together, Ashington Town Board, Northumbria Police, NCC departments such as planning, transport and education, and a wide range of representatives from service providers, businesses and the voluntary, community and social enterprise sector.
- 9.3 The above engagement highlighted that there was support for the physical regeneration of the Hirst and Coulson Park to create more choice in housing type and warmer, more energy efficient and more accessible homes.
- 9.4 The Masterplan is a part of the ongoing conversation with the Hirst community and stakeholders. It is therefore intended to be flexible so that it can be adapted based on the outcome of further community conversations. Future engagement findings as part of Hirst Masterplan will be considered during the development of the Coulson Park scheme.

## Annex 2. The Investment Proposal – Former Stobswood Brickworks, Northumberland

Project Outline	
Funding Source	Brownfield Housing Fund
Proposal Name	Former Stobswood Brickworks, Northumberland
Lead Organisation	Cussins (North East Limited)
Delivery Areas	Northumberland
Start Date	April 2026
Financial End Date	October 2026
Practical completion date (date by which all outputs will be achieved)	January 2031
Total Project Value	£34,343,692
Grant Amount Requested	£2,987,126
Budget Implications	As detailed in 'Background' section (1.3)

- 1.1 Cussins (North East Limited) are seeking to deliver 101 new dwellings, including 10 affordable homes on the site of the former Stobswood Brickworks, a large brownfield site in Morpeth, Northumberland which is derelict and has been vacant for 25 years.
- 1.2 The properties will be a collection of three-, four- and five-bedroom dwellings all of which will be two storey properties. The properties will be a mixture of terraced, semi-detached and detached units, some with garages and all with off-street parking and private gardens. A new road will also be developed from the east to facilitate access to the site from the B1337.
- 1.3 The lead developer is Cussins (North East) Limited who is experienced in delivering new housing developments across the north east of England, in particular in Northumberland having delivered over 1,000 new homes in the last 9 years. The developer has successfully delivered on average over 100 homes per annum on a range of sites including brownfield and contaminated land.
- 1.4 The proposed development benefits from a planning application that grants permission for 101 dwellings. The land purchase is contracted and the only outstanding conditionality is the project's viability. If brownfield monies can be secured to address the viability shortfall, the land purchase can be completed, enabling start on site.
- 1.5 The proposed redevelopment will contribute directly to regional Net Zero ambitions by prioritising sustainable design and low-carbon delivery. The scheme will deliver 101 energy-efficient homes built to the Future Homes Standard, significantly reducing operational carbon emissions compared with current housing stock. Sustainable construction methods and materials will be used where feasible, with a focus on minimising embodied carbon. The scheme will integrate green infrastructure including landscaped open space and protecting great crested newts. Sustainable travel will be incentivised through safe walking and cycling connections and the scheme's proximity to Widdrington station, which is in walking distance from the proposed redevelopment.
- 1.6 The proposed redevelopment will transform a blighted area into a productive community asset and attract c.£28m of private investment in the area thus creating and safeguarding more than 35 net additional jobs per annum during the construction phase.
- 1.7 The Business Case outlines total eligible expenditure to be in the region of £5,168,862 with a summary of the eligible expenditure attributed to the proposed BHF allocation provided below:

Expenditure Item	Costs
Land acquisition	£2,375,000
Site preparation – drilling and grouting	£612,126
<b>Total</b>	<b>£2,987,126</b>

## 2. Outputs

Outputs	26/27	27/28	28/29	29/30	30/31	Total
Brownfield Land Remediated (ha)	7.55					7.55
Housing Units Delivered	1	26	26	27	21	101
Affordable Units Delivered	1	9				10

- 2.1 In addition, the proposed scheme would support the following key outputs/outcomes:
- 25 x FTE direct local employees hired or retained for the duration of the contract
  - 10 x FTE supply chain local employees hired or retained for the duration of the contract
  - 365 weeks of apprenticeships or T-Levels provided on the contract

## 3. Timetable for Implementation

Milestone	Forecast Date
Remediation works start on site	April 2026
Construction start on site	September 2026
Completion of BHF Spend	October 2026
All BHF Outputs to be Achieved	January 2031

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Thrive Economics are outlined below. This includes the background to the proposed funding conditions.
- 4.2 The Strategic Case is rated Green, and this reflects the strong rationale for the project in terms of bringing a longstanding brownfield industrial site back into use.
- 4.3 The Stobswood Brickworks site has been derelict now for 25 years and the proposed scheme, which has an implemented planning permission, brings forward new housing to south east Northumberland, with associated economic benefits and helping to address housing need. The scheme is a good quality scheme, with provision for open spaces and created/retained habitats, which also provides 10 affordable homes, contributing to affordable housing targets.
- 4.4 The Commercial Case is rated Green which reflects the experience of the applicant, Cussins, in bringing forward housing developments, including those on brownfield sites. The applicant demonstrates knowledge of, and compliance with, sound procurement practices in this and other schemes. The appointment of Sirius as the remediation contractor was via appropriate processes, with Sirius also an experienced company with expertise in the required remediation work.
- 4.5 The Economic Case is rated Green reflecting the strong BCR for the scheme, of 1.66. This reflects the benefits from the affordable housing element and the uplift in Direct Land Values and Wider Land Values from bringing the derelict site back into use. There are also additional benefits arising from the health and other benefits from the affordable housing element.
- 4.6 The Financial Case is rated Amber by the appraisal team. Costs provided are currently in line with BCIS estimates within the area, and a Financial Viability Assessment has been provided. We note that a flat rate of £145 per square foot has been provided for house type costs.
- 4.7 Thrive Economics propose that a form of cost plan be provided for above ground level superstructure works such as an Order of Cost Estimate to ensure costs are in line with current predictions. They also note the significant risk of cost escalation which may arise from relocation of High Voltage (HV) and Low Voltage (LV) cabling, so confirmation of these costs from the statutory undertaker should be sought at the earliest opportunity. Both suggestions are included as proposed conditions of funding.

4.8 The Management Case is rated as Amber, which principally relates to the risks associated with the upfront remediation works, notably the need to move Low Voltage and High Voltage cables and the need to relocate the telecommunications mast. These have the potential to increase costs and lead to delays in the scheme, although these are risks of which the applicant is fully aware (in terms of cost implications). There is also the need to obtain the District Licence from Natural England, if this has not already been obtained. In terms of the timetable for development (construction of homes on site), these are low risks to BHF given the construction on site has to occur prior to March 2029, so that some slippage in the delivery timetable would be acceptable.

4.9 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

5.1 The assessment follows the HM Treasury Five Case model.

Overall RAG assessment		
<b>Risk Rating</b>	Strategic case	<b>Green</b>
	Commercial case	<b>Green</b>
	Economic case	<b>Green</b>
	Financial case	<b>Amber</b>
	Management case	<b>Amber</b>
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

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

No.	Condition
<b>Pre-Contract Conditions:</b>	
1.	<p>Permissions:</p> <ul style="list-style-type: none"> <li>• Cussins to provide confirmation of the timescale for preparing Construction Environment Plan.</li> <li>• Cussins to provide confirmation of the District Licence from Natural England regarding the Great Crested Newt mitigation measures.</li> </ul>
2.	<p>Cost and Programme Certainty:</p> <ul style="list-style-type: none"> <li>• Cussins to provide an updated position (cost and timing) of the LV and HV cable re-routing and impact on overall programme timetable.</li> <li>• Cussins to provide an updated position (cost and timing) of the telecommunication mast relocation and impact on overall programme timetable.</li> <li>• Cussins to provide a detailed cashflow showing income and expenditure, including when income from house sales will be invested into the project.</li> <li>• Cussins to provide a cost estimate document such as an Order of Cost Estimate showing estimated costs for above ground level works.</li> </ul>
<b>Ongoing Conditions:</b>	
3.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
4.	The Recipient shall provide a full open book assessment on completed scheme once all phases are completed to ensure the scheme reflects actual tenure mix, actual scheme cost and value, and units delivered as proposed in the Full Business Case.

## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

- Land acquisition: Cussins are contracted to purchase the site if the Brownfield Housing Fund grant is provided.
- Relocation of Low Voltage and High Voltage cables on site: Existing cables on site require diversion to facilitate the development. This could lead to cost escalation as noted in the appraisal section. Proposed conditions provided to mitigate this risk for the Brownfield Housing Fund programme.

7.2 From a Brownfield Housing Fund perspective all risks seem manageable and are suitably reflected in the risk register.

## 8. Financial and other resources implications

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

<b>Funding source</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>Total</b>
<i>North East CA Brownfield Housing Fund (£)</i>	£2,987,126	-	-	-	-	£2,987,126
<i>Private Sector Leverage (£)</i>	£6,271,313	£6,271,313	£6,271,313	£6,271,313	£6,271,313	£31,356,566
<b>Total (£)</b>	<b>£9,258,439</b>	<b>£6,271,313</b>	<b>£6,271,313</b>	<b>£6,271,313</b>	<b>£6,271,313</b>	<b>£34,343,692</b>

## 9. Consultation and engagement

9.1 Following Cussins entering into a contract for the site at Widdrington Station in June 2023, the developer immediately entered into planning pre-application discussions with Northumberland County Council. Cussins engaged with the local Widdrington Parish Council alongside the landowner on 19th July 2023 as part of the process once the application was submitted to ensure they were aware of the proposed changes to the scheme and the delivery of new housing by Cussins. The scheme was well received by the Parish Council who wanted to see the site come forward as it would bring benefits to the village from the improvement of the site, removal of anti-social behaviour on the site and new residents bringing additional spending to the village shops.

9.2 The Parish Council were also keen to see new affordable housing come forward and to secure a financial payment towards the community centre and local play facilities that would only come forward as part of the S106 agreement on the site development. Local residents in addition to the Parish Council and all statutory consultees were consulted. There were no local resident objections.

### Annex 3. The Investment Proposal (Old Town Hall Quarter, Gateshead)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Old Town Hall Quarter, Gateshead
<b>Lead Organisation</b>	Capital & Centric
<b>Delivery Areas</b>	Gateshead
<b>Start Date</b>	1 November 2025
<b>Financial End Date</b>	31 March 2029
<b>Practical completion date (date by which all outputs will be achieved)</b>	30 April 2030
<b>Total Project Value</b>	£74,901,951
<b>Grant Amount Requested</b>	£3,420,000
<b>Budget Implications</b>	As detailed in 'Background' section (1.3)

- 1.1 The proposed Old Town Hall Quarter development is located on a site designated as a Development Opportunity within the Newcastle and Gateshead Core Strategy and is strategically located near the Quays and transport hubs. The proposal aligns with North East Combined Authority's strategic priorities, the Mayoral manifesto, and the Devolution Deal by delivering housing on brownfield land, supporting climate goals, and stimulating economic growth. Objectives of the scheme include the remediation of 1.9 hectares of brownfield land to unlock and deliver 243 homes and 20,000 sq. ft of commercial space. This will create 150 direct and 120 indirect jobs, whilst achieving significant carbon savings through connection to Gateshead's District Energy Network.
- 1.2 The total project cost is estimated at £74.9 million with the applicant seeking £3,420,000 from the Brownfield Housing Fund. Match funding includes £58.9 million from Capital & Centric's Social Impact Regeneration Fund (SIRF) and £12.5 million anticipated from Homes England's Brownfield Infrastructure and Land (BIL) Fund. Gateshead Council has committed £1.99 million as a recoverable grant for pre-construction design work. Without Brownfield Housing Fund support, the scheme would not proceed due to a £15.9 million viability gap caused by abnormal brownfield costs and suppressed property values.
- 1.3 The Brownfield Housing Fund grant will fund critical enabling works, including acquisition of leasehold interests in Old Town Hall Quarter and the adjacent Old Dispensary sites, demolition of a derelict Nelson Street block, initial connections to the District Energy Network, and site remediation. These interventions will unlock the site for development, remove third-party constraints and demonstrate visible progress to build public confidence. The works will also preserve heritage assets and integrate them into the new development, ensuring long-term sustainability and placemaking benefits.
- 1.4 The scheme is forecast to generate a Net Present Value of £33 million in societal benefits with quantifiable benefits including land value uplift, health improvements from affordable housing, crime reduction, and heritage preservation. Wider impacts include increased town centre footfall, reduced antisocial behaviour, and improved viability of adjacent sites. Social value commitments encompass local employment, apprenticeships, SME engagement, and delivery of the Regeneration Brainery programme to inspire young people from disadvantaged backgrounds to pursue careers in property.
- 1.5 Delivery is scheduled to commence in November 2026, with completion by April 2030. Capital & Centric will lead development under a governance structure involving Gateshead Council oversight, gateway approvals, and a project board. Procurement will follow Pagabo framework compliance, and risks such as planning delays, funding dependencies, and heritage remediation challenges are addressed through mitigation measures in the risk register. The project is positioned as a catalyst for Gateshead's town centre regeneration, combining housing, heritage, and sustainability to create a "great place to be" in line with the North East CA's vision for a greener, more prosperous region.

- 1.6 The total amount of eligible expenditure associated with the project is identified as £5,420,000 providing sufficient headroom above and beyond the funding ask of £3,420,000. A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Old Town Hall Leasehold	£1,300,000
Old Dispensary Leasehold	£275,000
Site Clearance and Preparation	£1,200,000
Remediation	£600,000
Retaining Structures	£600,000
District Heating Connection	£945,000
Demolition Costs	£300,000
Service Connections	£200,000
<b>Total</b>	<b>£5,420,000</b>

## 2. Outputs

<b>Outputs</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>Total</b>
Brownfield Land Remediated (Hectares)			1.9	1.9
Number of New Homes	100	89	54	243
Number of New Affordable Homes Created	15	13	8	36

## 3. Timetable for Implementation

<b>Milestone</b>	<b>Forecast Date</b>
Start on site (enabling works)	1 November 2026
Demolition of Nelson Street	30 November 2026
Planning permission secured	1 January 2027
Completion of enabling works	31 May 2027
Completion of connection to District Energy Network	31 August 2027
Construction completion	30 April 2030

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Lichfields, including the background to any funding conditions are outlined below.
- 4.2 The Strategic Case is rated Green and in the view of Lichfields demonstrates strong alignment with NECA priorities, local regeneration objectives, and national housing policy, addressing Gateshead's housing need and town centre decline while preserving heritage assets. Evidence supports the rationale for intervention, including demographic trends and deprivation levels. Following clarifications on apartment demand, the case is robust and comprehensive.
- 4.3 The Economic Case is also assessed as Green. The appraisal team note that a Green Book-compliant approach is adopted, monetising benefits such as land value uplift, wider area impacts, crime reduction, and heritage preservation. The Benefit-Cost Ratio (BCR) is 1.20 for the preferred option (15% affordable housing), indicating acceptable value for money, with social value commitments embedded. Clarifications throughout the appraisal process improved Land Value Uplift and retail impact assumptions.
- 4.4 The Commercial Case, rated as Amber by Lichfields outlines procurement via the Pagabo framework and phased delivery, supported by a market assessment confirming demand for Build-to-Rent units. The appraisal team outline that risks remain around viability and the leasehold acquisition, with North East CA exposure mitigated by a proposed legal charge over assets. Delivery confidence is moderate

given early-stage design and dependency on additional funding. Proposed funding conditions would include a North East CA legal review of the options paper compiled by Gateshead Council and subsequent agreement on this position prior to contracting.

- 4.5 Following review of Financial Case, the appraisal team also rate this as Amber. £3.4m of Brownfield Housing Fund is sought alongside £71.5m of match funding required to support total project costs of £74.9m. Match funding includes £12.5m funding from Homes England (unsecured) and £59m private investment. The development appraisal confirms a significant viability gap, with costs currently only provisional. While extensive dialogue with Homes England mitigates some of the risk, the delivery of the scheme remains contingent on securing this support. Proposed conditions are included below to mitigate the Amber rating, including updated costs being shared with the North East CA as the project develops, cost overruns being the responsibility of the applicant and drawdown of funding being conditional on confirmation of the Homes England match funding.
- 4.6 The Management Case is assessed as Green with Lichfields reflecting that it sets out robust governance, risk management, and performance monitoring frameworks, with clear milestones and gateway approvals. Capital & Centric and Gateshead Council demonstrate strong track records, and a comprehensive risk register is in place, though updates will be needed as the project progresses.
- 4.7 Overall, the Business Case is rated as Green, however, key risks are noted within the Commercial and Financial Cases with funding conditions proposed as below.

## 5. RAG Assessment

- 5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
<b>Risk Rating</b>	Strategic case	<b>Green</b>
	Commercial case	<b>Amber</b>
	Economic case	<b>Green</b>
	Financial case	<b>Amber</b>
	Management case	<b>Green</b>
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

- 6.1 The award of funding would be subject to the following proposed funding conditions:

No.	Condition
1.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
2.	The drawdown of that element of the funding required for site assembly shall be subject to the North East CA being satisfied that (a) there will be appropriate security in place (by way of a charge and/or restriction on title) for the release of funds and (b) that the development will be carried out in an acceptable timescale.
3.	The drawdown of the remaining funding shall be subject to the CA being satisfied that the Homes England match funding is in place.
4.	The Recipient is to provide an updated development appraisal and confirmation of the final scheme mix/tenure following planning permission being granted.

<b>5.</b>	The North East CA to review and provide legal / commercial judgement on the options paper produced by Gateshead Council, including approach to subsidy control ahead of entering into a funding agreement.
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## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

- Old Town Hall Quarter Site Leasehold: If the scheme does not come forward, the lease would be collapsed, and the building would return to Gateshead Council at no cost.
- Homes England Match Funding: A grant funding application for Homes England funding support will take place in Q2 2026 and will look to be confirmed by December 2026.
- SIRF Funding: SIRF will step into the development once the viability gap has been bridged and the grant has been formally secured, at which stage the fund will reimburse Gateshead Council for all costs incurred in bringing forward the scheme. If this is before the completion of Stage 4 design, then Gateshead Council's financial commitment would be lower than detailed in the FBC.
- Planning Permission: Planning permission is expected to be achieved by January 2027 – C&C will continue to liaise with Gateshead Council to ensure that this remains on track.
- Procurement Contracts/Documents: The appointment documents are yet to be agreed. These documents are anticipated to be finalised for the project team in Q1 2026.

## 8. Financial and other resources implications

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

Funding source	25/26	26/27	27/28	28/29	Total
Brownfield Housing Fund (£)	£71,776	£3,348,224			£3,420,000
Other Capital Match (Homes England) (£)		£2,831,549	£9,668,451		£12,500,000
Recipients Fund Capital (C&C SIRF) (£)	£1,999,999		£24,365,308	£32,616,644	£58,981,951
<b>Total (£)</b>	<b>£2,071,775</b>	<b>£6,179,773</b>	<b>£34,033,759</b>	<b>£32,616,644</b>	<b>£74,901,951</b>

8.2 Status of match funding:

- Additional public sector match funding (£12,500,000) will be sought from Homes England. A bid for this grant funding will likely be made in Q2 2026/27 when the funding pot is released.
- Capital & Centric will provide £58,981,951 in match funding through their Strategic Impact Regeneration Fund (SIRF) - a joint venture between Homes England, C&C and Swiss Life. A signed statement from Swiss Life Asset Managers was included with the Business Case stating that the remaining costs will be funded through these arrangements.

## 9. Consultation and engagement

9.1 A structured approach to stakeholder engagement is outlined within the Business Case with a summary provided below.

- 9.2 Early and Ongoing Engagement: Capital & Centric (C&C) will actively engage with local communities from the earliest stages of development through structured consultation and co-design processes. This ensures the scheme responds to local aspirations and contributes positively to the identity, culture, and cohesion of the area.
- 9.3 Stewardship Beyond Construction: Engagement does not end at completion. A stewardship approach will be adopted to keep places relevant and vibrant long-term, including:
- Ongoing investment in community activities and events.
  - Designing developments for adaptability to meet changing community needs.
- 9.4 Education and Skills Initiatives: A programme of Regeneration Braineries will target local schools and colleges, offering disadvantaged and diverse young people insight into careers in the built environment. Capital & Centric (alongside the main contractor) will also work together to provide apprenticeships and engage local charities to help people back into work.
- 9.5 Communications Plan: Planned activities will include:
- Marketing during design and construction phases to create awareness.
  - On-site branding to showcase progress.
  - Strategic partnerships with local independents for events and activation.

## Annex 4. The Investment Proposal (Sheepfolds Plot 2, Riverside Sunderland)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Sheepfolds – Plot 2, Riverside Sunderland
<b>Lead Organisation</b>	Sunderland City Council
<b>Delivery Areas</b>	Sunderland
<b>Start Date</b>	1 November 2025
<b>Financial End Date</b>	31 December 2027
<b>Practical completion date (date by which all outputs will be achieved)</b>	31 May 2030
<b>Total Project Value</b>	£23,368,421
<b>Grant Amount Requested</b>	£5,120,437
<b>Budget Implications</b>	As detailed in 'Background' section (1.3)

- 1.1 The proposed development will deliver 89 high-quality, energy-efficient homes and 3,000 sq. ft of commercial space on Plot 2 of the Sheepfolds neighbourhood, part of the Riverside Sunderland regeneration programme. The site is a 0.62 ha brownfield parcel currently occupied by the former Edward Thompson Printworks and requires significant remediation and demolition.
- 1.2 Sheepfolds is the third of four new residential neighbourhoods which form Riverside Sunderland, the Council's strategic programme for the regeneration of Sunderland City Centre. Overall, Riverside Sunderland will deliver 1,000 new homes, alongside 1 million sq. ft of employment space and supporting community infrastructure, on a 33.2-hectare site on both sides of the River Wear.
- 1.3 The continued development of the regionally significant Sheepfolds neighbourhood is a key component of the Riverside Sunderland Creative Mayoral Development Zone (MDZ) and Riverside Sunderland 2040 vision, supporting inner-city regeneration along the River Wear corridor.
- 1.4 The scheme will deliver a mix of Build-to-Rent (BtR) and Open Market Sale (OMS) homes, including houses, apartments, and duplexes (1 to 3 bedrooms). Delivery will utilise Modern Methods of Construction (MMC) and incorporate low-carbon technologies, including connection to a local heat network.
- 1.5 The scheme is proposed to be delivered by Vistry Group, who were appointed preferred developer for Sheepfolds by Sunderland City Council following a competitive procurement process in 2024. Remediation of the site is expected to be complete by September 2027, with construction of housing from July 2028 (and completion in May 2030). See further details on the programme timeframes within the 'Appraisal' section of the report.
- 1.6 Sunderland City Council are seeking £5,120,437 Brownfield Housing Fund grant funding to contribute to total scheme costs of £23,368,421. Other funding is expected to comprise £1,891,927 from Sunderland City Council and £16,356,057 developer finance from Vistry Group.
- 1.7 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Site acquisition	£400,000
Demolition works	£450,000
Abnormal costs (incl. site clearance and abnormal foundations)	£2,459,200
Brownfield enabling costs (incl. highways, drainage, services)	£1,811,237
<b>Total</b>	<b>£5,120,437</b>

## 2. Outputs

Outputs	28/29	29/30	30/31	Total
Brownfield Land Remediated (Hectares)	0.62			0.62
Number of New Homes		32	57	89

## 3. Timetable for Implementation

Milestone	Forecast Date
Hybrid planning permission granted	31 March 2026
Demolition of former printworks complete	31 August 2026
Remediation planning permission granted	31 March 2027
Remediation works commence	31 March 2027
Remediation works complete	30 September 2027
Reserved matters planning permission granted (Plot 2)	30 April 2028
Construction start on site	1 July 2028
Construction (superstructure) start on site	1 November 2028
Construction completion	31 May 2030

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Savills, including the background to any funding conditions are outlined below.
- 4.2 The Strategic Case is rated Green, with the application providing a detailed explanation of how Sheepfolds Plot 2 aligns with the North East CA's strategic priorities. Savills note that the scheme is identified as a critical component of the Riverside Sunderland Masterplan, supporting city centre regeneration and complementing other major projects. The team reference the alignment between the application and national policy drivers, including the National Planning Policy Framework and Homes England's strategic objectives. The case for change is assessed as being comprehensive and well-evidenced. Furthermore, Savills note that the application identifies evidence of market failures, including abnormal costs, suppressed land values, and viability challenges that deter private investment, and explicitly references positive externalities and imperfect information as barriers to development.
- 4.3 Savills assess the Economic Case as Green noting that a very detailed options assessment is provided including evidence of why the preferred option represents the best value for money of the four options presented. The review of the Economic Case initially highlighted some issues with the value for money assessment originally submitted in the business case. Through detailed clarification responses from the applicant's consultant and Savills own analysis, the appraisal team are satisfied that the scheme can be considered to represent acceptable value for money, given the level of public sector funding required to deliver the scheme
- 4.4 Following review of Commercial Case, the appraisal team rate this as Green. Savills are satisfied that the commercial case is demonstrated with demand evidenced and the procurement approach appropriate.
- 4.5 The Financial Case is also assessed as Green. As part of their analysis of Gross Development Value, Savills reviewed the Market Demand Report provided by Avison Young, including market values for accommodation in Sunderland and note that this provides a reasonable benchmark for both sales and rental values. Build costs are currently based on estimated costs from the development partner Vistry and considered to be reasonable. It is noted that the proposed development does not yet have a planning consent and is therefore an 'indicative' scheme. As such, Savills advise that costs should be reviewed and updated once planning permission is granted.
- 4.6 The Management Case is currently assessed to be Amber by the appraisal team. The review outlines that a clear governance structure and delivery capability is demonstrated. Roles and responsibilities

are well-defined, supported by experienced internal officers and external advisors. Furthermore, the review of the management case identifies key risks and explains that the applicant has set out appropriate mitigations within the business case. Planning, demolition, remediation and funding are all key dependencies and pose a risk to timely delivery.

4.7 The Amber rating on the Management Case is stated to be marginal and is predominantly to highlight to the North East CA the risk of the scheme not meeting MHCLG funding deadlines. An expected date start for housing superstructures (November 2028) leaves limited time before the Brownfield Housing Fund deadline of March 2029 for any slippages in housing delivery commencement. Any slippage in planning approvals, remediation works, or funding confirmation could result in housing construction starting after this deadline, jeopardising compliance with programme requirements. This risk will be managed through established regular progress review meetings with the Housing Delivery Team at Sunderland City Council, enabling careful monitoring of progress towards achievement of agreed project milestones and drawdown of funding being conditional on this.

4.8 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green
	Economic case	Green
	Financial case	Green
	Management case	Amber
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

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

No.	Condition
1.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
2.	The Recipient to confirm that hybrid planning permission has been granted prior to the drawdown of any Brownfield Housing Fund grant.
3.	The Recipient to provide an updated Development Appraisal to share full costs once full reserved matters planning consent is granted.
4.	The Recipient is to provide confirmation of match funding from Sunderland City Council prior to drawdown of any Brownfield Housing Fund grant for remediation.

## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

- Financial Risk – Brownfield Housing Fund grant not secured or costs exceed anticipated levels. An independent development appraisal evidences market failure and funding gap, with robust cost advice

and site investigations informing the strategy. In addition, fixed price contracts transfer cost overrun risk to developer.

- Project Delivery Risk - Works not completed within timescales. Fortnightly progress review meetings are planned with the delivery team. A contingency budget is built into costs and financial risks associated with delays will be passed on to the developer.
- Environmental or Technical Risk – Constraints preventing works or development. Due diligence and initial site investigations are completed, with a full remediation strategy for Plot 2 in development.

## 8. Financial and other resources implications

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

Funding source	25/26	26/27	27/28	28/29	Total
Brownfield Housing Fund (£)	£200,000	£1,350,000	£2,500,000	£1,070,437	£5,120,437
Recipient's Funds Capital (SCC) (£)		£1,891,927			£1,891,927
Other Capital Match (Vistry) (£)		£10,607	£9,793,887	£6,551,563	£16,356,057
<b>Total (£)</b>	<b>£200,000</b>	<b>£3,252,534</b>	<b>£12,293,887</b>	<b>£7,622,000</b>	<b>£23,368,421</b>

## 9. Consultation and engagement

- 9.1 A structured approach to stakeholder engagement is outlined within the Business Case with a summary provided below.
- 9.2 Public consultation on Sunderland's Housing Strategy and the Riverside Sunderland Masterplan emphasised regenerating brownfield sites, improving housing quality, and using modern construction methods. The Imagining Riverside Sunderland initiative (2020) gathered community views through workshops and shaped the Supplementary Planning Document adopted later that year.
- 9.3 At project level, a Statement of Community Involvement accompanied the hybrid planning application. Engagement included accessible formats and surveys, with strong support for the Sheepfolds scheme. Respondents prioritised high-quality design, commercial provision, and good pedestrian/cycle routes, while also influencing tenure mix and addressing concerns like safeguarding land for potential stadium expansion.
- 9.4 Stakeholders involved in the consultation include existing city centre communities, young professionals, and families, all expected to benefit from improved housing, amenities, and connectivity.

## Annex 5. The Investment Proposal (Windmill Grove, Northumberland)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Windmill Grove, Blyth
<b>Lead Organisation</b>	Northumberland County Council
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	21 September 2026
<b>Financial End Date</b>	31 December 2027
<b>Practical completion date (date by which all outputs will be achieved)</b>	31 December 2027
<b>Total Project Value</b>	£9,780,908
<b>Grant Amount Requested</b>	£1,258,937
<b>Budget Implications</b>	As detailed in 'Background' section (1.3)

- 1.1 The Windmill Grove proposal seeks to unlock a 0.69 ha brownfield site in Blyth, Northumberland. The site currently contains outdated maisonette units that are structurally compromised and no longer meet local housing demand. The proposal involves demolishing these units and delivering 31 new affordable homes, comprising a mix of 3- and 4-bedroom family houses and 1- and 2-bedroom Tyneside flats, including two adaptable M4(3) properties. All homes will be owned and managed by the Council and allocated through Northumberland Homefinder.
- 1.2 The scheme aligns with the North East Combined Authority's strategic priorities including the Local Growth Plan, and Mayoral manifesto, which emphasise creating greener communities, improving housing quality, and supporting inclusive growth. It also responds to national policy objectives set out in the National Planning Policy Framework and Northumberland's Local Plan, addressing housing shortages and affordability challenges. Objectives include remediating 0.69 hectares of brownfield land and delivering 31 energy-efficient homes by December 2027, contributing to local housing targets and supporting the Council's Corporate Plan priorities by tackling inequalities and driving economic growth.
- 1.3 Brownfield Housing Fund grant funding of £1,258,937 is requested to contribute to the total costs of the scheme, which are stated to be £9,780,908. Match funding will include £2,697,000 from Homes England's Social and Affordable Homes programme, and additional developer finance from the Council's Housing Revenue Account. Without Brownfield Housing Fund grant, the scheme would not proceed due to high abnormal costs, including asbestos removal, demolition, and installation of low-carbon technologies such as air source heat pumps and solar PV. The financial appraisal shows a negative residual land value without gap funding, confirming the need for intervention.
- 1.4 Subject to approval, the project seeks to deliver significant benefits beyond housing provision. It will create construction jobs and apprenticeships, improve local health outcomes by replacing substandard housing, and enhance the public realm through open space and sustainable drainage systems. Environmental benefits include reduced carbon emissions through renewable energy installations, supporting Northumberland's Climate Change Action Plan and the North East CA's "Greener North East" vision.
- 1.5 The scheme is scheduled to start in September 2026 and complete by December 2027. Governance arrangements are in place, with delivery led by Northumberland County Council's Housing Delivery Team and procurement through the NEPO framework under a JCT Design and Build contract. Key risks include planning approval, ground conditions, and utility diversions, all of which have mitigation plans such as early surveys and legal checks. Community engagement will include public consultations and stakeholder meetings prior to planning submission. Performance will be monitored

through KPIs linked to housing delivery, land remediation, and carbon reduction, ensuring compliance with funding requirements.

1.6 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Demolition	£600,000
Site fencing and hoardings	£42,600
Utility installation and diversion	£83,950
Low carbon technology – ASHPs and PV panels	£393,000
Permeable paving (SUDs)	£95,325
Gas membrane	£19,375
Relic foundation removal	£9,687
Fees – business case preparation	£15,000
<b>Total</b>	<b>£1,258,937</b>

## 2. Outputs

<b>Outputs</b>	<b>26/27</b>	<b>27/28</b>	<b>Total</b>
Brownfield Land Remediated (Hectares)	0.69		0.69
Number of New Affordable Rent Homes		31	31

## 3. Timetable for Implementation

<b>Milestone</b>	<b>Forecast Date</b>
Planning permission application submitted	17 November 2025
Planning permission granted	29 May 2026
Contractor procurement completed	14 August 2026
Start on site (enabling works)	21 September 2026
Completion of unit construction	10 December 2027

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Savills, including the background to any funding conditions are outlined below.
- 4.2 The Strategic Case is rated Green, demonstrating strong alignment with local, regional, and national priorities, whilst setting out the need for the scheme, and providing justification for Brownfield Housing Fund investment to unlock delivery of affordable homes in Blyth.
- 4.3 The Financial Case is also assessed as Green with Savills outlining their view that build costs appear reasonable. The report does outline a concern that there may be some double counting of management, maintenance and void costs and as such the appraisal team recommends that the applicant provides an updated development appraisal once costs are firmed up. The report notes that Homes England Social and Affordable Homes Programme grant will be sought at £87,000 per unit equating to £2,697,000 but that an application cannot be submitted until planning is granted. As such, a further condition is recommended that any drawdown of Brownfield Housing Fund grant be subject to the applicant securing this grant. Savills calculate that total eligible Brownfield Housing Fund costs equal £1,846,006 which provides sufficient eligible expenditure headroom against the applicants funding request.
- 4.4 Savills assess the Economic Case as Green noting that sufficient information is provided to evidence that the proposed investment represents ‘acceptable’ value for money, due to the land value uplift, health, amenity and environmental benefits generated.

- 4.5 Following review of Commercial Case, the appraisal team rate this as Green. Savills are satisfied that the commercial case is demonstrated including the market demand for the proposed development is proven and that the proposed procurement route follows best practice and is reflective of market practice. Procurement is at a very early stage and whilst the report notes that the applicant has confirmed it will be an open competition in accordance with policies and best practice, Savills recommend seeking clarification update from the applicant once the Procurement process is complete.
- 4.6 The Management Case is also assessed as Green by the appraisal team. Savills note that the application and clarifications from the applicant provide evidence of a clear governance structure and delivery capability through Northumberland County Council's established Housing Delivery Team. Dependencies include securing site surveys, planning approval, appointing a lead contractor, and obtaining Homes England funding. The programme also relies on timely completion of demolition and remediation works, however, in the view of Savills suitable risk mitigation strategies are outlined. It is further noted that the proposed programme expects construction to commence in September 2026, which provides confidence that, if the scheme were delayed, housing delivery is likely to begin before March 2029.
- 4.7 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

- 5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
<b>Risk Rating</b>	Strategic case	<b>Green</b>
	Commercial case	<b>Green</b>
	Economic case	<b>Green</b>
	Financial case	<b>Green</b>
	Management case	<b>Green</b>
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

- 6.1 The award of funding would be subject to the following proposed funding conditions:

No.	Condition
1.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
2.	The Recipient to confirm that planning permission has been granted prior to the drawdown of any Brownfield Housing Fund grant.
3.	The Recipient to provide an updated Development Appraisal to share full tendered costs once a contractor is procured.

## 7. Key Risks

- 7.1 A summary of key risks relating to the investment proposal is included below:

- Planning Permission - Planning has not yet been submitted; approval is anticipated in May 2026. Pre-application activities (tree and topographic surveys) completed; site allocated for housing in the Local Plan, reducing risk of refusal.
- Ground Conditions & Contamination - Unknown ground conditions or contamination could delay remediation and increase costs. Northumberland County Council to commission desktop survey and Phase 2 site investigation; engineer to review findings and advise on remediation measures.
- Appointment of a Lead Contractor – Contractor not yet appointed; procurement delays could affect programme. Northumberland County Council looking to begin preparation of tender documentation at risk of planning; using NEPO framework for compliance and speed.

## 8. Financial and other resources implications

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

<b>Funding source</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Total</b>
Brownfield Housing Fund (£)	£15,000	£621,969	£621,969	£1,258,937
Homes England Social & Affordable Homes Programme (£)		£2,697,000		£2,697,000
Recipient's Funds Capital (NCC HRA) (£)		£5,824,971		£5,824,971
<b>Total (£)</b>	<b>£15,000</b>	<b>£9,143,943</b>	<b>£621,969</b>	<b>£9,780,908</b>

8.2 Status of match funding:

- A funding decision from Homes England (SAHP) is expected in Spring 2026.

## 9. Consultation and engagement

9.1 The approach to stakeholder engagement is outlined within the Business Case with a summary provided below.

9.2 As the proposed scheme is not yet in the planning system, no statutory consultation has yet taken place. However, before the scheme is submitted to planning and to help inform the design and access statement, Northumberland County Council will carry out two forms of community engagement.

- Public Drop in Event - Northumberland County Council will hold a public drop in event with residents to provide an opportunity to comment on the development. Residents will also be able to meet with and ask any questions they have for the architect involved in the scheme design.
- Online Consultation - Northumberland County Council will hold an online public consultation on our Citizen Space platform for residents who are unable to attend the drop in event. This online consultation will be live for approximately 3 weeks. In order ensure residents know the online survey exists, the Council will write to all residents and provide a link to the survey, as well as a QR code.

9.3 Both the public drop in event and the online consultation will both be advertised by Northumberland County Council's Communications Team on social media and the website. The Council also propose to meet with Blyth Town Council to present the plans to them. In addition to the community consultation exercises, once the proposals have been submitted to planning, engagement with key statutory consultee groups will also be undertaken.

## Annex 6. The Investment Proposal (Newcastle North – Garage Sites)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Newcastle North Garage Sites
<b>Lead Organisation</b>	Newcastle City Council
<b>Delivery Areas</b>	Newcastle upon Tyne
<b>Start Date</b>	January 2026
<b>Financial End Date</b>	March 2028
<b>Practical completion date (date by which all outputs will be achieved)</b>	August 2028
<b>Total Project Value</b>	£27,250,044
<b>Grant Amount Requested</b>	£2,515,000
<b>Budget Implications</b>	As detailed in 'Background' section (1.3)

- 1.1 The Newcastle North Garages proposal would see the provision of 109 new Social Rented homes across 4 neighbourhoods in Newcastle upon Tyne. Newcastle City Council are looking to strategically repurpose surplus garage and small sites with the aim of enabling housing to be constructed to support the increasing need for housing in four wards of the city. The Council want to bring forward housing on up to 17 sites to create vibrant, balanced communities by increasing housing choice in an area of social housing, invest in the local environment, and to sustain and improve local services. The 17 sites are in the communities of Newbiggin Hall, West Denton, Slatyford and Kenton Bar Estate.
- 1.2 The Council has undertaken a review of small garage sites of land which are unused, unattractive, and no longer required, and aim to repurpose these sites for the construction of housing sites in clusters. These derelict, small sites could be transformed into social housing assets which provide much needed family homes and improve areas of the neighbourhoods which currently are underused and often attract anti-social behaviour.
- 1.3 The proposal aims to create 109 high quality, mixed size, social rented homes on brownfield sites that will regenerate the wider estates. The sites are within neighbourhoods close to existing local facilities, community networks, connections to the city centre and employment zones. This scheme will provide a real opportunity to improve multiple neighbourhoods across the north of the city and is a key priority as part of the Council's commitment to neighbourhood regeneration and investment. The new homes provided will also "free up" underoccupied family accommodation by providing options for smaller homes making the option to downsize more attractive to those under occupying properties.
- 1.4 The proposal seeks North East CA Brownfield Housing Fund for infrastructure works in preparation of delivering homes. The deliverability of the sites is impacted by high abnormal costs associated with often challenging topography and remediation costs resulting from the brownfield nature of the land. Works required include removal of non-hazardous waste, demolition and made good ground works, treatment of asbestos and import of clean cover appropriate to residential use. The sites are in a low value market locations so to make schemes successful the barriers identified must be addressed.
- 1.5 The funding requested is to be used to fund demolition and ground remediation and other associated costs to enable the redevelopment of unused garage sites. This will involve ensuring utility services are available, upgrading the existing access roads, mitigating future flood risk and improving site security and management.
- 1.6 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Site investigations	£285,000

Demolition and remediation – Kenton Bar sites	£879,727
Demolition and remediation – Slatyford sites	£314,881
Demolition and remediation – West Denton sites	£429,634
Demolition and remediation – Newbiggin Hall sites	£605,755
<b>Total</b>	<b>£2,514,997</b>

## 2. Outputs

Outputs	25/26	26/27	27/28	Total
Brownfield Land Remediated (Hectares)	3.5			3.5
Social Rented Homes	0	69	40	109

## 3. Timetable for Implementation

Milestone	Forecast Date
Appointment of a demolition contractor	January 2026
Planning approval	March 2026
Commencement of demolition works	April 2026
Commencement of construction of new homes	August 2026
Completion of construction of new homes	August 2028

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Thrive Economics are outlined below. This includes the background to the proposed funding conditions.
- 4.2 The Strategic Case is rated Green reflecting strong linkages to national, regional and local strategies and policies. There is also clear demand for the proposed 109 homes for social rent within Newcastle.
- 4.3 The Commercial Case is rated Amber reflecting that whilst the City Council has a strong track record in delivery of commercially successful schemes with a similar focus over the past decade, the business case and supporting documents lack detail on the proposed procurement approach and how the homes will be let. These issues are not seen as fundamental by the appraisal team but the lack of detail has led to the amber rating here. Work is now ongoing with the applicant and to mitigate the above rating, the appraisal team propose that Newcastle City Council submit a Procurement Commissioning Plan to the North East CA prior to a Grant Funding Agreement being issued.
- 4.4 The Economic Case is rated Green reflecting that the scheme achieves a BCR of 1.28 which represents reasonable value for money, and the modelling is likely to understate the scheme's value for money position. There are some weaknesses in the economic case but they are not fundamental – for example, ideally the options appraisal would include greater detail and the alternative options would be costed.
- 4.5 The Financial Case is rated Amber reflecting that whilst costs provided are currently in line with Building Cost Information Service (BCIS) estimates within the area, along with Newcastle City Council's own cost data from similar schemes delivered recently, the appraisal team have some concerns surrounding the lack of information on potential unforeseen costs. Thrive propose that Newcastle City Council confirm when Ground Investigation surveys have been undertaken, to enable foundation and groundwork engineering works to be more accurately estimated. At this point, Newcastle City Council will then provide an updated Development Appraisal once costs and income projections are more robust.
- 4.6 The appraisal team rate the Management Case as Green reflecting that a reasonable level of detail has been provided about the scheme's delivery plan. Whilst some milestones are omitted and the timing allowed appears a little optimistic these are not viewed as significant issues, as the scheme can comfortably be delivered within the North East CA's timescales. The governance arrangements appear appropriate, and there is a good consideration of non-financial risks in the business case.

4.7 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
<b>Risk Rating</b>	Strategic case	<b>Green</b>
	Commercial case	<b>Amber</b>
	Economic case	<b>Green</b>
	Financial case	<b>Amber</b>
	Management case	<b>Green</b>
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

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

No.	Condition
<b>Pre-Contract Conditions:</b>	
1.	The Subsidy Control advice to be reviewed by a suitably qualified lawyer for North East CA to satisfy themselves as to the validity of approach.
2.	The Recipient to provide a Procurement Commissioning Plan to the North East CA.
<b>Ongoing Conditions:</b>	
3.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
4.	No draw down of funding until Homes England and Newcastle City Council match funding is confirmed.
5.	The Recipient must provide an update on site investigation works and an updated Development Appraisal to the North East CA when available to include the pricing of groundworks to ensure these are in line with current estimates. In the event there is a reduction in the eligible costs detailed in the business case, this will be reflected in a proportionate reduction to the Funding.
6.	The Recipient shall provide a full open book assessment on completed scheme once all phases are completed to ensure the scheme reflects actual tenure mix, actual scheme cost and value, and units delivered as proposed in the Full Business Case.

## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

- Market for the proposed scale of development in the North of the City – a phasing plan will be carefully considered, within the delivery objectives. A range of tenure options will be sought to maximise the response to housing needs in those areas.

- Ability to secure planning permission for the proposals – this is mitigated by the fact that all sites are allocated for Housing in the Council’s Development Allocation Plan.
- Ability to secure a construction partner for Phases 1A, 2 & 3 – the Council has undertaken soft market testing, and this has revealed a good level of interest.
- Ability to complete the demolition, ground remediation and construction process within the required timescales for the funding allocation – a clear process is in place and a period of 36 months has been built into the project plan.
- Ability to deliver Construction Phases – Construction Services are already engaged on these sites through the development in the project brief, Heads of Terms and Development Agreement.
- Increasing costs impacting on the viability of the scheme – a scheme cost for Phases 1, 2, 3 and 4 will be secured through procurement processes within Construction Services, NCC.
- Political/public objections to the scheme proposals – a good relationship exists with Ward Members across the four wards and they are supportive of proposals to date, and there is a longstanding public narrative around the development in areas, with no significant objections experienced on recent developments in these areas.

## 8. Financial and other resources implications

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

<b>Funding source</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
<i>Brownfield Housing Fund (£)</i>	£15,000	£1,250,000	£1,250,000	-	-	£2,515,000
<i>Homes England SAHP (£)</i>	-	-	£6,183,750	£6,183,750	-	£12,367,500
<i>Newcastle City Council (Prudential Borrowing) (£)</i>	£270,000	£366,237	£532,425	£3,596,778	£7,602,104	£12,367,544
<b>Total (£)</b>	<b>£285,000</b>	<b>£1,616,237</b>	<b>£7,966,175</b>	<b>£9,780,528</b>	<b>£7,602,104</b>	<b>£27,250,044</b>

8.2 Status of match funding:

- A formal decision on the match funding from Newcastle City Council will be made in February 2026.
- A funding decision from Homes England is expected in Spring 2026.

## 9. Consultation and engagement

9.1 The approach to stakeholder engagement is outlined within the Business Case and will be further detailed and refined through a Communications and Engagement Plan. These will include:

- Cabinet Members – Delivery Plan shared with Cabinet lead. The detailed shared with the Dynamic City Cabinet lead and full Cabinet sign off obtained.
- Homes England – consistently supportive of new build schemes in the North area of the City. Discussions are ongoing regarding securing grant.
- Construction Services – lead on the demolition, ground remediation and construction of the sites.
- Ward Members – monthly meetings held with Ward Members who are supportive of the proposals
- Residents – residents whose properties are adjacent to the site will be engaged before and during the construction periods to ensure good public relations. Residents will be engaged through the established resident consultation in line with the Planning Application process. Wider residents will be engaged through consultation events as proposals are developed;
- Local community organisations – residents and community organisations in the area, who will be consulted with as the proposals develop.

## Annex 7. The Investment Proposal (Walker Sites, Newcastle East)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Walker Sites, Newcastle East
<b>Lead Organisation</b>	Newcastle City Council
<b>Delivery Areas</b>	Newcastle
<b>Start Date</b>	1 April 2027
<b>Financial End Date</b>	31 December 2028
<b>Practical completion date (date by which all outputs will be achieved)</b>	30 September 2030
<b>Total Project Value</b>	£75,395,716
<b>Grant Amount Requested</b>	£4,781,275
<b>Budget Implications</b>	As detailed in 'Background' section (1.3)

- 1.1 The Walker Masterplan area is one of the most significant projects to be carried out in the East end of Newcastle. It covers seven sites which are located at Felling View, the former gas holder site at Greenford Road, Windhill Road/Merton Road, Greenford Road, The Stack/Walker Park Close, Dovercourt Road and Church Walk.
- 1.2 The scheme is located within one of the most deprived wards of the country. Despite widescale demolition of housing in recent years, Walker has seen only small-scale redevelopment providing new homes largely at affordable or social rent only basis. Walker has been a strategic regeneration priority for Newcastle City Council for twenty years, having experienced a population loss of 40% between 1971 and 2001.
- 1.3 Walker currently has over 3000 social homes with limited access to market sale homes for existing and new residents. Much of the local housing stock is of 1930s municipal construction arranged in short terraces. As a consequence of longstanding issues of low demand, more than 500 properties have been demolished over the past 30 years, including pre-1919 terraces, 1930s & 1960s houses and 1960s/1970s mid- and high-rise flats.
- 1.4 The proposal seeks to transform housing options within this part of Newcastle by developing 314 new homes for private sale (in addition to 137 affordable homes, shared equity or affordable rent) and in doing so, creating investment opportunities for new and existing communities, charity and commercial organisations, which will in turn drive regeneration and increase the sustainability of the whole community.
- 1.5 All seven sites covered by the proposed scheme will be delivered through Newcastle City Council's Joint Venture Partnership – New Tyne West Development Company LLP (NTWDC). Created in 2011, NTWDC is an equal share public-private sector partnership created to regenerate key strategy areas of the city. Keepmoat Homes are the main contractor partner, with partnership having successfully delivered over 600 homes in the last 10 years.
- 1.6 Brownfield Housing Fund grant of £4,781,275 has been requested to deliver this scheme, funding abnormal costs. The remaining funding required to cover construction will come from sales revenue from an existing development or if necessary, loan notes from Keepmoat Homes.
- 1.7 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Demolition	£690,000
Earthworks	£2,116,075
Retaining Walls	£1,975,200

<b>Total</b>	<b>£4,781,275</b>
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## 2. Outputs

<b>Outputs</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>Total</b>
Brownfield Land Remediated (Hectares)	4.37	6.16			10.53
Number of New Homes	23	150	230	48	451

## 3. Timetable for Implementation

<b>Milestone</b>	<b>Forecast Date</b>
Planning permission application submitted	30 July 2026
Planning permission granted	31 October 2026
Start on Site (first site)	1 April 2027
Start on site (last site)	1 October 2027
Completion of all enabling works	31 October 2028
Completion of unit construction (first site)	30 April 2030
Completion of unit construction (last site)	30 September 2030

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Sanderson Weatherall are outlined below.
- 4.2 The Strategic Case is rated Green, and this reflects the strong case for change clearly outlined in the proposal's business case. Context is provided around socio economic factors and levels of local deprivation with clear linkages to how the scheme aligns with the wider regeneration in the area. The appraisal team note that the proposal meets an unmet aspirational need in the community by providing different housing options for residents through the introduction of home ownership options, as well as affordable homes for rent in response to housing need and demand.
- 4.3 The Financial Case is also assessed as Green with Sanderson Weatherall outlining their view that cost and value assumptions are reasonable, alongside the information provided by the applicant to outline the match funding for the scheme (developer finance).
- 4.4 Sanderson Weatherall also rate the Economic Case as Green. The economic model provided by Savills outlines an adjusted BCR of 5.68 reflecting a 'high' value for money position and a Net Present Value (NPV) of total monetised benefits of the scheme estimated to be £26.8m. These monetised benefits include wider area impacts (positive impact on the local housing market) alongside affordable housing health benefits and reduction in crime.
- 4.5 Following review of Commercial Case, the appraisal team rate this as Green. Sanderson Weatherall note that project is 'market making' in providing the community with different housing options including home ownership options. Furthermore, it is noted that the approach mirrors that which has been successful in the West of the City and developed with the same delivery vehicle. In terms of procurement processes, Sanderson Weatherall are satisfied the procurement plan and delivery model is tried and tested and is well suited to a project of this nature.
- 4.6 Following review of the Management Case, the appraisal team have also rated this as Green. The governance arrangements in place for the project are deemed to be satisfactory, with the Development Director for NTWDC responsible for the monitoring and delivery of works, with regular updates provided to NTWDC Board Members (Newcastle City Council and Keepmoat Homes). An existing Conditional Land Sale Agreement is in place, whereby Newcastle City Council will parcel agreed areas of land and transfer these to NTWDC for delivery of new homes. The appraisal team also note that the applicant has outlined suitable systems for monitoring finance and outputs.
- 4.7 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green
	Economic case	Green
	Financial case	Green
	Management case	Green
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

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

No.	Condition
1.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
2.	The Recipient to confirm that planning permission has been granted prior to the drawdown of any Brownfield Housing Fund grant.

## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

- Construction Cost Increases – All appraisals are developed and entered into on the basis of current costs and revenues with the assumption that any cost increases can be met by sales up lift or New Tyne West Development Corporation held contingency.
- Statutory Approvals – Delays to planning applications would cause time delays to programme and spend profile. Pre-application meetings are scheduled with all key stakeholders.
- Sales – Lack of sales achieved would slow development and reduced income would not cover costs. Plans in place to reduce initial sales values to create market.

## 8. Financial and other resources implications

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

Funding source	27/28	28/29	29/30	30/31	Total
<i>Brownfield Housing Fund (£)</i>	£3,529,432	£1,251,843			£4,871,275
<i>Recipient's Funds Capital (NTWDC) (£)</i>	£9,712,885	£25,090,018	£29,455,238	£6,301,895	£70,560,036
<b>Total (£)</b>	<b>£13,242,317</b>	<b>£26,341,861</b>	<b>£29,455,238</b>	<b>£6,301,895</b>	<b>£75,341,311</b>

8.2 Status of match funding:

- Developer finance only. Agreement that Joint Venture partners are to make available loan notes to provide funds to build out new homes with repayment made at a point when the company is financially positive. No loan notes drawdown since 2018 as all costs offset from sales income.

## **9. Consultation and engagement**

9.1 The approach to stakeholder engagement is outlined within the Business Case with a summary provided below.

- Newcastle City Council Cabinet Members – Delivery Plan shared with Cabinet lead. The detailed shared with the Dynamic City Cabinet lead and full Cabinet sign off obtained.
- Ward Members – monthly meetings are held with Ward Members.
- Key Community and Voluntary sector partners – monthly meetings to be held with “Walker Workers” to provide update and discuss wider social benefit
- Residents – residents with properties close to the sites will be engaged before and during the construction periods to ensure good public relations.
- Residents will be involved through the established consultation in line with the Planning Application process. Wider residents will be engaged through consultation events as proposals are developed.

## Annex 8. The Investment Proposal (Former Easington School Site, Durham)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Former Easington School Site
<b>Lead Organisation</b>	Durham County Council
<b>Delivery Areas</b>	Durham
<b>Start Date</b>	23 July 2025
<b>Financial End Date</b>	30 September 2026
<b>Practical completion date (date by which all outputs will be achieved)</b>	31 December 2027
<b>Total Project Value</b>	£6,638,919
<b>Grant Amount Requested</b>	£645,632
<b>Budget Implications</b>	As detailed in paragraphs 1.8 & 1.9

- 1.1 The Former Easington School Site proposition seeks to unlock a 0.72 ha brownfield site in Easington, County Durham through funding the necessary remediation and infrastructure provision on a cleared site previously occupied by Easington School.
- 1.2 This is part of a wider 10.8 ha strategic landholding owned by Homes England which will deliver 25 high-quality, energy-efficient social rent homes through Durham County Council's Housing Delivery Programme with construction of homes to M4(2) lifetime standards, incorporating air source heat pumps, photovoltaic panels, and EV charging points to meet EPC A ratings and low-carbon goals.
- 1.3 T Manners & Sons Ltd, a well-established regional contractor, will be responsible for the construction of the homes, bringing local expertise and a strong track record in delivering high-quality housing schemes. This wider project will directly employ around 75 regional staff, including 12 FTE retained locally, and provide apprenticeship opportunities to support future workforce development.
- 1.4 The scheme targets residents in housing need, particularly older people, by providing adaptable homes that support independent living. It aligns with the North East Combined Authority's strategic objectives by addressing market failure in affordable housing, supporting inclusive growth, and contributing to the delivery of 836 affordable homes annually in County Durham. The scheme will also enhance local sustainability, support community facilities, and stimulate local economic activity.
- 1.5 Brownfield Housing Fund grant of £645,632 is requested to contribute to the total costs of the scheme, which are stated to be £6,638,919. Site preparation works are due to begin in early 2026, with housebuilding starting in July 2026 and the scheme expected to be completed by December 2027.
- 1.6 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Site preparation – remediation (including disposal off site)	£630,632
Fees – business case preparation	£15,000
<b>Total</b>	<b>£645,632</b>

## 2. Outputs

<b>Outputs</b>	<b>26/27</b>	<b>27/28</b>	<b>Total</b>
Brownfield Land Remediated (Hectares)	0.72	0	0.72
Number of New Social Homes	0	25	25

### 3. Timetable for Implementation

Milestone	Forecast Date
Site investigations completed	31 December 2025
Planning permission granted	27 March 2026
Site preparation/remediation work start on site	1 April 2026
Construction start on site	13 July 2026
Site preparation/remediation work completed	30 September 2026
Construction complete	31 December 2027

### 4. Appraisal

- 4.1 Key points from the appraisal report completed by Savills are outlined below. This includes the background to the proposed funding conditions.
- 4.2 The Strategic Case is rated Green with the appraisal team noting that the application provides a comprehensive explanation of proposals' alignment with North East CA and wider strategic priorities, in particular the delivery of council owned social housing designed to meet the needs of older residents. The Strategic Case presents data on current balance of supply and demand for the affordable housing, and demographic trends, to evidence the need for investment. It also explains the market failure BHF investment will address, and the potential benefits of the scheme in terms of environmental benefits and reducing Durham County Council's dependency on temporary accommodation.
- 4.3 Likewise, the Commercial Case is also assessed as Green. Following review, Savills are satisfied that the market demand for the proposed development is proven and that the proposed procurement route follows best practice and is reflective of market practice.
- 4.4 The appraisal team rate the Management Case as Green reflecting that the application demonstrates a clear governance structure and delivery capability through Durham County Council's established Council House Delivery Programme. Responsibilities are well-defined, and the delivery team has relevant experience. Whilst the scheme is subject to several dependencies regarding planning approval and managing site-specific risks such as remediation and utility diversions, Savills note that suitable risk mitigation strategies are in place. Overall, the management case provides confidence in governance and that the scheme can be delivered with the timescales required.
- 4.5 Following an initial review of the Financial Case and additional work with the applicant, Savills rate this as Green. A revised development appraisal was submitted with the inclusion of a 25% discount to the gross rental income to account for management, maintenance and void costs. This is reasonable in the view of the appraisal team. Scheme contingencies have been revisited and included at 5%. Again, Savills see this as reasonable. Within the updated development appraisal, match funding (£750,000) from the Homes England Social and Affordable Housing Programme (SAHP) is included at an intervention rate of £30,000 per unit. Savills recommend that the applicant updates the appraisal once the final grant is confirmed. Overall, the viability assessment provides reassurance that the scheme is viable with the support of Brownfield Housing Funding.
- 4.6 The Economic Case is also rated Green reflecting an adjusted BCR of 1.33 falling within the 'acceptable' value for money category. The economic appraisal methodology follows HM Treasury Green Book guidance. Benefits monetised include land value uplift, health improvements from affordable housing, open space welfare gains, and carbon reduction impacts from low-carbon technologies. In the view of the appraisal team, the approach employed is sound and supported by relevant benchmarks.
- 4.7 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

### 5. RAG Assessment

- 5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green
	Economic case	Green
	Financial case	Green
	Management case	Green
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

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

No.	Condition
1.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
2.	The Recipient to provide confirmation of match funding and an updated Development Appraisal prior to the drawdown of Brownfield Housing Fund grant.

## 7. Key Risks

7.1 A summary of key risks relating to the investment proposal is included below:

- **Planning:** The application notes that planning approval is essential and has undertaken positive pre-application discussions. A comprehensive submission is planned to reduce risk.
- **Cost Inflation:** Rising build costs could affect viability. The applicant states that contingency and risk allowances have been included in the cost plan.
- **Programme:** The application highlights the dependency on meeting the March 2026 start-on-site deadline to draw down funding other public funding. Mitigation includes having a contractor already procured under a framework and a mobilisation plan aligned to funding timescales.
- **Site Constraints:** Risks relating to remediation, ecology, archaeology, and utility diversions are acknowledged. The applicant proposes early surveys, engagement with statutory bodies, and inclusion of abnormal cost allowances.

## 8. Financial and other resources implications

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

Funding source	2025/26	2026/27	2027/28	2028/29	Total
<i>Brownfield Housing Fund</i>	£15,000	£630,632			£645,632
<i>Recipient's Funds Capital (DCC)</i>		£2,817,512	£1,928,387	£37,750	£4,783,649
<i>Homes England Social and Affordable Homes Programme</i>		£375,000	£375,000		£750,000
<i>DCC Towns and Villages Fund</i>	£448,930	£10,708			£459,638
<b>Total</b>	<b>£463,930</b>	<b>£3,833,852</b>	<b>£2,303,387</b>	<b>£37,750</b>	<b>£6,638,919</b>

8.2 Status of match funding:

- DCC Towns and Villages Fund (£459,638) is secured.
- A funding decision from Homes England (SAHP) is expected in Spring 2026.
- 

**9. Consultation and engagement**

9.1 The approach to stakeholder engagement is outlined within the Business Case with a summary provided below.

9.2 Prior to the demolition of the school in 2021, the Council carried out public consultation in January and February 2020 to gauge support for demolition. The demolition was overwhelmingly supported.

9.3 Prior to submitting the planning application for the current proposed scheme, community consultation will be undertaken to establish the views of nearby residents and local stakeholders. It is recognised that engagement provides an opportunity to consider the queries and concerns of the local community prior to finalizing the proposed layout and design for planning submission.

9.4 To notify and engage the local community the following actions will be undertaken:

- Consultation leaflets will be distributed within the local area to include details of the proposal, a draft site plan and details of how residents can make their views known.
- Consultation details will be placed on a dedicated consultation website.
- Councillors, the parish council and other stakeholders will be provided with details of the proposed development.
- A drop-in session will be held to enable residents and other interested parties an opportunity to speak to representatives of the project team to discuss the proposals.

9.5 All responses received during the engagement period will be taken into consideration as part of finalising the proposals. The comments will be published in a statement of community involvement which will be submitted as part of the planning application. The proposal would be subject to a statutory period of consultation as part of the planning application.

## Annex 9. The Investment Proposal (Lanercost Park, Northumberland)

<b>Project Outline</b>	
<b>Funding Source</b>	Brownfield Housing Fund
<b>Proposal Name</b>	Lanercost Park, Cramlington
<b>Lead Organisation</b>	Northumberland County Council
<b>Delivery Areas</b>	Northumberland
<b>Start Date</b>	4 May 2026
<b>Financial End Date</b>	30 April 2027
<b>Practical completion date (date by which all outputs will be achieved)</b>	30 April 2027
<b>Total Project Value</b>	£3,591,515
<b>Grant Amount Requested</b>	£504,179
<b>Budget Implications</b>	As detailed in paragraphs 1.8 & 1.9

- 1.1 The Lanercost Park scheme in Cramlington, Northumberland aims to deliver 16 affordable rent units consisting of 1- and 2-bed Tyneside flats, in addition to 2-bed and 4-bed larger family homes. These homes will be owned and managed by Northumberland County Council and will be allocated via the Northumberland Homefinder, which is a choice based lettings scheme, to help address the need for more affordable housing in the County.
- 1.2 The Lanercost Park scheme is on a 0.22 hectare infill brownfield site upon which flats had previously been converted from a former office block on the site. The flats were demolished in 2023 due to no longer being fit for purpose and containing high levels of asbestos which made maintenance works highly risky.
- 1.3 The proposed scheme includes a range of low and zero carbon technologies such as Air Source Heat Pumps (ASHP) and Solar PhotoVoltaic (PV) panels as well as permeable paving Sustainable Drainage System (SuDS).
- 1.4 There are relatively high development costs associated with the scheme, given the need for site remediation, the drainage and utilities works, as well as the environmental features included, to such a level so as to make the project unviable without Brownfield Housing Fund support.
- 1.5 There are strong governance arrangements in place for the Lanercost Park scheme. The project has had oversight from Northumberland County Council's Director of Housing and Planning and has been recommended and approved at the Council's Capital Strategy Group and Council Cabinet. The Housing Delivery team will receive support from various departments across the authority, including planners, ecologists, solicitors and highways.
- 1.6 A Brownfield Housing Fund grant of £504,179 is requested to contribute to the total abnormal costs of the scheme, which are stated to be £781,071. Site preparation works are due to begin in May 2026, with the scheme expected to be completed and outputs achieved by April 2027.
- 1.7 A summary of eligible expenditure is provided within the table below:

<b>Expenditure Item</b>	<b>Costs</b>
Site fencing and hoarding	£14,200
Utility installation and diversion	£98,990
Low carbon technology – ASHPs and PV panels	£280,184
Site remediation	£5,200
Permeable paving (SUDs)	£69,697
Gas membrane	£13,939
Relic foundation removal	£6,969

Fees – business case preparation	£15,000
<b>Total</b>	<b>£504,179</b>

## 2. Outputs

Outputs	26/27	27/28	Total
Brownfield Land Remediated (Hectares)	0.22	0	0.22
Number of New Affordable Rent Homes	16	0	16

## 3. Timetable for Implementation

Milestone	Forecast Date
Planning permission granted	31 December 2025
Appointment of a preferred contractor	31 March 2026
Site preparation/remediation work start on site	1 April 2026
Construction of units completed	31 April 2027

## 4. Appraisal

- 4.1 Key points from the appraisal report completed by Thrive Economics are outlined below. This includes the background to the proposed funding conditions.
- 4.2 The Strategic Case is rated Green and this reflects the small but important contribution of the scheme to the provision of affordable homes in Northumberland. There is a considerable need to develop more affordable homes and so the Lanercost Park scheme helps meet local policy objectives, which also reflect broader regional aspirations to improve the supply of affordable homes. The scheme incorporates a number of environmental features that help contribute to net zero objectives helping the scheme to meet regional and national greener homes objectives.
- 4.3 Likewise, the Commercial Case is also assessed as Green reflecting the experience of Northumberland County Council in delivering schemes of this nature and the strong governance mechanisms in place. The Housing Delivery Team was established in 2019 to help deliver the ambitious affordable homes programme in Northumberland and has the capacity and resources to ensure scheme delivery. There are sound procurement approaches in place, and the use of the NEPO Framework should be advantageous for the applicant, although it is the first time this approach has been adopted. The works will be tendered as a single contract and this is appropriate for a scheme of this nature.
- 4.4 Thrive Economics also rate the Economic Case as Green. This reflects the strong economic benefits arising from the proposed scheme, in relation to the BHF monies sought, which generates a high BCR. Economic impacts relate to the Land Value Uplift alongside wider impacts. These wider impacts arise from health benefits from affordable homes element, open space impacts and the energy benefits associated with the good environmental specification of the scheme. The appraisal team note that even when sensitivity tests are applied, there is still a good BCR.
- 4.5 Following review of the Financial Case, Thrive Economics currently rate this as Amber. The appraisal team note that upon comparison with Building Cost Information Service (BCIS) average cost data for new build housing in the Northumberland area, the proposed scheme is well within the upper percentile based on allocated build costs. Thrive Economics further note that whilst build costs for this development would typically be higher than the average BCIS costs, owing to the brownfield nature of the scheme, and that fact that the specification achieves high quality dwellings, with incorporation of renewable energy sources such as photovoltaic panels and air source heat pumps (ASHPs), the budget allocation appears healthy. The team are therefore confident the proposed construction budget should be sufficient, and do not think value engineering would be necessary, so long as effective management is maintained.

- 4.6 Within the review of the Financial Case, a risk was raised by the appraisal team in relation to Biodiversity Net Gain (BNG) costs being excluded from the applicant's application. A pre-contracting condition is suggested in the report for the applicant to provide confirmation of these costs, though Northumberland have confirmed to us that they will be covered by a separate contribution from Northumberland County Council via Housing Revenue Account (HRA) reserves.
- 4.7 The Management Case is rated Green, with Northumberland County Council an experienced housing delivery organisation with strong governance arrangements in place. The Housing Delivery Team has been in place since 2019 and there is a good working relationship with internal departments and with external consultants providing support, for example in relation to Quantity Surveying. Whilst there are some risks identified, these principally relate to some potential delays in the scheme's implementation, rather than fundamental risks to the scheme itself.
- 4.8 Overall, the Business Case is rated as Green, with funding conditions proposed as below.

## 5. RAG Assessment

- 5.1 The assessment follows the HM Treasury Five Case Model.

Overall RAG assessment		
<b>Risk Rating</b>	Strategic case	<b>Green</b>
	Commercial case	<b>Green</b>
	Economic case	<b>Green</b>
	Financial case	<b>Amber</b>
	Management case	<b>Green</b>
	<b>Overall rating</b>	<b>Green</b>

## 6. Recommended Conditions of Funding

- 6.1 The award of funding would be subject to the following proposed funding conditions:

No.	Condition
1.	The Recipient will under-write any capital cost escalation to allow the completion of the project should costs increase beyond budget.
2.	The Recipient to confirm that planning permission has been granted prior to the drawdown of any Brownfield Housing Fund grant.
3.	The Recipient to provide confirmation of Biodiversity Net Gain costs associated with the development including confirmation on how these will be covered prior to the drawdown of any Brownfield Housing Fund grant.

## 7. Key Risks

- 7.1 A summary of key risks relating to the investment proposal is included below:
- Net Cost of Construction - The design and specification of key areas of the work will need careful management to ensure the final design and any changes reflect the agreed construction budget. The applicant states that Identity Consult will produce Cost Estimates / Cost Plans at key RIBA Stages and advise on any cost changes.
  - Stopping Up Orders – Early engagement is required with Northumberland County Council Highways to determine the extent of any Stopping Up Orders. Through the appraisal process it was confirmed

that planning permission needs to be granted before any stopping up orders required can proceed – at which point this position can be updated.

- Bio Net-Gain – The Biodiversity Net Gain strategies are to be coordinated and agreed for the planning submission. All ecology surveys have taken place, but BNG is being developed on the sites. Due to the small size of the site, Northumberland County Council have confirmed that the preference is to proceed with credits.

## 8. Financial and other resources implications

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

<b>Funding source</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
Brownfield Housing Fund	£15,000	£489,179	£504,179
Recipient's Funds Capital (NCC HRA)		£1,767,336	£1,767,336
Homes England Social & Affordable Homes Programme		£1,320,000	£1,320,000
<b>Total</b>	<b>£15,000</b>	<b>£3,576,515</b>	<b>£3,591,515</b>

8.2 Status of match funding:

- A funding decision from Homes England (SAHP) is expected in Spring 2026.

## 9. Consultation and engagement

9.1 The approach to stakeholder engagement is outlined within the Business Case with a summary provided below.

9.2 The scheme has been subject to extensive consultation as part of navigating the planning process. This has provided the local community and stakeholders with an opportunity to comment and feedback on the scheme. In addition to the community consultation exercise, engagement with key statutory consultee groups was also undertaken.

9.3 On 23 September 2024, the Northumberland County Council Housing Delivery Team held a presentation with Cramlington Town Council to get their feedback on our initial plans for Lanercost Park and to help inform and changes to the scheme with might benefit the local community.

9.4 In advance of submitting the full planning application, on 6 November 2024 the Delivery Team held a further public drop in event in Cramlington to discuss proposals with local residents with around 20 residents attending during the two hours that the even ran for.

9.5 An online consultation was also published using the Citizen Space platform and ran for 3 weeks in October 2024. The consultation received 33 responses in total. Both the public drop in event and the online consultation were advertised via the Northumberland County Council Facebook page, and on the Northumberland County Council website.