

Title: Technical Capacity Fund – Investment Proposals

Report of: Phil Graham – Programme Manager (Housing Development Manager)

Portfolio: A North East we are Proud to call Home

Report Summary

The purpose of this report is to provide details of seven investment proposals to enable each to be recommended for approval in accordance with the Single Assurance Framework. All seven proposals are to be delivered as part of the Technical Capacity Fund programme for the values as outlined in 1.8 below.

Recommendations

The Director of Economic Growth & Innovation is asked to:

- i. Note the contents of the report;
- ii. Approve Technical Capacity Fund for the amounts outlined to the proposals identified below and to enter into the associated Grant Funding Agreements with relevant lead organisations.

A. Summary of Investment Proposal (Context)

1. Background

- 1.1 The North East Strategic Place Partnership (SPP) represents a major collaborative effort between the North East Mayoral Strategic Authority (North East MSA), Homes England, and local partners to accelerate housing delivery and unlock place-based regeneration opportunities across the region. Following the signature of the SPP Memorandum of Understanding in October 2024, partners have worked to build a comprehensive pipeline of priority housing sites that reflects local growth ambitions, responds to housing need, and supports inclusive economic development. Initial pipeline work has identified the potential to deliver up to 25,000 new homes over the next 15 years; however, significant technical, financial and viability challenges must be addressed to bring these opportunities forward.
- 1.2 To respond to these challenges, in January 2025 the North East MSA Cabinet approved the creation of a Technical Capacity Fund, allocating £1 million of Investment Fund resources to strengthen business cases and increase the investment readiness of schemes within the strategic housing pipeline. This fund is intended to provide the technical expertise and due-diligence capacity that constituent authorities, registered providers, and wider partners require to overcome longstanding structural barriers, particularly on complex, brownfield or infrastructure-dependent sites. The fund will also maximise alignment with Homes England revenue resources, ensuring that national and regional investment works in tandem to unlock delivery.
- 1.3 A key component of the January 2025 decision was the agreement to delegate authority for the detailed design, scope, eligibility criteria and procurement arrangements of the Technical Capacity Fund. Responsibility for finalising and implementing these provisions was delegated to the Chief Executive, acting in consultation with Finance and Investment Board. This approach was endorsed by Finance and Investment Board on 27 May 2025 and reflects the need for a responsive, flexible mechanism capable of adapting to scheme specific circumstances, evolving market conditions, and the varying capacity levels of delivery partners across the region. Links to the associated Cabinet Report and Delegated Decision Report are provided in Section G.
- 1.4 Under the delegated arrangements, the Director of Economic Growth and Innovation is authorised to approve procurements and award contracts up to £1,000,000, as well as grant awards up to £1,000,000. These powers are exercised in line with the General Delegations set out in the North

East MSA Constitution and ensure that the programme can move at pace while remaining fully compliant with assurance, value-for-money and subsidy control requirements. An approvals panel has overseen funding decisions, supported by independent appraisal through the Programme Assurance Team, ensuring transparency, consistency and robust governance across all allocations.

- 1.5 The Technical Capacity Fund itself is structured to support a range of eligible activities, including viability assessments, master planning, feasibility studies, technical investigations, and business case development. These interventions are designed to de-risk priority sites, establish clear investment requirements, and strengthen the region's ability to secure future national and devolved funding for both housing and enabling infrastructure. Crucially, the fund will help develop a single, coherent investment pipeline for the North East, one which reflects shared regional priorities and provides a strong foundation for long-term, strategic delivery.
- 1.6 The creation of the Technical Capacity Fund is a proactive step to ensure that the North East is well positioned to accelerate housing supply, unlock regeneration opportunities and support the wider objectives set out in the Local Growth Plan, the Mayoral Manifesto and Government's devolution ambitions. By building a robust, evidence-driven and investment-ready pipeline, the region will be better equipped to unlock stalled sites, attract external investment, and deliver high-quality homes that meet local needs now and into the future.
- 1.7 During August and September 2025, Local Authority partners were invited to submit up to three proposals to this funding via a Project Delivery Plan. Following receipt of proposals from all seven Local Authorities, the approvals panel met to assess submissions against agreed criteria provided within the Project Call Specification. This investment proposition paper sets out the agreed allocations from the Fund and how these will be targeted to achieve the required delivery outcomes.
- 1.8 A summary of each of the panel approved proposals is provided in the table below, with further details in relation to each provided from Section 2 onwards.

Proposal Name	Area	Value	Summary
Hirst Pilot 1.1	Northumberland	£107,000	RIBA Stage 2 design & cost plan for a demonstrator street in Ashington.
Felling Town Centre	Gateshead	£66,820	Site investigations and business case development for a regeneration scheme.
Extra Care Programme	Northumberland	£75,000	Feasibility and technical studies for four extra-care housing sites across the county.
Stanton Lodge CPO	North Tyneside	£130,000	Legal and technical work to acquire and prepare a derelict care home site for housing.
Site Investigations	Durham	£40,000	Phase 2 ground investigations on two council-owned sites to enable future housing.
Sheepfolds	Sunderland	£60,000	Pre-development design work required to support delivery of future phases.
Regeneration Priorities	Newcastle	£225,000	Surveys, design work and feasibility studies up to RIBA Stage 3 across multiple sites.
	Total	£703,820	

- 1.9 In addition to the above proposed allocations, the following amounts have previously been agreed through procurement and staffing, bringing the total allocated to date to £967,516. It is envisaged that the remaining £32,484 of Technical Capacity Funding will be utilised to support the required due diligence on the regional strategic housing pipeline.
 - Northern Housing Consortium – Consultancy contract supporting development of the Regional Strategic Housing Pipeline (£40,000)
 - Staffing Capacity – Recruitment of two Project Managers (Grade N9) to be seconded to Durham County Council and South Tyneside Council for an initial period of two-years (£223,696).

2. The Investment Proposal (Hirst Pilot 1.1)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Hirst Pilot 1.1
Lead Organisation	Northumberland County Council
Delivery Areas	Northumberland
Start Date	1 July 2026
Financial End Date	31 December 2026
Practical completion date (date by which all outputs will be achieved)	31 March 2027
Total Project Value	£107,000
Grant Amount Requested	£107,000
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 2.1 Northumberland County Council is seeking a £107,000 investment from the North East MSA through the Technical Capacity Fund to undertake RIBA Stage 2 design and cost analysis, including associated surveys, for the proposed Pilot Area 1.1 demonstrator street within the Hirst Estate Masterplan in Ashington.
- 2.2 The purpose of this work is to progress the regeneration proposals set out in the Hirst Masterplan by developing design options for one of the existing streets in the pilot area. The demonstrator street includes approximately 54 homes and is intended to act as a starting point for wider estate regeneration. The RIBA Stage 2 work will assess options involving selective demolition and reconfiguration of housing types to meet modern needs and local requirements as informed by ongoing community engagement undertaken by the Council.
- 2.3 By undertaking this RIBA Stage 2 work now, the Council will gain a clear understanding of design and delivery requirements together with any viability issues that need to be considered. This will accelerate the transition from master planning to implementation and help ensure that future investment is targeted and aligned with community aspirations. The resulting demonstrator street will provide a blueprint for future phases of regeneration across the wider Hirst Estate.
- 2.4 The Technical Capacity Fund supported element of the project is expected to run for approximately seven months with design and cost analysis completed by July 2026.

3. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	01/7/2026
Financial Completion Date	31/12/2026
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	31/03/2027

4. RAG Assessment

- 4.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA.

4.2 Details of the RAG Assessment is provided below, alongside proposed funding conditions.

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

5. Recommended Conditions of Funding

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

No.	Condition
1.	None

6. Key Risks

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

6.2 There is a low risk that delays in appointing a partner to deliver the RIBA Stage 2 work and cost analysis could result in the proposal starting later than anticipated. To mitigate this, the applicant has noted that they will work closely their procurement colleagues to ensure the partner is appointed in a timely manner.

7. Financial and other resources implications

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

Technical Capacity Fund (£)	2026/27	2027/28	Total
Professional Fees	£101,000	-	£101,000
Surveys	£6,000	-	£6,000
Total (£)	£107,000	-	£107,000

7.2 Status of match funding:

- None.

8. The Investment Proposal (Felling Town Centre)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Felling Town Centre
Lead Organisation	Gateshead Council
Delivery Areas	Gateshead
Start Date	1 June 2026
Financial End Date	30 September 2027
Practical completion date (date by which all outputs will be achieved)	31 December 2027
Total Project Value	£66,820
Grant Amount Requested	£66,820
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 8.1 The Felling Regeneration Scheme is seeking to transform 4 hectares of town centre land jointly owned by Gateshead Council and Karbon Homes. The project aims to provide fully affordable, energy efficient homes with delivery planned for up to 250 new units. The scheme is proposed for delivery across two phases from 2027 onwards. The demolition of formerly occupied and outdated 1960s housing blocks from the site is underway.
- 8.2 The scheme is currently unviable with a £19m funding gap driven by significant abnormal costs, including demolition, ground conditions, site topography issues around third-party land acquisition. The Technical Capacity Funding will enable essential site investigations and updated cost planning to establish scheme viability and support future capital funding bids.
- 8.3 The Technical Capacity Fund will cover below ground scanning for utilities, ecology and arboriculture surveys, drainage surveys, noise/air quality assessments and updated development cost plans. It will also fund a specialist consultant to prepare two business cases, one for each delivery phase. This will help to ensure the project is ready for future development and will enable Gateshead Council and Karbon Homes to accelerate delivery of the regeneration scheme.

9. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	01/06/2026
Financial Completion Date	30/09/2027
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	31/12/2027

10. RAG Assessment

- 10.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA. Details of the RAG Assessment is provided below, alongside proposed funding conditions.

Overall RAG assessment		
	Strategic, Economic & Commercial case	Green

Risk Rating	Financial & Management case	Amber
	Overall rating	Green

11. Recommended Conditions of Funding

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

No.	Condition
1.	The Recipient is to provide a copy of legal advice received in respect of the subsidy control position, to enable the North East MSA to be review and be comfortable that the Technical Capacity Fund grant can be provided on a compliant basis.

12. Key Risks

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

12.2 Site investigations may reveal unforeseen issues that could affect scheme viability, however, desktop survey work and additional contingency help mitigate this.

12.3 Some of the costs are based on estimates rather than quotations, potentially increasing overall proposal costs. The use of experienced and competent professionals will help mitigate this together with including some budget contingency.

12.4 Funded works may not meet the required quality to progress the scheme, potentially causing delays for corrections or retendering, though contractor selection through compliant frameworks and quality assessment helps manage this.

13. Financial and other resources implications

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

Technical Capacity Fund (£)	2026/27	2027/28	Total
Site Investigations	£32,640		£32,640
Consultant Fees	£22,180	£12,000	£34,180
Total (£)	£54,820	£12,000	£66,820

13.2 Status of match funding:

- None.

14. The Investment Proposal (Extra Care Programme)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Extra Care Programme
Lead Organisation	Northumberland County Council
Delivery Areas	Northumberland
Start Date	1 January 2026
Financial End Date	30 June 2026
Practical completion date (date by which all outputs will be achieved)	30 September 2026
Total Project Value	£78,660
Grant Amount Requested	£75,000
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 14.1 Northumberland County Council's Extra Care Development Programme aims to deliver over 500 new homes by 2029-2030. The Council owns land in 7 locations that have been allocated for extra care, including in Hexham, Alnwick, Berwick, Blyth, Cramlington, Ponteland and Ashington. Phase 1 of the programme is commissioning new schemes in Hexham, Cramlington, Blyth and Alnwick on unused brownfield sites. Further schemes include Ashington, Bedlington, Ponteland and Berwick.
- 14.2 In this case, the applicant has commenced elements of eligible work associated with the grant request. These early activities comprise site investigations and technical studies required to support the forthcoming procurement of extra care provision on the relevant sites, with outputs to be included within bidder information packs. Rather than delay commencement until the procurement process was complete, it was agreed that progressing this work was necessary to limit any issues associated with future delivery phases and therefore the recipient proceeded at risk.
- 14.3 Funding from the Technical Capacity Fund is supporting technical investigations to be undertaken on sites in Ashington, Cramlington and Alnwick, enabling Northumberland County Council to take forward stalled sites to procurement and deliver up to 305 new homes on council land more quickly.
- 14.4 Desktop technical investigations at the site in Ashington include planning overview, capacity planning, ground conditions and foundations, services / utilities, drainage, landscape design and ecology, open space assessment, transport assessments, flood risk assessments and coal mining risk assessments. Desktop technical investigations at the sites in Cramlington and Alnwick will include flood risk assessments and coal mining risk assessments.
- 14.5 In addition, the scope of the Technical Capacity Fund project extends to desktop feasibility studies for extra care schemes at Ponteland, Alnwick, Cramlington and Ashington. The scope of these includes site suitability, planning potential, delivery risks, design options and costs.

15. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	1 January 2026
Financial Completion Date	30 June 2026
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	30 September 2026

16. RAG Assessment

- 16.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA. Details of the RAG Assessment is provided below, alongside proposed funding conditions.

Overall RAG assessment		
Risk Rating	Strategic, Economic & Commercial Case	Green
	Financial & Management Case	Green
	Overall rating	Green

17. Recommended Conditions of Funding

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

No.	Condition
1.	None

18. Key Risks

- 18.1 A summary of ongoing key risks relating to the investment proposal are included below:
- Delays in appointing partners to deliver technical investigations and feasibility studies. Ongoing mitigation measures include use of procurement frameworks and early engagement with potential providers who have been briefed on requirements.
 - Incomplete or delayed technical investigations and/or feasibility studies. Ongoing mitigation measures include a clear scope and deadlines with internal project oversight by the Northumberland County Council Housing Delivery Manager.
 - Cost overruns for the investigations and feasibility studies. Ongoing mitigation measures include the use of fixed-price frameworks and include contingency.

19. Financial and other resources implications

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

	2026/27	2027/28	Total
Technical Capacity Fund (£)	£75,000	-	£75,000
Match Funding - NCC (£)	£3,660	-	£3,660
Total (£)	£78,660	-	£78,660

- 19.2 Status of match funding:

- Northumberland County Council have provided written confirmation of the match funding.

20. The Investment Proposal (Stanton Lodge CPO)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Stanton Lodge CPO
Lead Organisation	North Tyneside Council
Delivery Areas	North Tyneside
Start Date	1 January 2026
Financial End Date	31 March 2027
Practical completion date (date by which all outputs will be achieved)	30 June 2027
Total Project Value	£150,000
Grant Amount Requested	£130,000
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 20.1 Stanton Lodge is a former care home that has suffered a significant fire due to an arson attack in 2024. The site is now an eye-sore, attracting anti-social behaviour. The site has been in the hands of the receiver since 2022. The proposal is to seek legal costs to facilitate the compulsory purchase of the site and to develop affordable housing on the site, either directly by the applicant (North Tyneside Council) or in partnership with a Registered Provider.
- 20.2 The project is seeking £130,000 from the Technical Capacity Fund towards a £150,000 project to build internal expertise around Compulsory Purchase Orders (CPOs). The funding will be used to procure legal expertise to develop CPO methodology and templates specifically for the acquisition of the Stanton Lodge site in North Tyneside. The recipient has confirmed they have the resources to complete the land acquisition on completion of the funded legal work.
- 20.3 The applicant has confirmed that without the Technical Capacity Funding, the project would not have been able to go ahead, and the site would have remained vacant indefinitely.
- 20.4 In this instance, the applicant has commenced work following discussions between North Tyneside Council, North East MSA and Homes England. Homes England required the match funding to be defrayed by 31 March 2026. This was further supported by the current condition of the site and the significant levels of anti-social behaviour occurring, giving rise to concerns within the local community. In this context, it was considered necessary to progress activity at pace to address these issues and elements of the project were advanced at risk to support timely delivery.

21. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	1 January 2026
Financial Completion Date	31 March 2027
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	30 June 2027

22. RAG Assessment

- 22.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA. Details of the RAG Assessment is provided below, alongside proposed funding conditions.

Overall RAG assessment		
Risk Rating	Strategic, Economic & Commercial Case	Green
	Financial & Management Case	Green
	Overall rating	Green

23. Recommended Conditions of Funding

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

No.	Condition
1.	The Recipient will underwrite any cost escalation to allow the completion of the Project should costs increase beyond budget.

24. Key Risks

- 24.1 A summary of key risks relating to the investment proposal is included below:
- 24.2 Site sold prior to Compulsory Purchase Order, therefore unable to proceed with CPO on Stanton Lodge. This risk can be mitigated via an alternative site being acquired (so learnings still occur).
- 24.3 From a financial risk perspective, the CPO costs are currently an estimation and should Stanton Lodge be unviable to purchase, the project will still proceed with alternative sites.

25. Financial and other resources implications

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

	2025/26	2026/27	2027/28	Total
Technical Capacity Fund (£)	-	£130,000	-	£130,000
Match Funding – Homes England (£)	£20,000	-	-	£20,000
Total (£)	£20,000	£130,000	-	£150,000

- 25.2 Status of match funding:

- Homes England match funding is contracted and fully defrayed by the end of 2025/26.

26. The Investment Proposal (Site Investigations)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Site Investigations
Lead Organisation	Durham County Council
Delivery Areas	Durham
Start Date	1 May 2026
Financial End Date	31 March 2027
Practical completion date (date by which all outputs will be achieved)	30 June 2027
Total Project Value	£40,000
Grant Amount Requested	£40,000
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 26.1 Durham County Council is seeking a £40,000 investment from the North East MSA to fund site investigations at the following two locations – Sunnysdale Former School Site, in Shildon and Land at Rosedale Avenue, in Benfieldside.
- 26.2 Following previous Technical Due Diligence and discussions with Homes England, the purpose of these Phase 2 investigations will help Durham County Council determine whether there are any constraints (contaminations, stability, coal seams) that could impact the ability to accelerate the disposal of the sites to market for redevelopment. The sites have the potential capacity for 100 new homes.
- 26.3 Both sites currently all sit outside of the current three year disposal programme and by undertaking site investigations now, Durham County Council will have a better understanding of any identified site constraints/viability issues which could lead to either further funding bids to alleviate any viability gaps or help inform marketing particulars to bring the sites forward into the three year disposal programme, thus speeding up the deliverability of housing development
- 26.4 The element of the project funded via Technical Capacity Fund is expected to take 12 months with investigations being concluded by December 2026.

27. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	1 May 2026
Financial Completion Date	31 March 2027
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	30 June 2027

28. RAG Assessment

- 28.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA. Details of the RAG Assessment is provided below, alongside proposed funding conditions.

Overall RAG assessment		
Risk Rating	Strategic, Economic & Commercial Case	Green
	Financial & Management Case	Green
	Overall rating	Green

29. Recommended Conditions of Funding

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

No.	Condition
1.	None.

30. Key Risks

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

- Viability – site not suitable for development. Mitigation will include potential applications to further funding streams to address viability issue. If sites are deemed unsuitable, this will save future wasted resource and will still help to develop the pipeline by knowing which sites to progress with and which ones to stop working on.
- Lack of suitable contractors – contractors on existing procurement framework not available to undertake work in required timeframe. Durham County Council will carry out the procurement exercise as soon as possible and have allowed time within the project dates to allow for this risk.

31. Financial and other resources implications

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

	2026/27	2027/28	Total
Technical Capacity Fund (£)	£40,000	-	£40,000
Total (£)	£40,000	-	£40,000

31.2 Status of match funding:

- None

32. The Investment Proposal (Sheepfolds)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Sheepfolds
Lead Organisation	Sunderland City Council
Delivery Areas	Sunderland
Start Date	1 November 2025
Financial End Date	31 March 2027
Practical completion date (date by which all outputs will be achieved)	30 June 2027
Total Project Value	£60,000
Grant Amount Requested	£60,000
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 32.1 Sunderland City Council is requesting a £60,000 investment from the North East MSA through the Technical Capacity Fund to undertake important early-stage design work and technical assessments for the next phases of the Sheepfolds neighbourhood within the Riverside Sunderland Masterplan.
- 32.2 This work is supporting the progression of the Sheepfolds scheme, a 9.1-hectare residential neighbourhood planned to deliver around 600 new sustainable homes as part of the wider city centre regeneration programme. £4.8m of Brownfield Housing Fund has already unlocked Phase 1 and further design development is required to advance subsequent phases. The activities associated with the TCF fund ask includes updated masterplan work and daylight and sunlight assessments.
- 32.3 In this case, the applicant has commenced elements of eligible work associated with the grant request. The early spend reflects the need to bring forward elements of design work to support planning requirements. Technical assessments, including daylight and sunlight studies, required amendments to the masterplan, which are reflected in this early mobilisation of design work. This approach is helping to reduce risks associated with the planning process, ensuring the development can progress in line with programme and contribute to the wider objectives of Riverside Sunderland.

33. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	1 November 2025
Financial Completion Date	31 March 2027
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	30 June 2027

34. RAG Assessment

- 34.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA. Details of the RAG Assessment is provided below, alongside proposed funding conditions.

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

	Overall rating	Green
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35. Recommended Conditions of Funding

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

No.	Condition
1.	None.

36. Key Risks

36.1 A summary of the ongoing key risks relating to the investment proposal are included below:

36.2 There is a risk that the current masterplan does not achieve adequate daylight and sunlight levels for proposed residential units. A detailed daylight and sunlight assessment is underway in order to identify any required amendments to the masterplan.

36.3 There is a risk that Brownfield Housing Fund grant is not secured or that final remediation and development costs exceed current estimates. An independent development appraisal has confirmed a viability gap and clear market failure, supporting the case for intervention. A funding application is being prepared to meet BHF criteria and ongoing site investigations will refine and inform the final remediation strategy.

37. Financial and other resources implications

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

Technical Capacity Fund (£)	2026/27	2028/29	Total
Pre-development & design work	£60,000	-	£60,000
Total (£)	£60,000	-	£60,000

37.2 Status of match funding:

- None.

38. The Investment Proposal (Regeneration Priorities)

Project Outline	
Funding Source	Technical Capacity Fund
Proposal Name	Regeneration Priorities
Lead Organisation	Newcastle City Council
Delivery Areas	Newcastle
Start Date	1 June 2026
Financial End Date	31 March 2028
Practical completion date (date by which all outputs will be achieved)	30 June 2028
Total Project Value	£225,000
Grant Amount Requested	£225,000
Budget Implications	See summary table within Paragraph 1.8 and additional information in Paragraph 1.9.

- 38.1 Newcastle City Council is progressing a programme to regenerate neighbourhoods and unlock new homes across the city. This includes projects in Elswick and Newburn Leamington together with the redevelopment of poor-quality garage sites in areas such as Blakelaw, Denton, Newbiggin and Fenham.
- 38.2 Funding from the Technical Capacity Fund will allow technical assessments and design work to be undertaken across approximately 27 sites, enabling the Council to bring forward up to 150 new homes at a significantly accelerated pace. Without this support, progress would be restricted due to resource pressures and the complexity of small site development.
- 38.3 The TCF programme fund site surveys and design development to RIBA Stage 3. This technical due diligence is essential to confirm deliverability and prepare sites for planning submission. This will ensure sites move quickly from feasibility into procurement and then development, contributing to neighbourhood renewal and increasing the supply of affordable homes across the city.

39. Timetable for Implementation

Milestone	Forecast Date
Proposal Start Date	01/06/2026
Financial Completion Date	31/03/2028
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	30/06/2028

40. RAG Assessment

- 40.1 A proportionate internal review of the Project Development Plan has been undertaken by an Appraisal and Monitoring Officer from the North East MSA. Details of the RAG Assessment is provided below, alongside proposed funding conditions.

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

41. Recommended Conditions of Funding

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

No.	Condition
1.	The Recipient shall provide a copy of legal advice received in respect of the compliance of the Project with the Subsidy Control Act 2023, to enable the North East MSA to review and be satisfied that the Technical Capacity Fund grant can be provided on a compliant basis.

42. Key Risks

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

42.2 Public objections could affect the progression of garage site schemes. This risk is mitigated by presenting clear evidence of poor garage performance and existing antisocial behaviour, demonstrating that redevelopment will provide wider community benefit.

43. Financial and other resources implications

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

Technical Capacity Fund (£)	2026/27	2028/29	Total
Consultancy / Fees	£155,000	£70,000	£225,000
Total (£)	£155,000	£70,000	£225,000

43.2 Status of match funding:

- None.

B. Potential Impact on North East Mayoral Strategic Authority Objectives

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

C. Evaluation

The Technical Capacity Fund will be evaluated at programme level as part of the approach to evaluation of the National Housing Delivery Fund.

D. Legal Implications

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

E. Equalities implications

The North East MSA 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

None

G. Background Papers

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

[North East CA Delegated Decision Report – July 2025](#)

H. Contact officers

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