

Cabinet

18 March 2020

**Council housing delivery - Durham
County Council development potential**

Ordinary Decision



Report of Corporate Management Team

Geoff Paul, Interim Corporate Director of Regeneration and Local Services

Councillor Kevin Shaw, Cabinet Portfolio Holder for Housing and Assets

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report provides an update to Cabinet in terms of the potential for the Council to develop and own social housing stock, Council Housing, going forward.
- 2 The report identifies next steps in respect of developing a business case assessing the long term strategy and scale of the opportunity.

Executive summary

- 3 The Council makes use of its Strategic Housing Market Assessment (SHMA) to assess the need for affordable housing in County Durham. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016 – 35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis.
- 4 The Housing Strategy identifies a number of ways in which this gap can be filled including buying back houses that have been the subject of right to buys; the Council seeking to purchase property to assist in getting people back onto the housing ladder; and working in partnership with Registered Providers (RPs) to deliver more ambitious delivery plans in relation to general need housing, ensuring that they locate in

areas of most need and to meet the aims and ambitions of the Housing Strategy.

- 5 The Government White Paper - Fixing our Broken Housing Market (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. The White Paper noted that this includes supporting new and different providers. In this context the White Paper identified the intention to support local authorities to build more homes and to ensure that the public sector plays its part by encouraging and making possible more building by councils. The White Paper set out that local authorities' role in delivering new housing goes beyond their planning powers and that they have an important role in delivering homes themselves.
- 6 Cabinet 12 February identified £1 million over two financial years (second year subject to revenue settlement) pilot scheme to increase the supply of social housing. It is suggested that this be utilised looking at opportunities currently in the pipeline and developing new build projects that meet local housing need. The proposals will need to be supplemented by grant match from Homes England and possible Section 106 contributions.
- 7 In 2013 the Council agreed a Large Scale Voluntary Transfer of the ownership of its housing stock, Believe Housing to manage the homes in order to maintain a decent homes standard going forward. Government agreed to write off £130 million debt in order to allow the transfer to proceed. In doing so the Council was required to close the Housing Revenue Account which was the financial tool by which all housing stock was managed.
- 8 In the event that the Council builds and acquires over 200 new council homes in the future, it will need to re-establish a Housing Revenue Account. The Council continues to be a Registered Provider with Homes England and in addition, would need to be approved as an Investment Partner in order that grant subsidy can be accessed.
- 9 This process will require significant financial support and there will be a number of challenges that will need to be overcome. It is therefore recommended that the Council develops a business plan based on a number of scenarios and funding opportunities in assessing the scale and opportunity of once again building and owning Council homes.

Recommendation

10 Cabinet is recommended to:

- (a) note the contents of the report and the strategic argument for the Authority to intervene within the housing market by directly building and owning Council houses;
- (b) agree to the development of a business plan and associated strategy which will be the basis of a future report.

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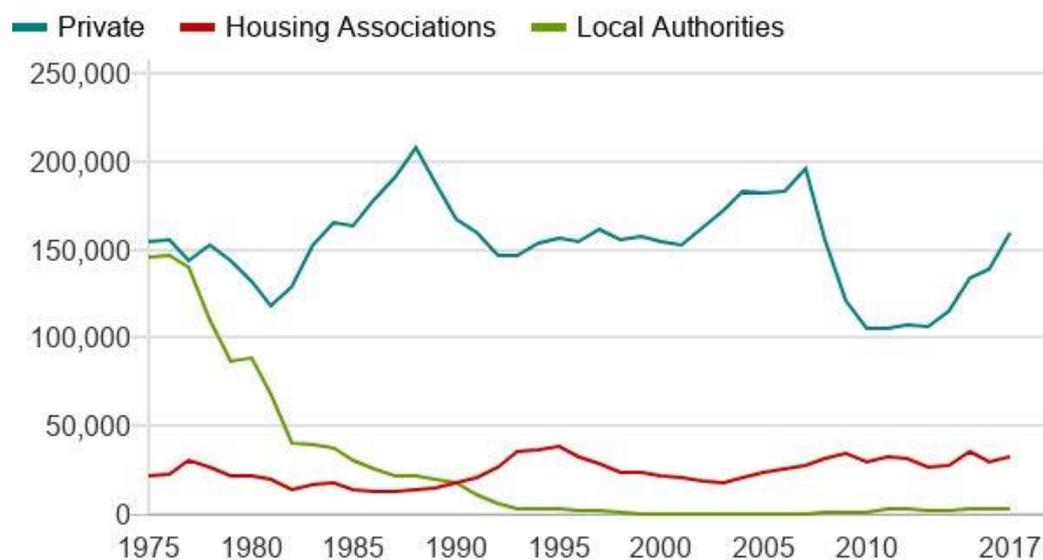
Background

The shortfall in social housing

- 10 The private sector plays an important role in delivering the homes we need, but since councils stopped building on a large scale, there has consistently been a major shortfall in house building. Housing associations have gone some way to meet this shortfall, but not as far as is needed. Councils used to make a major contribution to the number of homes built - as recently as the 1980s councils built over 88,500 in a single year - but this figure is currently now less than 2,000. Over the past few years, there has been more evidence of councils seeking to return to their previous role as builders of new homes.

Who builds houses in the UK?

Completed house builds per year



Source: Ministry of Housing, Communities and Local Government

BBC

Figure 1.1 Housing Completions 1975-2017

- 11 There has been a large increase in the number of councils setting up local housing companies and entering into new joint ventures. The housing white paper sets out specific support for local authority innovation, including local housing companies and joint ventures.
- 12 The Government White Paper, Fixing our Broken Housing Market (Feb 2017), sought to diversify the market to achieve the amount, quality and choice of housing that people want. The White Paper noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes and to ensure that the public sector plays its part by encouraging and making possible more building by councils. The White

Paper set out that local authorities' role in delivering new housing goes beyond their planning powers and that they have an important role in delivering homes themselves.

- 13 The Housing White Paper also makes clear that Right to Buy rules will apply to local housing companies that are delivering affordable homes. The recent expansion in the use of innovative delivery by local councils has been a positive development in the diversification of housing delivery. The core incentive for many of these companies and joint ventures has been to use local authority assets to develop housing schemes that meet an urgent housing need.

HRA - Government Announcement

Housing Revenue Account (HRA)

- 14 The Housing Revenue Account (HRA) is intended to record expenditure and income on running a council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants. Any local housing authority that owns 200 or more social dwellings is required to account for them within its HRA.
- 15 The main features of the HRA are:
 - it is a landlord account, recording expenditure and income arising from the provision of housing accommodation by local housing authorities (under the powers and duties conferred on them in Part II of the Housing Act 1985 and certain provisions of earlier legislation);
 - it is not a separate fund but a ring-fenced account of certain defined transactions, relating to local authority housing, within the General Fund;
 - the main items of expenditure included in the account are management and maintenance costs, major repairs, loan charges, and depreciation costs;
 - the main sources of income are from tenants in the form of rents and service charges;
 - the HRA should be based on accruals in accordance with proper accounting practices, rather than cash accounting. Councils are able to borrow money within their HRAs in order to build more homes to provide more income, or even to refurbish or regenerate existing homes. However, each council has a limit to how much they are allowed to borrow which is far tighter than the value of their assets (eg the housing stock), in a Treasury attempt to control public borrowing levels. Town halls say this debt cap

greatly restricts their ability to invest in building much-needed new homes.

- 16 In the Budget 2018 published on 1 November 2018, it was formally announced that the Housing Revenue Account cap that controls local authority borrowing for house building would be abolished from 29 October 2018. Councils are able to borrow money within their HRAs in order to build more homes to provide more income, or even to refurbish or regenerate existing homes. However, each council had a limit to how much they were allowed to borrow which is far tighter than the value of their assets (eg the housing stock), in an attempt to control public borrowing levels. This debt cap greatly restricted the ability for councils to invest in building much-needed new homes. The removal of this cap provides further opportunity to Councils to restart house building.
- 17 In order to re-open of the HRA, the Council must advise the Secretary of State. At this stage, the Council must be satisfied that the various legislative and accounting requirements can be met. At the time of closing the HRA, when the stock transfer occurred, the Authority had a debit of £130 million written off. The Secretary of State must be requested to confirm that this debt will not be resurrected when the Council re-opens the HRA.
- 18 Other local authorities who have reopened their own accounts, with debits of much greater value, have already received confirmation that the debit would be written off. It is therefore not considered to be a risk that would warrant abortion of the project.

Housing Statistics

- 19 In County Durham there are 242,160 dwellings:
 - Approx. 60% of properties are owner occupied (equal to 61% nationally);
 - Approx. 22.7% are private rented (vs 22% nationally), although this figure is difficult to accurately assess and will be reviewed as part of the countywide licensing project;
 - Approx. 17.3% are owned by housing associations (vs 17% nationally).
- 20 The Council was the largest social housing landlord in Durham prior to the transfer, owning and maintaining circa 40% of the social housing stock in the County, approx. 18,500 homes through its two Arm's Length Management Organisations (Dale and Valley Homes and East

Durham Homes) and the council housing team within Durham City Homes. Prior to transfer, the following income and expenditure was associated with managing these homes:

- annual rental income of £67 million;
- expenditure on management, repairs and maintenance of £29 million;
- debt level of £220 million against HRA borrowing;
- interest on housing borrowing of £13 million; and
- revenue surplus remaining to support the capital programme of £25 million.

- 21 The Council transferred the balance of its remaining housing stock to County Durham Housing Group (now Believe Homes) in April 2015. This followed previous LSVTs in Derwentside (to Derwentside Homes, now Karbon), Sedgefield (to Livin), Teesdale (to Teesdale HA, now North Star) and Chester-le-Street (to Cestria, now Karbon).
- 22 The 2015 transfer signalled the end of the Council being a landlord and directly managing and maintaining social housing. The vast majority of the associated support in managing the stock (housing management, finance, DLO, income collection, ICT etc.) has been taken on directly through Believe Homes or for some limited services, is delivered under contract from the Council, e.g. open space maintenance.

Affordable Housing

- 23 County Durham currently has a relatively stable housing market, with housebuilding levels of around 1,300 homes per year, of which around 470 are on an affordable basis. The level of affordable homes has grown in recent years thanks to the growth of grant funding from central government. The Council makes use of its Strategic Housing Market Assessment (SHMA) to assess the need for affordable housing in County Durham. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016 – 35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis.

Affordable housing completions					
Year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
NAHP	271	136	170	314	334
S106 Units	76	126	152	159	198
Total number delivered	347	262	322	473	532

Table 3.1 Affordable Housing completions 2014-2019

- 24 The table illustrates the delivery of affordable housing over the last 5 financial years within the county. As can be seen from the data, the delivery of Section 106 homes has steadily increased in line with housing growth. This will continue to increase with the new Strategic Housing Market Assessment as detailed above, in areas of high need and demand.
- 25 Due to the increase in available grant funding from central government, coupled with improved market conditions for residential development, registered providers are significantly looking to increase build out rates. Eight of the largest registered providers already have board approval to increase the number of homes built over the next 5 years. This will result in a further increase than has already naturally occurred due to the grant rate levels. The Housing Development Team is actively working alongside registered providers to ensure we achieve the right homes in the right locations.
- 26 Even with this expected uplift in housing, when broken down across the needs for the elderly, specialist housing and general housing needs, there still remains a significant shortfall.

Local Lettings agency

- 27 A Local Lettings Agency (LLA) is a general term applied to schemes that secure access to decent, affordable private rental accommodation for households in need and on low incomes who would previously have been unlikely to access housing.
- 28 Durham County Council successfully obtained £252,538 funding from the Ministry of Housing and Local Communities (MHCLG) under the Rapid Rehousing Pathway (RRP) programme first launched in August 2018. The establishment of a LLA in Durham will therefore serve as a

useful tool in helping to deliver the clear priorities outlined in the Council’s housing strategy and homelessness strategy. Importantly, the scheme should help improve access to housing for groups currently disadvantaged or unable to access social or private housing.

Older persons’ accommodation

- 29 It is recognised that the population of County Durham is already ageing and over the next few decades, there will be a ‘demographic shift’ with the number (and proportion) of older people increasing.



Figure 3.2 Older persons population growth 2016-2035

- 30 As set out in the chart below, across all age groups, the majority of older people want to stay in their own homes with help and support when needed. However, a range of other options was considered and it is notable that a sizeable minority of older people would consider a specific types of housing to meet their housing needs. This evidence shows a need to continue to diversify the range of older persons’ housing provision. Additionally, it is recognised that providing a wider range of older persons’ accommodation has the potential to free-up larger family homes.
- 31 The demand for elderly person accommodation is rising with only limited supply being created. As part of any future strategy, the Council will consider meeting this gap.

If relevant now or in the next 5 years, which of the following older persons housing options would you seriously consider? (Source: Durham HNS 2018)



Figure 3.3 Older Person's accommodation preference

Specialist accommodation

- 32 The Council's Housing Solutions Team has seen the largest increase in its client base of single persons who are homeless or in fear of homelessness. It is evident that these persons are presenting with more and more complex support needs. Due to this, it is becoming harder to place these clients within appropriate accommodation. Due to this spike in alternative accommodation being required for those with complex needs, we have had to think more creatively how we deal with such an issue.
- 33 Registered providers, following the removal of the cap on the Local Housing Allowance in relation to supported and specialist accommodation, have started to reassess their development programmes. This will also increase the numbers of available homes for those with specialist needs.

General needs accommodation

- 34 In terms of the type and mix of housing, it is recognised that there are parts of the County, particularly in the east and south, which are associated with low demand for housing. In such instances, it is important that we as an Authority ensure that development does not

perpetuate low demand, for example through the delivery of entry-level homes.

- 35 In the central and northern parts of the county there is much greater demand for more executive style larger family homes. This is also linked to the economic ambitions of the county to increase talent retention and also improve the existing housing stock.

Main implications

Financial implications of DCC building council homes

- 36 The announcement to lift the borrowing cap will give some councils greater financial freedom to build new homes. Clarification is required in relation to the original debit and if this would be written off as part of the reopening.
- 37 Development of a business plan would need to assess the following issues:
- Building new affordable housing requires subsidy as the full capital cost will not be met from future rental payments. The plan will need to establish how the capital subsidy can be obtained.
 - Assuming that capital subsidy could be secured to build affordable housing, the levels of rental cost involved to pay for management, maintenance and repair of properties in addition to repaying the finance on the borrowing taken out for construction (after subsidy), would need detailed consideration.
 - Legislation requires that the HRA must not be allowed to fall into deficit. In other words, management of the housing stock must at least break even. A long term financial plan must show that this can be achieved.
 - Using the example of Chapter Homes and homes held for private market rent, even with a 30% capital subsidy in the form of equity leaving 70% loan financing, the market rental properties are producing a loss. These homes are being let at higher private sector market levels and the forecast plan shows that a cash flow surplus is only produced over the medium to longer term which should meet the expectation of Government, especially as social housing will attract high subsidies on capital cost and lower interest rate financing on debt.

- Consideration of risks associated with social rent setting policy by Government e.g. recent 1% reduction year on year rent cuts.
- In considering new build, there needs to be available land, or at least land in our ownership, to develop the number of homes we would want to build.
- RTB legislation protects new homes from being eligible for 15 years following letting. This would need to be factored in to any business planning although some housing types outside of the general needs classification are also exempt.
- Durham County Council would also need to re-establish itself as an investment partner in conjunction with Homes England. Clarification will need to be sort regarding our status as an investment partner. This will be required in order to allow Homes England to offer grant funding to make developments viable/attractive. Discussions have taken place with Homes England, which were of a positive nature. Homes England however has confirmed that we have retained our RP status which is a significant step in the process.

Reputational Implications

- 38 In relation to the existing relationships with the operational RPs within the area, it is considered that the development of the Authority's own housing stock would work in unison with the them. Due to the scale of need, it is not anticipated that any developments would be seen as competition. Close working and development of future strategies will ensure this is not the case.

Equalities Implications

- 39 An Equality Impact Assessment will be produced as part of any feasibility work in association with the project.

Background papers

- None.

Other useful documents

- None.

Author(s)

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Appendix 1: Implications

Legal Implications

None.

Finance

A budget of £25,000 will be required in order to carry out the required feasibility work. This will need to be allocated.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

Specialist consultants will need to be appointed in order to carry out the required feasibility work.

Appendix 2: What's happening elsewhere?

Local housing companies/joint ventures

There has been a recent surge in local authorities establishing housing companies, either on their own or in partnership, as can be seen in Durham through the establishment of Chapter Homes, the Council's market housing company which addresses need for market housing whilst at the same time delivering financial returns to the Council. As Chapter Homes matures, its appetite for risk and its ability to deliver more complex schemes will increase, although it is set up as a market vehicle not a provider of council housing, which has been positive in establishing confidence in its identity in the housing market.

However, across the country a variety of different types of vehicle have been established largely because of constraints on delivering new council homes within the Housing Revenue Account (HRA) or in order to maximise financial returns through market vehicles and address local housing need.

Birmingham City Council

Birmingham Municipal Housing Trust

Birmingham City Council is taking an active role in delivering new homes through a variety of means. Particularly noteworthy has been the work of the city council to secure the delivery of social rented housing through the Birmingham Municipal Housing Trust, set up in 2009.

The council is a major landowner in the city, and owns a significant stock of housing. The trust is part of the council and works in partnership with private developers, acting as a vehicle for the council to develop social rent and market sale housing, on council sites of a large and small scale. Between 2009 and 2017, the trust has built a total of 2,571 new homes – 1,493 for rent and 1,078 for sale. Through the trust, the council has developed more new council homes since 2009 than any other local authority in the UK. It has built 19% of all new homes delivered in the city in this time, and is currently developing 900 homes on 19 sites across the city. Houses built by the trust have also funded the Building Birmingham Scholarship, which provides education, employment and training opportunities for young people looking to pursue a career in the construction and built environment industries.

InReach

The council has also set up InReach, a wholly-owned housing company to develop homes for market rent. The council provides loan finance to the company on commercial terms, and disposes of land to InReach with the aim to drive housing growth and improve standards in the private rented sector. The key feature of this model is that the council sells land to InReach, which then builds out the sites with new private rented sector homes. The first new build scheme of 92 apartments developed under this programme will be completed early in 2018, and schemes totalling a further 300 new homes are in development. The council is seeking to expand the operation of InReach by selling council homes to the company, with the sale of the properties generating receipts to fund the construction of new replacement social rented homes – which will have higher standards of design and energy efficiency than the homes they replace. The company also has the potential to repurchase properties previously sold by the council under the Right to Buy to be let out at market rents.

In the case of Birmingham City Council, there is a well-defined separation between the roles of the housing company, which is improving the housing offer in the private rented sector, and that of the Birmingham Municipal Housing Trust, which has an emphasis on the delivery of social rented cross-subsidised by market sale homes.

The development programmes of both vehicles are characterised by an emphasis on high quality design and place making. The approach across the models is integrated and the delivery vehicles are designed to complement one another.

This approach is very similar to that of Chapter Homes but concentrates upon the rental market. Given Chapter Homes and DVRC are heavily reliant upon the Authority's landholdings this may not be a route we wish to pursue once more. Whilst the numbers generated are the highest from the research that has been carried out, this is the most demanding and resource intensive.

Brighton and Hove City Council

New Homes for Neighbourhoods

Brighton and Hove City Council faces the challenge of a lack of affordable social housing being delivered through the planning system and by registered providers due to falling grant levels. The council has responded by initiating a "New Homes for Neighbourhoods" programme to develop new affordable-rent council homes on council-owned land. The council is using small and medium infill sites of council land such as former offices, garages and car parking

sites. The aim is for the council to build at least 500 new homes across the city, all of which will be let to people on the council's housing register.

Brighton Living Wage Joint Venture

In October 2017 final approval was given to a £118m Joint Venture between the council and Hyde Housing to build 1,000 homes – 500 to rent (based on National Living Wage levels) and 500 to buy as shared ownership homes for local residents. The main aim of the project is the provision of lower-cost rental housing, with the potential to generate a long-term income for the council through funding returns and/or a margin through lending from the council. The intention is that this type of approach will challenge the existing definition of affordability by linking it with incomes rather than the housing market. With the currently consultation upon what constitutes affordable housing however this may no longer be an issue. Consultation upon this ends on the 10th of May with further details due in the autumn on 2020

The council is also considering establishing its own local housing company, which could, among other options, become a vehicle for delivering the existing New Homes for Neighbourhoods Programme if funding constraints restrict the Housing Revenue Account's ability to continue it. The local housing company may also be used to deliver additional homes in other ways such as intervening in the housing market by purchasing homes off-plan.

Brighton and Hove City Council is taking a holistic approach to the provision of new affordable housing through a range of innovative means, as well as maximising the potential of its Housing Revenue Account.

The council has developed new skills and mobilised its existing teams to develop an effective delivery programme, with early and extensive engagement of residents to deliver difficult and constrained sites. This approach has included entering into new partnerships designed to increase housing supply and look at alternative rent levels to match affordability with earnings.

Leeds City Council

As well as leading its own programme for 1,000 new council homes, Leeds City Council recognises the important role of empty homes in meeting the need for social- and affordable-rent housing. The empty homes strategy is rooted in the ambition of the council to have a strong economy and to be a compassionate city. The strategy states that once homes become empty for a long time, they are a wasted resource, a potential blight on the community and a cost to the council. As part of their core planning strategy between 2012 and 2017, the council aimed to reduce the net number of long-term empty homes by 2,000. It surpassed this target and achieved a net reduction of 2,445 in five

years. The outcome has been an increased number of affordable, supported homes for vulnerable individuals and families.

To achieve this, the council has taken a multifaceted approach to addressing empty homes. The council has financed work on empty properties and undertaken compulsory purchase action where necessary. In addition, it has worked with partners in the community led housing sector to access extra funding from government to create new affordable homes (over £5m additional funds have been secured through this route). Through securing long-term leases, property purchases and funding support, the organisations work with long-term-unemployed people to undertake renovation works to homes. The properties are refurbished as high-standard homes and charged at social and affordable rents. Once completed, the renovated homes are let to people working with these organisations, many of whom have previously been homeless. As part of the council's financial support to the sector, funding of £900,000 was secured through Right to Buy replacement funding to refurbish 22 empty properties.

The work of the Council has demonstrated how local authorities can leverage extra investment, working with local community organisations to address affordable housing need and improving the environment by bringing empty homes back into use. This approach has the ability to secure new social- and affordable-rent homes in perpetuity as well as bringing people back into employment in the process. This potentially would link the work which the Economic Development Team have already undertaken in respect of town centres, with the Housing Strategy and the Empty Homes team. This would need to be done in conjunction with a delivery method for new homes in order to target areas of greater demand. Currently areas with higher volumes of empty homes are in areas of greater deprivation and links with regeneration strategies would be pivotal in the schemes success.

London Borough of Harrow

The council owns around a third of the land within a defined "Opportunity Area" including several large housing sites. As part of the council's work, their plan is to move the existing civic centre to a more compact site and use the surplus land for housing. The council's control over the land has led them to adopt a proactive approach to securing mixed-tenure homes, including affordable housing. The plan is for the council to deliver around 600 private rented sector and 800 affordable homes as part of the wider development.

The council has a programme of eight sites within the development. Its build to rent programme is being directly delivered by the council, which includes 35% of the homes as London Living Rent, which is a third of the average local income. The remainder of the homes are being delivered as part of a joint venture between the council and a private developer. The council has

established the Regeneration Design and Delivery Unit to deliver the programme of regeneration in the Heart of Harrow Opportunity Areas, carrying out master planning and design and building up the capacity for the council to deliver on a number of council-owned sites in the next ten years.

By holding onto land, Harrow council have opportunities for retaining control of their developments, in partnership with private sector developers. Key to the delivery of this model in Harrow has been building its skills in programme and project management, adapting its workforce to the needs of the programme. This is a much more targeted approach and as such has attracted direct government funding for the development.

A reoccurring theme throughout the research and analysis is that the homes which are being constructed are for low income working families. These are not for social housing but for families reliant upon the living wage. This allows slightly higher rental yields to be achieved whilst targeting an area of high demand. Households within this category generally end up within the private rented sector as they are low priority for authorities, therefore there is a gap in the market which potentially could be filled by DCC.

Local authority led partnership to develop new mixed-tenure homes

Gateshead Council

The Gateshead Regeneration Partnership was formed in March 2012 between Gateshead Council and Evolution Gateshead, itself a partnership between Home Group and Galliford Try. Home Group has a strong presence in Gateshead, and currently manages 1,725 affordable homes in the town. The purpose of the Gateshead Regeneration Partnership is to ensure that the Council is 'less reliant on central government funding, and can develop some important regeneration sites that will greatly improve the choice of homes available to people wanting to live in Gateshead'.

A quarter of the homes delivered will be affordable, through shared ownership and social housing. The Partnership is bundling together sites of varying quality into packages, to ensure that all available land is regenerated rather than just the prime sites. In addition to building homes, the Gateshead Regeneration Partnership public-private joint venture will support the wider regeneration objectives of the Council and its communities, including promoting economic development, increasing local employment opportunities, raising sustainability standards in residential dwellings, and improving design standards. Its first project comprises 370 homes over five sites, of which two are complete and two are under way on site, with a planning application being prepared for the fifth. Over 120 homes had been built by early 2017. The first phase was a small affordable rented scheme of 16 homes, followed by a

larger open-market site of 47 homes in the south of the borough. Larger sites followed, including 99 homes on brownfield land close to the town centre, completed in 2017, and 147 homes on Birtley North side, due to be completed in 2020. The first bundle of sites was built to Code for Sustainable Homes level 4 and Homes England space standards, and high standards will be maintained in future bundles. One of the key sites in the Council's portfolio is the Exemplar Neighbourhood, where the objective is to demonstrate development best practice and set an example for other sites and developers to follow, and act as a catalyst for the regeneration of central Gateshead.

This type of project requires corporate-wide support and prioritisation, with input from a range of professions across the local authority, particularly during the procurement and legal agreement stages. The Gateshead Regeneration Partnership also relies on the formation of, and constant care for, strong relationships between the various stakeholders involved – as one of the partners has noted: 'Much is down to individuals and strong personal relationships the ability to get on but also the ability to be able to challenge and change without damaging the relationship (obvious but very true) – attitude is everything and the will to make things work.' A key lesson is that joint ventures work well when there is the will on all sides to share long-term risk and reward, rather than seek immediate returns and short-term gains.