



Subject: North East Mayoral Combined Authority (NE MCA) Capital Regeneration Fund 2
Report of: Principal Housing and Infrastructure Manager
Portfolio: Housing, Land and Development

Report Summary

This report requests that the Chief Executive approve four Capital Regeneration Fund Projects which were recommended for approval by NTCA Investment Panel on 29th February 2024.

Funding for Capital Regeneration schemes was allocated by Government as a result of North East Devolution negotiations. On 8th September 2023, NTCA Cabinet resolved with agreement of NEMCA Constituent Local Authorities, that the NTCA act as the Accountable Body for the funding, to enable delivery ahead of the formal creation of the NE Mayoral Combined Authority, and also approved a Capital Regeneration Pipeline with respect of this funding consisting of nine projects.

This delegated decision report relates to four of these projects 1) Blyth Cultural Hub and Market Place 2) North Shields Public Realm 3) Newcastle Creates Tyne Theatre & Opera House and 4) Newcastle Creates BOHO Arts which have been assessed and recommended for approval in line with NTCA's Assurance Framework. Three other projects (NetPark Phase 3, Aykley Heads and Gateshead Quays were approved at Investment Panel on 11th January and two more (Prince George Square Student Accommodation and Gibb Chambers) are in development.

Recommendations

The Chief Executive, in consultation with the Director of Finance, the Mayor and relevant Cabinet Member and in accordance with the scheme of delegation, is recommended to approve the following funding awards, and authorise next steps as set out in this report:

1. Early Regeneration Capital Funding of the amount £2.5m to be awarded to Northumberland County Council for the delivery of the Blyth Culture Hub and Market Place project set out in Appendix 1, subject to the conditions set out in this report.
2. Early Regeneration Capital Funding of the amount of £3.3m to be awarded to North Tyneside Council for the delivery of the North Shields Public Realm project set out in Appendix 2, subject to the conditions set out in this report.
3. Early Regeneration Capital Funding of the amount of £527,252 to be awarded to Newcastle City Council for the delivery of the Newcastle Creates – Tyne Theatre and Opera House project set out in Appendix 3, subject to the conditions set out in this report.
4. Early Regeneration Capital Funding of the amount of £523,000 to be awarded to Newcastle City Council for the delivery of the Newcastle Creates – BOHO Arts project set out in Appendix 3, subject to receiving match funding and the conditions set out in this report.
5. To delegate approval to the Chief Finance Officer to finalise any additional funding conditions, and for ensuring that match funding is in place, for those projects where total costs will be finalised following final preparatory work.
6. To authorise the Chief Finance Officer and Monitoring Officer to prepare the necessary documentation and to enter into grant agreements or contracts with the lead applicants.

Background Information, Proposals and Timetable for Implementation

The projects set out in this report, with a total value of £6,850,000, will be funded from an allocation of £34m of North East Mayoral Combined Authority (NEMCA) funding allocated to support early Capital Regeneration priorities, of which £23.4m has already been allocated. This allocation comprises Government and NEMCA investment fund resources, with £20m Capital Regeneration Funding provided by Government and

negotiated as part of the NEMCA Devolution Deal published in December 2022, and £14m of NEMCA Capital Investment Funding from resources secured through the devolution deal.

Decisions and delivery of the Capital Regeneration schemes is required in advance of the NEMCA being created as Government has specified that the schemes funded through the Capital Regeneration Fund must commence as soon as practical and be financially completed by March 2025.

Due to this time pressure, it was agreed that NTCA acts as the accountable body for this funding and work with constituent NEMCA authorities to develop and deliver the programme. To this effect, a Delegated Decision was published on 8th September 2023 approving the following:

- that NTCA act as accountable body and administer the funds in line with the current Assurance Framework agreed with Government.
- following a call process undertaken earlier in 2023 through which all NEMCA Local Authorities were invited to submit an Expression of Interest (EOI) for funding – that a Capital Regeneration Fund pipeline outlined in Table 1 (below) was agreed subject to full appraisal and formal decision making.
- that subject to formal NEMCA decision making in due course, a further £14m of capital funding from the Year 1 2024/25 NEMCA investment funding allocation, to enable the full pipeline of seven schemes to come forward and maximise impact in the first year of the NE Combined Authority investment programme.
- administrative delegations to senior officers.

Table 1: Capital Regeneration Pipeline approved on 8th September 2023.

Project Name	Applicant	Status
Gateshead Quays	Gateshead Council	Approved 11 th January
NETPark Phase Three, Sedgefield	Durham County Council	Approved 11 th January
Aykley Heads Development, Durham City Innovation District	Durham County Council	Approved 11 th January
North Shields Public Realm	North Tyneside Council	TOG 15 th February
Blyth Culture Hub and Market Place	South Tyneside Council	TOG 15 th February
Creative Central Boho Arts	Newcastle City Council	TOG 15 th February
Creative Central TTOH	Newcastle City Council	TOG 15 th February
Creative Central Gib Chambers	Newcastle City Council	In development
Prince George Square Student Accommodation	Northumberland County Council	In development

DLUHC have confirmed to NTCA that all eligible costs associated with the projects, once approved by NTCA and once NTCA has received approval of a programme level business case from Government, can be claimed retrospectively for the entirety of the 2023/4 Financial Year.

1. Early Capital Regeneration Scheme Funding Awards

The following sections of the report set out a summary of the schemes. Appendixes 1, 2, 3 & 4 set out further details and a summary of the final appraisal.

Scheme 1: Blyth Cultural Hub and Market Place

The Culture Centre will be an iconic flagship building, located in the Marketplace, in the heart of Blyth's town centre. It will provide a significant boost to Blyth's culture and leisure offer and evening economy, creating a new 'anchor' development which will attract more people into the town centre throughout the day and into the evening, increasing footfall, dwell time and spend. It will offer a range of culture and leisure opportunities, providing residents and visitors with new reasons to visit the town centre.

The project reflects the town's proud heritage, being located on the site of the former central cinema and music hall, returning the area to its historic role as a cultural attraction. The project includes two core elements:

1. The new-build Culture Centre, including: a three-screen cinema offer, multi-use indoor performance space, exhibition space, café and hospitality venue, creative play, and arts / health / and wellbeing space.
2. Public realm improvements to the Market Place, including the development of a new outdoor performance space.

It is the important first step to tackle market failure in Blyth Town Centre, part of the £70m Energising Blyth Programme (NCC, HM Government and NTCA funded and £2.5m contribution sought from NEMCA) to grow, renew and connect the town, capitalising on its location as part of the Northumberland Line Economic Corridor.

The applicant has demonstrated the long-term sustainability of the project through a market assessment of the Cultural Hub (dated 2021) setting out the likely potential demand and to support this the venue has already managed to procure a 15-year lease with a cultural cinema operator. Lastly, it should also be noted the applicant secured funding from Government for the project.

The project fits within the MCA objective of 'bold on the rural economy' which encompasses work to build on the opportunities presented by the Northumberland Line and NTCA funding will be spent by March 2025.

The total funding being awarded to the project is £2,500,000 and further project details are provided in **Appendix 1**.

Funding Conditions

1. Submission of Subsidy Control advice confirming a compliant subsidy control route for the scheme.
2. Beyond the provisions in the standard grant funding agreement Subsidy Control advice may inform or require further clawback conditions
3. The full legal approval of the works on the sewer with NWL
4. Provide updated RIBA stage 4 report once received.
5. The applicant is responsible for any cost overruns.

Scheme 2: North Shields Public Realm

The project completes the remaining public realm improvements to North Shields Town Centre and connection to the Coastal/Riverside Promenade route, via the planned relocated Ferry terminus on Western Quay. Work upgrades a further 14,000 sqm of streetscape creating a pedestrianised loop around the Retail core of the Town and connecting this to the buoyant hospitality and visitor offer of the Fish Quay and wider Coastline. The works are proposed to be concluded ready for the celebration of North Shields' 800th anniversary in 2025, during which a programme of events are being planned.

The proposed funding will deliver public realm improvements to Bedford Street South, Saville Street, Howard Street South, Borough Road / Saville Street (Gateway 3) and Bell Street. These schemes are the remaining elements of the North Shields masterplan, they will improve the quality of public realm throughout the Town

Centre and enhance the links to the Fish Quay area, along the Riverside in line with the existing popular appeal of the Sea Front, creating a seamless, sustainable, and accessible route between the newly created town square and Transport Interchange with the Fish Quay and wider Coastline.

This investment will have a positive compounding impact on the prior projects delivered as it links them all together and is likely to support leveraging in further DLUHC funding as part of Levelling Up (Round 3). Work on complementary Masterplan projects are already well underway on site and will continue until Autumn 2024 providing the opportunity for rapid delivery.

The project delivers against the devolution priority to support cultural, creative and visitor economy sectors and will drive inclusive and sustainable economic growth, with activity aligned to the work on the Cultural and Creative Zone and connecting coastal assets to North Shields to enhance the economy.

The total funding being awarded to the project is £3,300,000 and further project details are provided in **Appendix 2**.

Funding Conditions

1. Confirmation that GFA is in place for match funding.
2. The applicant is responsible for any cost overruns.

Scheme 3: Newcastle Creates

Creative Central NCL is a place-based regeneration project in Newcastle that aims to create an inclusive, vibrant, distinctive creative district. Investment will support 3 complimentary capital schemes within the area:

1. Tyne Theatre & Opera House – new performance and rehearsal space
2. Boho Arts – creating an accessible Creative Arts Hub with flexi-theatre expo space, workshop rooms, café bar and coworking.
3. Gibb Chambers – new workspace for C&C sector across 4 floors

These schemes help address the critical need for C&C workspace (including studios, performance, and rehearsal space) that is affordable, accessible, attractive, and offers long-term security.

Scheme 3a: Newcastle Creates - Tyne Theatre and Opera House

This is a key historical and cultural asset in Newcastle and is located in the heart of Creative Central NCL within the conservation area of the city.

The project will restore the Grand Saloon within the footprint of the Tyne Theatre and Opera House to not only bring back an important historical cultural venue to its former impressive glory but also enable a significant programme of community engagement to take place alongside accessible exhibition, event and performance space which will further enrich and enhance Creative Central: NCL as it develops, and place The Tyne Theatre & Opera House once again at the heart of the community in Newcastle City Centre.

To partner with existing arts organisations to widen our offer e.g., True Colours and a new Tyne Theatre Community Group (working with Tyne Theatre productions – an independent and highly successful organisation)

The design master plan identified a need for a large flat floored area that could be used as a multi-purpose space – something which the theatre does not currently have. It also identified a need for community rehearsal space. Both these key elements were tried and tested through public consultation sessions with both professional and amateur organisations who attended workshop consultation sessions at the theatre. In consequence of these sessions there were further expressions of interest to use the space. Furthermore, the theatre is a long existing venue which demonstrated sustainability through its continued operation.

The Tyne Theatre sits within the heart of Creative Central NCL; one of 3 Culture and Creative Zones funded by the North of Tyne Combined Authority to deliver culture led place-based regeneration. The North East Devolution Deal refers to increased alignment with programmes such as the Culture and Creative Zones to better harness the cultural, economic, social, and educational capital of the region.

The total funding being awarded to the project is £527,252 and further project details are provided in **Appendix 3a**.

Funding Conditions

1. Copy of partnership agreement between Newcastle City Council and Tyne Theatre and Opera House Preservation Trust sent once signed
2. The applicant is responsible for any cost overruns.
3. Legal team to review Subsidy Control advise and beyond the provisions in the standard grant funding agreement Subsidy Control advice may inform or require further clawback conditions

Scheme 3b: Newcastle Creates – BOHO Arts

Funding will support the transformation of a disused property into an eco-friendly inclusive creative arts venue - a 'future community arts centre' that will bring diverse artists, communities and individuals of all ages together under one roof to connect, collaborate and be creative: bringing wide public benefit. Furthermore, Boho Arts are entering into a partnership agreement with Live Theatre. Live, as an Arts Council National Portfolio Organisation (NPO) with significant capital project and building management experience will be a supporting entity (with no financial cost or gain), providing help and guidance throughout the project and in the first two years of operations.

Boho Arts Inclusive Arts Venue (located within Creative Central NCL) have requested £523,000 NEMCA funding that would be matched alongside other national funding programmes to deliver a £1.69m refurbishment scheme to act as an accessible and inclusive arts hub with flexi-theatre expo space, workshop rooms, café bar and coworking which will create and safeguard 39 jobs within the cultural and creative sector.

The immediate effects of the project will be the enhanced frontages, on Scotswood Road creating an open, inviting, and activated façade, on the back providing a lively small yard with the possibility to spill out in the future, making that corner of the Pink Triangle more welcoming. By bringing long-term empty buildings back into use, the project will help to generate additional footfall along the eastern end of Scotswood Road, extending the offer of Creative Central into the southwest corner of the city centre. As the Forth Yard and High Line developments proceed, the project could become a steppingstone between Forth Yard and the city centre.

There is a gap in the market and high demand for a new arts and cultural facility that serves the grassroots creative community and the public. Newcastle is lacking creative, inclusive, and accessible spaces that are centrally located, affordable and available. The community is also united by their need for a space which is by and for them. A BCR of 1.5 shows the schemes is good value for money and the additional public realm improvements delivered by the scheme will offer wider benefits. Also, Boho Arts have negotiated a 30-year lease on favourable terms which includes a 3-year rent free period with a sliding scale for years 4 to 7 to help with the long-term sustainability of the scheme. Additionally, an options analysis was conducted to ensure that the site chosen was the most suitable.

The Tyne Theatre sits within the heart of Creative Central NCL; one of 3 Culture and Creative Zones funded by the North of Tyne Combined Authority to deliver culture led place-based regeneration. The North East Devolution Deal refers to increased alignment with programmes such as the Culture and Creative Zones to better harness the cultural, economic, social, and educational capital of the region.

The total funding being awarded to the project is £523,000 and further project details are provided in **Appendix 3a**.

Funding Conditions

1. a grant funding clause be included to have sight of signed lease prior to first claim being paid.
2. a grant funding clause be included to have sight of match funding awards prior to first claim.
3. The applicant is responsible for any cost overruns.
4. Legal team to review Subsidy Control advice and beyond the provisions in the standard grant funding agreement Subsidy Control advice may inform or require further clawback conditions.

2. Potential Impact on Objectives

- 2.1 The Capital Regeneration Funding is outlined in the NEMCA devolution deal and will help deliver early NEMCA priority projects. Furthermore, the projects being brought forward have strong alignment to the recently published Draft Corporate Plan for NEMCA. Additionally, there is a strong strategic alignment to the local economic development plans and regeneration priorities of the constituent Local Authorities of NEMCA.

3. Key Risks

- 3.1 The key strategic risk for these projects is the required approval of the DLUHC Business Case for the overall programme. This risk will be managed through appropriate funding conditions stating funding to applicants is conditional on approval of the Programme Business Case by Government. DLUHC have confirmed in December 2023 that they are happy with the draft and approach adopted. Final approval by Government is expected in February 2024.
- 3.2 General capital project delivery risks are set out in the Programme Level risk register and key mitigation actions have been highlighted. Risk mitigation will also occur through the funding conditions set out in this report.
- 3.3 Project and Programme risks will be managed throughout the delivery of the projects by the applicant, NTCA's Housing and Infrastructure Team and the Programme Management Office.

4. Financial and Other Resources Implications

- 4.1 The NEMCA funding allocation for this Programme has been set out in the Delegated Decision published on 8th September 2023 as well as highlighted in the NEMCA draft budget published by NTCA in November 2023.
- 4.2 In line with our agreed claims process, grants will be paid at an agreed intervention rate, quarterly in arrears upon verification of costs.
- 4.3 The Financial Completion date for projects is 31st March 2025.
- 4.4 The £20m Capital Regeneration Funding negotiated as part of NEMCA Devolution Deal will be defrayed first to meet DLUHC spend requirements, with the remaining NEMCA Capital Investment Funding expended in final quarters in 2024/5.
- 4.5 The programme will defrayed as follows:

Project Name	2023/24	2024/25	Total Funding
Gateshead Quays		£3,500,000	£3,500,000
NET Park	£7,000,000	£3,700,000	£10,700,000
Aykley Heads	£1,700,000	£7,500,000	£9,200,000
Blyth Cultural HUB and Market Place		£2,500,000	
North Shields Public Realm		£3,300,000	
Newcastle Creates – TT&OH		£527,252	
Newcastle Creates – BOHO Arts		£523,000	
Remaining Allocation		£3,749,748	£3,749,748

Total	£8,700,000	£25,300,000	£34,000,000
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5. Legal Implications

- 5.1 The comments of the Monitoring Officer are included in the report.
- 5.2 Several funding conditions are set out within the report, these will be discharged to the satisfaction of the Monitoring Officer prior to the projects being contracted.

6. Equalities Implications

- 6.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from this proposal.
- 6.2 An Equalities Impact Assessment will be undertaken and the implications of this will be considered in the project mobilisation and delivery stage.

7. Inclusive Economy Implications

- 8.1 All projects included in this paper contribute to the delivery of the inclusive economy objectives of the NTCA and the Constituent Local Authorities of the proposed NE Mayoral Combined Authority.

8. Climate Change Implications

- 8.1 The projects included in this paper contribute to the delivery of the climate change objectives of the NTCA and the Constituent Local Authorities of the proposed NE Mayoral Combined Authority. Projects have submitted information within their proposals and have been appraised.

9. Consultation and Engagement

- 9.1 Significant consultation was undertaken in the development of the NEMCA Capital Regeneration Fund Programme which included an open call process, discussion with the Local Authorities and Government, Stakeholder meetings.

10. Appendices

- 10.1 None

11. Background Papers

- 11.1 None

12. Contact Officers

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13. Glossary

IF – Investment Fund
 NTCA – North of Tyne Combined Authority
 NEMCA – North East Mayoral Combined Authority
 DLUHC – Department for Levelling Up, Housing and Communities

14. Sign-off

1) Portfolio holder: Yes	2) Director of P&P/Head of Service: Yes	3) Director of Finance: Yes	4) Monitoring Officer: Yes
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Appendix 1 – Project Details - Blyth Cultural Hub and Market Place

The Culture Centre will be an iconic flagship building, located in the Marketplace, in the heart of Blyth’s town centre. It will provide a significant boost to Blyth’s culture and leisure offer and evening economy, creating a new ‘anchor’ development which will attract more people into the town centre throughout the day and into the evening, increasing footfall, dwell time and spend. It will offer a range of culture and leisure opportunities, providing residents and visitors with new reasons to visit the town centre.

The project reflects the towns proud heritage, being located on the site of the former central cinema and music hall, returning the area to its historic role as a cultural attraction. The project includes two core elements:

- The new-build Culture Centre, including: a three-screen cinema offer, multi-use indoor performance space, exhibition space, café and hospitality venue, creative play, and arts / health / and wellbeing space.
- Public realm improvements to the Market Place, including the development of a new outdoor performance space.

It is the important first step to tackle market failure in Blyth Town Centre, part of the £70m Energising Blyth Programme (NCC, HM Government and NTCA funded and £2.5m contribution sought from NEMCA) to grow, renew and connect the town, capitalising on its location as part of the Northumberland Line Economic Corridor.

The applicant has demonstrated the long-term sustainability of the project through a market assessment of the Cultural Hub (dated 2021) setting out the likely potential demand and to support this the venue has already managed to procure a 15-year lease with a cultural cinema operator. Lastly, it should also be noted the applicant secured funding from Government for the project.

The project fits within the MCA objective of ‘bold on the rural economy’ which encompasses work to build on the opportunities presented by the Northumberland Line and NTCA funding will be spent by March 2025.

3.1 Project Outline

Proposal Name	Blyth Cultural Hub and Market Place	
Lead Organisation	Northumberland County Council	
Delivery Areas	Northumberland	
Timescales		Target date
	OBC approved by Cabinet	May 2023
	Enabling works	October 2023 – February 2024
	NEMCA Application	November 2023 – December 2023
	Stage 4 Designs and Tender Report	December 2023
	FBC complete	December 2023
	Project Board Approval	January 2024
	Programme Board Approval	January 2024
	Cabinet Approval	February 2024
	Construction starts on site	February 2024
	Practical completion	July 2025
Project Value	£14,591,816	

Grant amount requested	£2,500,000
NTCA Budget Implications:	This forms part of the £34m NTCA Capital Regeneration Fund.

Outputs- Blyth Cultural Hub and Market Place

Measure	Number
No of new cultural facilities	1
New and Improved Public Realm	8,250
Direct Jobs Created	8

The Blyth Cultural Hub and Market Place will also help unlock the following wider benefits once completed, delivering:

- 75 Jobs supported in the local visitor economy
- 70,000 Visitors to the Cultural Venue
- £4.04 Additional Visitor Spend
- 50 Learner engaged in cultural education

3.2 Costs

Full costings are currently being finalised, but funding will cover:

Expenditure		Cost
1	Site Investigation	£30,000
2	Building and Construction	£2,243,000
2	Consultancy and Fees	£227,000
Total		£2,500,000

3.3 Appraisal

NTCA commissioned Mickeldore to undertake an appraisal of the scheme’s business case which was submitted by Northumberland County Council; NTCA appraisal officers undertook a final review of the information as refreshed in the latest submission in December 2023.

Overall RAG assessment	
<p>Strategic case The project is considered to align with MCA objectives. Whilst the transformative effects of the project may be over-stated if the project is delivered in isolation of the wider Energising Blyth Programme, the scheme does focus on priority geographies and sectors set out in the devolution deal.</p>	G
<p>Economic case The economic case has been rated green. While the BCR calculations provided appears to capture a wide number of benefits, even with more conservative revisions the BCR is likely offer good value for money.</p>	G
<p>Financial case The financial case has been appraised as green. The financial case is based on RIBA 3 costs assessment and match funding has been secured with the approval of DLUHC business case.</p>	G

Commercial case The commercial case has been rated as Green. The commercial case sets out the potential demand through an external study and the case for the cinema is supported by the successful tender for an operator.	G
Management case The management case has been rated Green with the management of the project being undertaken by Advance Northumberland. The governance arrangements, programme and risks have been identified and documented.	G
Overall rating The appraisal is rated overall as Green by the appraiser.	G

Appraisal Conclusions

The application for NEMCA funding forms part of the £70m Energising Blyth Programme to regenerate the town centre. It should be noted that DLUHC have already approved a business case for this project. The strategic case has been noted as green as the project fits within the MCA objective of ‘bold on the rural economy’ which encompasses work to build on the opportunities presented by the Northumberland Line. The project is also focused on economic growth – or to reverse the declining fortunes of the town centre of Blyth. The economic case was rated green with a BCR rating of 2.7. There were a wide number of benefits amalgamated to achieve this figure. However, it is noted that the economic case for the Future Highstreet Fund bid was accepted by DLUHC and with a more conservative approach the BCR would still offer value for money. The commercial case is considered green with a cinema operator already being secured as well as Kier being appointed under a pre-construction services agreement and through a procurement framework. Lastly, the management case was rated Green with NCC as the project lead and responsible for delivery of the project and Advance Northumberland (a subsidiary of NCC) project managing delivery of the capital project both having experience of delivering capital projects. Subsidy control advice is still outstanding and will be reviewed once received. Overall, the project has been appraised as Green.

To mitigate the RAG assessment, the appraiser has recommended the following work aspects are considered and conditioned:

1. Submission of Subsidy Control position
2. Beyond the provisions in the standard grant funding agreement Subsidy Control advice may inform or require further clawback conditions
3. The full legal approval of the works on the sewer with NWL
4. Provide updated RIBA stage 4 report once received
5. The applicant is responsible for any cost overruns.

Appendix 2 – North Shields Public Realm

The project completes the remaining public realm improvements to North Shields Town Centre and connection to the Coastal/Riverside Promenade route, via the planned relocated Ferry terminus on Western Quay. Work upgrades a further 14,000 sqm of streetscape creating a pedestrianised loop around the Retail core of the Town and connecting this to the buoyant hospitality and visitor offer of the Fish Quay and wider Coastline. The works are proposed to be concluded ready for the celebration of North Shields’ 800th anniversary in 2025, during which a programme of events are being planned.

The proposed funding will deliver public realm improvements to Bedford Street South, Saville Street, Howard Street South, Borough Road / Saville Street (Gateway 3) and Bell Street. These schemes are the remaining elements of the North Shields masterplan, they will improve the quality of public realm throughout the Town Centre and enhance the links to the Fish Quay area, along the Riverside in line with the existing popular appeal of the Sea Front, creating a seamless, sustainable, and accessible route between the newly created town square and Transport Interchange with the Fish Quay and wider Coastline.

This investment will have a positive compounding impact on the prior projects delivered as it links them all together and is likely to support leveraging in further DLUHC funding as part of Levelling Up (Round 3). Work on complementary Masterplan projects are already well underway on site and will continue until Autumn 2024 providing the opportunity for rapid delivery.

The project delivers against the devolution priority to support cultural, creative and visitor economy sectors and will drive inclusive and sustainable economic growth, with activity aligned to the work on the Cultural and Creative Zone and connecting coastal assets to North Shields to enhance the economy.

4.1 Project Outline

Proposal Name	North Shields Public Realm
Lead Organisation	North Tyneside Council
Delivery Areas	North Tyneside
Timescales	Design completion (Town Centre works) – January 2024 Contactor procuring and pricing – February 2024 Site Mobilisation (Town Centre works) - March 2024 Works Completion (Town Centre works) - March 2025) Site mobilisation (Fish Quay works – December 2024) Works Completion (Fish Quay works) - March 2025)
Project Value	£5,750,000
Grant requested	£3,300,000
NTCA Budget Implications:	This forms part of the £34m NTCA Capital Regeneration Fund.

Outputs- North Shields Public Realm

Measure	Number
New and Improved Public Realm	14,000sqm

The cumulative investment in the public realm across the town square will provide a sense of pride and place in North Shields and provide an extended ‘destination’ for visitors, many of which already visit North Tyneside’s Coast and Fish Quay area. The 14,000 sqm of improved pedestrian provision, incorporates:

- public art installations and creative space to facilitate culture-based activities around the Town’s CCZ
- improvements to crossing provisions (3 new raised crossing points) and reallocating road space (including pedestrianisation of Bedford Street South – 2,520 sqm) to address severance between the retail core and Embankment route
- Tree planting, street furniture, and wider streetscape improvements around the pedestrianised retail core
- High quality secure cycle parking provision (hangars x 3) with provision for a local business e-cargo bike hire scheme)
- Quay edge protection (270m) adjacent planned Ferry terminus location on Western Quay (to provide safer space for Ferry passengers and future events/visitor/outdoor hospitality offer on Quay)
- Road space reallocation and highway enabling works adjacent Western Quay to create safe, step-free access to the new Ferry terminus (incorporating S.106 obligations upon Nexus)

The additional upgraded public realm forms part of a total package in North Shields that is forecast to increase footfall by 369,000 p.a. and expenditure by £13,500,000 p.a. as set out in the Theory of Change document

submitted as part of our Round 2 Levelling Up Fund bid. These figures have not been possible to be disaggregated down to the individual public realm elements due to the integrated nature of them (forming a cohesive continuous route between the Town Centre pedestrian zone and Fish Quay).

4.2 Costs

A summary of the proposed Capital Regeneration costs for the scheme is set out below. The costs are currently at a high level and more detailed granular breakdown will be required ahead the project being contracted.

Capital Costs requested		Cost
1	Building and construction works	£3,080,000
2	Fees	£220,000
Total		3,300,000

The funded eligible works equates to £3,300,000.

4.3 Appraisal

NTCA commissioned Mickeldore to undertake an appraisal of the scheme's business case which was submitted by North Tyneside Council and NTCA appraisal officers undertook a final review of the information following refresh in December.

Overall RAG assessment	
<p>Strategic case The project is considered to align with MCA priorities in terms of economic growth and the visitor economy set out in the Devolution Deal.</p>	G
<p>Economic case The external economic assessment summarised in the application sets out that the project offers the good value for money – but this is likely to be tempered by displacement from the scheme which will mainly attract local and sub-regional visitors.</p>	G
<p>Financial case The project has reached an advanced stage of design maturity and existing work on the masterplan within N. Shields suggests that cost estimates are reasonable – and the applicant has set out a fallback position.</p>	G
<p>Commercial case Design work has been provided by existing procured contractors and a procurement route has been identified with advantages in delivery times and price anticipated from the up-front works already being completed.</p>	G
<p>Management case The management of the project has been satisfactorily explained and the track record in delivery on the wider N. Shields masterplan has evidenced its activity.</p>	G
Scheme is not considered a Subsidy.	
<p>Overall rating The appraisal is rated overall as Green by the appraiser.</p>	G

Appraisal Conclusions

The application for NEMCA funding completes the remaining public realm improvements to North Shields Town Centre and connection to the Coastal/Riverside Promenade route. The strategic case has been appraised as green based on it completing the final public realm work of the North Shields Master Plan and likely leading to improving the local visitor economy. While not being transformative it is likely to increase visitor numbers, spend and dwell time in the town which is likely to improve local economic growth and as such the project aligns with the priorities of the devolution deal. The economic case is considered Green. The applicant has set out a BCR of 3.99 based on the greater access to visitors, the greater dwell time and the higher levels of spend. Whilst some of the assumptions in the approach may be queried, it is considered likely that the project will offer good value for money. The greatest risk to the value for money of the economic case is displacement. The financial case has been rated as green as the project has been designed to RIBA stage 3 (and 4 in places) and as such has reached a level of maturity where cost estimates are well informed. It is noted that contractors are already in place working on the current projects within the masterplan and were procured under the Scape framework. The commercial case is rated green for the public realm works, the designer has established a contractual relationship with both Capita the Authority's procured and outsourced Technical Services Delivery Partner, and Willmott Dixon the Authority's procured and outsourced contractor for the complex/major civils elements of work (Transport Hub & Embankment). Furthermore, it is anticipated that much of this additional public realm works will be delivered through the Council's partnership arrangement. Lastly, the management case has been rated as Green as the council have recent experience managing other aspects of the project and have procured outsourced professional provision available. Overall, the scheme has been rated as Green.

To mitigate the RAG assessment, the appraiser has recommended the following work aspects are considered and conditioned:

1. Confirmation that GFA is in place for match funding
2. The applicant is responsible for any cost overruns.

Appendix 3a – Newcastle Creates - Tyne Theatre and Opera House

Tyne Theatre and Opera House

This is a key historical and cultural asset in Newcastle and is located in the heart of Creative Central NCL within the conservation area of the city.

The project will restore the Grand Saloon within the footprint of the Tyne Theatre and Opera House to not only bring back an important historical cultural venue to its former impressive glory but also enable a significant programme of community engagement to take place alongside accessible exhibition, event and performance space which will further enrich and enhance Creative Central: NCL as it develops, and place The Tyne Theatre & Opera House once again at the heart of the community in Newcastle City Centre.

Funding within this Phase will deliver the following:

- To create a black box performance space within the Tyne Theatre site
- To increase the financial viability of the theatre
- To create additional jobs to operate the new facility: tech/bar/admin.
- To offer a complimentary performance and rehearsal space for community groups
- To resolve the building issues e.g., asbestos, fire protection etc within the footprint
- To partner with existing arts organisations to widen our offer e.g., True Colours and a new Tyne Theatre Community Group (working with Tyne Theatre productions – an independent and highly successful organisation)

The design master plan identified a need for a large flat floored area that could be used as a multi-purpose space – something which the theatre does not currently have, it also identified a need for community rehearsal space. Both these key elements were tried and tested through public consultation sessions with both professional and amateur organisations who attended workshop consultation sessions at the theatre. In consequence of these sessions there were further expressions of interest to use the space. Furthermore, the theatre is a long existing venue which demonstrated sustainability through its continued operation.

The Tyne Theatre sits within the heart of [Creative Central NCL](#); one of 3 Culture and Creative Zones funded by the North of Tyne Combined Authority to deliver culture led place-based regeneration. The North East Devolution Deal refers to increased alignment with programmes such as the Culture and Creative Zones to better harness the cultural, economic, social, and educational capital of the region.

5.1 Project Outline

Proposal Name	Newcastle Creates – Tyne Theatre and Opera House
Lead Organisation	Newcastle City Council
Delivery Areas	Newcastle
Timescales	Planning and LBC consents already received Partnership agreement signed following approval of the Grant Funding Agreement (Jan 23) Appointment of contractors (February onwards 24) Asbestos removal (survey already completed) (Feb-April 24) Acoustic Insulation (May-June 24) Demolition of partitions and floors (June-Sept 24) M&E connections and installations (Sep-Oct 24) Making good (Oct-Dec 24) Technical fit-out (Jan-Feb 25) Client fit-out (Feb-March 25) Opening (May 25)
Project Value	£616,252
Grant amount requested	£527,252
NTCA Budget Implications:	This forms part of the £34m NTCA Capital Regeneration Fund.

Outputs- Newcastle Creates – Tyne Theatre and Opera House

Measure	Number
Refurbished Floor Space	1463Sqm
FTE direct Jobs created	4
FTE direct Jobs safeguarded	3
FTE indirect jobs safeguarded	32

The project will look to deliver the following wider benefits:

- Creating the opportunity for culture and creative businesses to grow and create job opportunities as well as safeguarding jobs and attracting inward investment.
- Provide the opportunity for creative practitioners to develop their knowledge and experience.
- Increase participation and engagement in culture and cultural activities
- Increase the long-term sustainability of our heritage assets
- Provide a new strand of community engagement for the arts community
- De-risk future NLHF project by removing risk and opening up the building for inspection.
- Engage with hard-to-reach areas of the community and offer a smaller more affordable option (compared to the main auditorium)
- Develop a new programme brand for the theatre
- Create an improved front of house ambience for the Grade I listed building
- Improve the streetscape around the theatre in Westgate Road by creating a creative café and box office hub in redundant shop units already in the theatre’s ownership.

5.2 Costs

A summary of the proposed Capital Regeneration costs for the scheme is set out below:

Capital Costs requested		Cost
1	Site Investigation	£102,985
2	Building and Construction	£313,900
3	Fees	£110,367
Total		£527,252

5.3 Appraisal

NTCA commissioned Mickeldore to undertake an appraisal of the scheme's business case which was submitted by Newcastle City Council and an NTCA appraisal officer undertook a final review of the information following final submission in December.

Overall RAG assessment	
<p>Strategic case The strategic case demonstrates a link to previous strategies, the re-purposing of a heritage asset, strong sector and community links with an alignment with economic growth and creative and culture from the MCA priorities.</p>	G
<p>Economic case The economic case as presented offers limited direct economic benefits from employment but does demonstrate a number of wider benefits which together demonstrate clear advantages from the project.</p>	G
<p>Financial case The investigation work, design work, professional team and allowances for contingency and inflation has ensured that significant work has been carried out to understand costs</p>	G
<p>Commercial case The project has evidenced demand, and the supply and procurement arrangements are well understood.</p>	G
<p>Management case The project has a governance arrangement in place through the standard arrangements of NCC.</p>	G
<p>Overall rating The appraisal is rated overall as Green by the appraiser.</p>	G

Appraisal Conclusions

The strategic case has been appraised as green with the project setting out its alignment with the MCA's objectives as generating economic growth and undertaking that work in the 'arts, culture, heritage and sport' sector. This alignment is accepted – and the project is also an extension of the work in Cultural and Creative Zones in Newcastle which is already funded through the NTCA. The economic case has been rated as Green, the direct economic benefits are likely to be limited but the evidence of the potential take-up of space from a wide range of users suggest that there may be wider indirect benefits across the sector such as creating the opportunity for culture and creative businesses to grow and create job opportunities, Increase participation

and engagement in culture and cultural activities and Increasing the long-term sustainability of our heritage assets. The financial case has been rated Green, the applicant has identified capital spend against budget headings and has provided a granular budget breakdown. The project costs have been estimated by an experienced theatre restoration design team and they have included an uplift for inflation in the forecasts. Match funding has already been secured. The commercial case has been assessed as Green with the business case highlighting a requirement for a community rehearsal space and a multi-purpose space with street level access. Appropriate procurement processes are in place and there is no requirement for on-going public funding once the project has been completed. Lastly, the management case has been noted as Green with the Newcastle City council having appropriate governance structures in place to deliver the project. Subsidy control advice has been received and states that certain parts of the funding will fall within the definition of subsidy and can comply with the Seven Subsidy Control principles. The overall project has been appraised as Green.

To mitigate the RAG assessment, the appraiser has recommended the following work aspects are considered and conditioned:

1. Copy of partnership agreement between Newcastle City Council and Tyne Theatre and Opera House Preservation Trust sent once signed
2. The applicant is responsible for any cost overruns.
3. Legal team to review Subsidy Control advice and beyond the provisions in the standard grant funding agreement Subsidy Control advice may inform or require further clawback conditions

Appendix 3a – Newcastle Creates – BOHO Arts

Creative Central NCL is a place-based regeneration project in Newcastle that aims to create an inclusive, vibrant, distinctive creative district. Investment will support 3 complimentary capital schemes within the area:

1. Tyne Theatre & Opera House – new performance and rehearsal space
2. Boho Arts – creating an accessible Creative Arts Hub with flexi-theatre expo space, workshop rooms, café bar and coworking.
3. Gibb Chambers – new workspace for C&C sector across 4 floors

These schemes help address the critical need for C&C workspace (including studios, performance, and rehearsal space) that is affordable, accessible, attractive, and offers long-term security.

BOHO Arts

Funding will support the transformation of a disused property into an eco-friendly inclusive creative arts venue - a 'future community arts centre'* that will bring diverse artists, communities and individuals of all ages together under one roof to connect, collaborate and be creative: bringing wide public benefit. Furthermore, Boho Arts are entering into a partnership agreement with Live Theatre. Live, as an Arts Council National Portfolio Organisation (NPO) with significant capital project and building management experience will be a supporting entity (with no financial cost or gain), providing help and guidance throughout the project and in the first two years of operations.

Boho Arts Inclusive Arts Venue (located within Creative Central NCL) have requested £523,000 NEMCA funding that would be matched alongside other national funding programmes to deliver a £1.69m refurbishment scheme to act as an accessible and inclusive arts hub with flexi-theatre expo space, workshop rooms, café bar and coworking which will create and safeguard 39 jobs within the cultural and creative sector.

The immediate effects of the project will be the enhanced frontages, on Scotswood Road creating an open, inviting, and activated façade, on the back providing a lively small yard with the possibility to spill out in the future, making that corner of the Pink Triangle more welcoming. By bringing long-term empty buildings back into use, the project will help to generate additional footfall along the eastern end of Scotswood Road, extending the offer of Creative Central into the southwest corner of the city centre. As the Forth Yard and

High Line developments proceed, the project could become a steppingstone between Forth Yard and the city centre.

There is a gap in the market and high demand for a new arts and cultural facility that serves the grassroots creative community and the public. Newcastle is lacking creative, inclusive, and accessible spaces that are centrally located, affordable and available. The community is also united by their need for a space which is by and for them. A BCR of 1.5 shows the schemes is good value for money and the additional public realm improvements delivered by the scheme will offer wider benefits. Also, boho Arts have negotiated a 30-year lease on favourable terms which includes a 3-year rent free period with a sliding scale for years 4 to 7 to help with the long-term sustainability of the scheme. Additionally, an options analysis was conducted to ensure that the site chosen was the most suitable.

The Tyne Theatre sits within the heart of Creative Central NCL; one of 3 Culture and Creative Zones funded by the North of Tyne Combined Authority to deliver culture led place-based regeneration. The North East Devolution Deal refers to increased alignment with programmes such as the Culture and Creative Zones to better harness the cultural, economic, social, and educational capital of the region.

6.1 Project Outline

Proposal Name	Newcastle Creates – BOHO Arts
Lead Organisation	Newcastle City Council
Delivery Areas	Newcastle
Timescales	Mar '24 – Partnership agreement signed following receipt of NEMCA Grant Funding Agreement Apr ' 24 – All funding confirmed Jul '24 – RIBA Stage 4 designs complete. Jun '24 – Aug '24 – Prepare tender docs, tender period and tender evaluation. Aug '24 – Appoint contractor Sep '24 – Mobilisation Sep '24 – Mar '25 – Construction Mar – Apr '25 Practical Completion / Handover Apr '25 – May '25 - Boho Arts fit out Jun '25 – Building operational
Project Value	£1,693,210
Grant / Loan amount requested	£523,000
NTCA Budget Implications:	This forms part of the £34m NTCA Capital Regeneration Fund.

Outputs- BOHO Arts

Measure	Number
Refurbished floorspace	619 Sqm
FTE direct Jobs created	2
FTE direct Jobs safeguarded	16
FTE indirect jobs safeguarded	51

6.2 Costs

A summary of the proposed Capital Regeneration costs for the scheme is set out below:

Capital Costs requested		Cost
1	Building and Construction	£467,847
2	Fees	£55,153

6.3 Appraisal

NTCA commissioned Mickeldore to undertake an appraisal of the scheme's business case which was submitted by Newcastle City Council and an NTCA appraisal officer undertook a final review of the information following final submission in December.

Overall RAG assessment	
Strategic case The project sits within the key sector or Arts, Culture, Heritage and Sport delivering the ambition of Economic Growth. It further supports the devolution deal with growth and alignment to other programmes in particular the Culture and Creative Zone currently operating in Newcastle.	G
Economic case There is no duplication of activity in the immediate area. There has been no private sector interest in the building which has been closed for 10 years and there is no other commitment in place, the building needs extensive renovation, which means the project would not happen without the intervention of public funds.	G
Financial case The funding for the project remains very uncertain. The project is anticipated to cost £1.69m with a NEMCA grant sought of £523k. Of the remaining funding, only £44k is already secured (from a crowdfunding campaign), and £1.13m is awaiting confirmation. Recommend that a grant funding clause be included to have sight of match funding awards prior to first claim.	A
Commercial case There is a clear and detailed procurement plan as an appendix to the application. Newcastle City Council are the lead applicant with Boho Arts the delivery partner. Boho Arts, the delivery partner will procure the professional services and construction works. Boho Arts have negotiated a 30-year lease on favourable terms which includes a 3-year rent free period with a sliding scale for years 4 to 7. Additionally, an options analysis was conducted to ensure that the site chosen was the most suitable.	G
Management case An experienced project manager will be appointed (existing post) to manage the relationship with Boho Arts supported by a programme assistant. A robust risk register has been provided with one operational high-risk dependency with delays in statutory authority works, this has been mitigated by early liaison to get works booked in. Subsidy control advice has been provided.	G
Overall rating Overall, the project has been noted Green. However, conditions required to mitigate financial case.	G

Appraisal Conclusions

The strategic case has been appraised as green with the project sitting within the key sector of Arts, Culture, Heritage and Sport delivering the ambition of Economic Growth. It further supports the devolution deal with growth and alignment to other programmes in particular the Culture and Creative Zone currently operating in Newcastle. The economic case has been assessed as Green, the application demonstrates a robust

methodology for how each of the outputs have been derived and to be evidenced for monitoring purposes. A clear viability gap has been demonstrated and the project has demonstrated a BCR of 1.5 within the programme target. The financial case has been rated as amber, the applicant has provided a granular budget breakdown and cost plan together with architect drawings. However, match funding for the project remains uncertain, coming from multiple sources. As a result, the project is determined to be somewhat speculative in nature. A sensitivity analysis has been provided showing impact if all/some of the required funding was not successful. The award of NEMCA funding is required as the catalyst for other funding so, recommended that a grant funding clause be included to have sight of match funding awards prior to first claim. The commercial case has been appraised and rated green with a clear procurement plan in place and Boho Arts have negotiated a 30-year lease on favourable terms which includes a 3-year rent free period with a sliding scale for years 4 to 7. Recommend that a grant funding clause be included to have sight of signed lease prior to first claim being paid. The management case has been assessed as Green with appropriate governance structures in place. Newcastle CC are the applicant with BOHO Arts working with them as the deliver partner. Subsidy control advice have been provided. Full planning permission and change of use was granted 5th May 2022. The overall project has been appraised as Green. However, conditions are required to mitigate the financial case RAG rating.

To mitigate the RAG assessment, the appraiser has recommended the following work aspects are considered and conditioned. It is expected, subject to further information from the applicant, many of the conditions below will be discharged prior to Investment Panel and the RAG ratings mitigated:

1. a grant funding clause be included to have sight of signed lease prior to first claim being paid.
2. a grant funding clause be included that project requires match funding to be secured and NTCA to have site of prior to first claim.
3. The applicant is responsible for any cost overruns.
4. Legal team to review Subsidy Control advice and beyond the provisions in the standard grant funding agreement Subsidy Control advice may inform or require further clawback conditions.