

Title: Gateshead Railway Quarter
Report of: Rob Hamilton, Head of Strategy and Innovation
Portfolio: Housing and Land

Report Summary

The purpose of this report is to provide an update on one of the projects from the North East Combined Authority's (North East CA) Capital Regeneration Fund, Gateshead Quays and Railway Quarter.

On 8 September 2023, the former North of Tyne Combined Authority (NTCA) Cabinet resolved with agreement of the former North East Combined Authority (NECA) Constituent Local Authorities, that the NTCA act as the Accountable Body, to establish and deliver a £34 million Regeneration Capital Programme (£20m early priorities funding as part of devolution negotiations matched with £14 million Investment Fund). This was to enable delivery ahead of the formal creation of the North East Combined Authority (North East CA). The approved Capital Regeneration Programme and Pipeline will support a range of interventions across the region to boost economic growth and deliver enabling infrastructure.

The former North of Tyne Combined Authority Investment Panel previously considered the Gateshead Railway Quarter project at its meeting on 30 January 2024. At this meeting, it was recommended that the Chief Executive, in consultation with the Director of Finance and Investment, the Mayor and relevant Cabinet Member and in accordance with the scheme of delegation, approve Early Regeneration Capital Funding of £3.5m to Gateshead Council for the delivery of the Gateshead Quays and Railway Quarter project. The spend profile of this £3.5m project was split between the project's two separate and distinct elements, with £3.0m allocated to Gateshead Quays and £0.5m allocated to the Railway Quarter.

Since the approval of this funding, Gateshead Council has taken the decision to separate out the two elements of the project, as the Railway Quarter is now ready to be delivered on site, whilst further feasibility work is ongoing with Gateshead Quays element. Having brought this to the attention of the Combined Authority, Gateshead Council were advised that standalone Project Business Cases should be submitted for consideration, with the first of these being the subject of this report.

Recommendation

The Chief Executive is recommended to approve £500,000 of Capital Regeneration Funding for the Gateshead Railway Quarter Project.

A. Summary of Investment Proposal (Context)

1. Background

The Railway Quarter is located at the southern end of the Tyne Bridge and High-Level Bridge, at the centre of primary sustainable transport routes from all directions, connecting Gateshead Town Centre, Newcastle City Centre and both Newcastle and Gateshead quaysides.

With assistance from the national High Streets Task Force (HSTF), Gateshead Council has developed a regeneration strategy outlining needs for their town centre. This involves shifting the boundary and focus of retail/leisure/services towards the quayside to the north, by expanding into the Railway Quarter. The southern edges of the town centre, around the High Street and the Civic Centre will then, in time, be re-designated as an edge of centre residential zone.

Whilst already acknowledged as a key pedestrian route, the Railway Quarter now also has the potential to add value to culture and heritage assets within the Gateshead/Newcastle Quayside area. Further investment will deliver the necessary improvements, upgrade the public realm and provide support for the emerging food and beverage businesses that have already started to locate there. By working with Northumbria University, the project will also support creative practitioners by providing opportunities for redundant floor space to be used and increased public engagement and activity. Overall, such improvements will result in positive outcomes of increased footfall, transport modal shift and boost job creation.

In 2022, £630,000 UKSPF funding was allocated to Gateshead to enable delivery of a programme of interventions in the Railway Quarter to increase footfall and visitor activity, enhancing the key pedestrian routes between Gateshead Transport Interchange and the popular Gateshead/Newcastle Quayside area. In part, the UKSPF funding will deliver pilots with creative practitioners that will bring new uses and activity into the Railway Quarter, resulting in existing businesses being supported and more new businesses encouraged into the area.

The project is also supported by a previous application to Historic England for a High Street Heritage Action Zone and feasibility work undertaken during the Gateshead Riverside Partnership project in 2022, funded through the Community Renewal Fund. A blue/green corridor project – the Tyne Derwent Way - also provides engagement and activity to the east and west of the Railway Quarter.

Project Outline	
Funding Source	Capital Regeneration Fund
Proposal Name	Gateshead Railway Quarter
Lead Organisation	Gateshead Council
Delivery Areas	Gateshead Railway Quarter
Start Date	March 2025
Financial End Date	Q1 2025/2026
Practical completion date (date by which all outputs will be achieved)	May 2025
Total Project Value	£1,130,000
Grant Amount Requested	£500,000
Budget Implications	This £500,000 has already been allocated to The Gateshead Quays/Railway Quarter as part of the £3.5m allocation made to the project at the former North of Tyne Combined Authority Investment Panel meeting of 30 January 2024.

2 The Investment Proposal

The decision to invest into the Railway Quarter has arisen from the council's regeneration strategy, which seeks to shift the focus of the town centre northwards, towards the vibrant and popular quayside area. Whilst there is much brownfield land along the riverside and in the town centre, much of this remains undeveloped because of high remediation costs and low land values once regenerated. This upfront investment in the Railway Quarter will encourage footfall in the area and help nurture confidence for further investment from the private sector.

The project will:

- Put pedestrians at the heart of an attractive, connected route which will benefit from feature lighting and public art, for way-finding and interest;
- Create gathering spaces at key points along the route, which will be able to be used as meeting points, as well as pop up and semi-permanent uses as the area develops; and
- unlock the potential for the Askew Road railway arches to be brought back into use and the forecourt area to be redeveloped as a focal point for leisure, creativity and communities.

The funding 'ask' that is the subject of this report will be spent on physical improvements to public realm and public spaces at Hill St, Wellington St and High-Level Road/Riverside Park and improving the route between Riverside Park and Askew Road. These works will add value to this emerging location that will in turn stimulate activity on vacant, privately owned sites within the Railway Quarter area. The Council are currently working with the owners of these sites to realise these further development opportunities. A map providing context to the importance of this location and descriptions/images of the proposed works can be found at Appendix A.

The Railway Quarter is close to both the High-Level and Tyne bridges and sits in the middle of a principal pedestrian route from both Gateshead and Newcastle to the Gateshead Quays site. It has a number of underused spaces, buildings and public realm. UKSPF funding is being used at Riverside Park to the west and St Mary's Heritage Centre to the east, to improve their connectivity through the Railway Quarter. By enhancing these public spaces and routes, existing businesses will be safeguarded, and new businesses attracted; adding value to the current offer. In turn, this investment will assist the acceleration of delivery of new office space and infrastructure in this location, thereby improving business sentiment and increasing private investment. It is also acknowledged that the location is a considerable distance from Gateshead flyover and as such, any investment made would not be impacted by this.

2.1 Outputs and Outcomes

Outputs
3500 Sq. m of new and improved public realm and routes, including new lighting
13 businesses supported
52 jobs safeguarded
Construction jobs (TBC)
10% increase in footfall
10% increase in visitors
New public art pieces
3 new event spaces
1 improved gateway to Riverside Park
1 new business space between the High-Level Bridge and Riverside Park
Woodland management to improve footpaths in Riverside Park

Description of Outcomes
Improved perceptions of the area and its opportunities
Increase in Social Value
Improved perceived health and wellbeing
Increase in visitors to cultural/tourism events

2.2 Timetable for Implementation

Milestone	Forecast Date
Works start on site	March 2025
Works Completed	May 2025

2.3 Evaluation

A business case for £3.5m of Capital Regeneration Funding for a wider Gateshead Quays development (NE0003) has already been appraised and was approved at the North of Tyne Combined Authority Investment Panel meeting of 30 January 2024. The Railway Quarter was one element of this wider proposal, from which it has now been disaggregated. Gateshead Council has confirmed that the Gateshead Quays Project (NE0003) is now to be split into two new business case proposals, the first of which is the subject of this report. Therefore, as sections of the business case have previously been appraised and approved, reference to this is made throughout the re-appraisal below. As the project is still part of the regeneration of the Gateshead Quayside area, wider benefits can still be considered.

This first new business case seeks agreement for £0.5m of the previously approved £3.5m to contribute towards the costs of developing the Railway Quarter route that runs from Riverside Park to Gateshead Quays. This will add value to the Gateshead Quayside with enhanced public realm and creation of event spaces.

2.4 Appraisal / RAG Assessment

The business case has been appraised by the Combined Authority's Project Assurance Team and follows the HM Treasury Five Case model. A summary is set out below:

Overall RAG assessment	
<p>Strategic Case</p> <p>The Railway Quarter has now been disaggregated from the wider Gateshead Quays proposal. Although the Railway Quarter is a stand-alone project, it complements the proposed Gateshead Quays development and therefore, several wider benefits can be considered.</p> <p>The request is for a £500,000 funding contribution from the North East CA. The full project cost is £1,130,000 which includes £630,000 match funding. The Business Case describes the strong strategic economic context, with the benefits of the development and the wider Gateshead Quays works well referenced and clear links to strategic priorities and objectives given. Greater consideration of net zero impacts during site development or beyond would add strength to this section.</p>	G
<p>Economic Case</p> <p>The economic case outlines a number of benefits that are largely achieved through the wider Gateshead Quays development, of which, the Railway Quarter is a key part. Outputs were updated following the initial submission which are relevant to the activity and demonstrate a strong and viable economic benefit.</p>	G
<p>Commercial Case</p> <p>Demand for the project has been well considered. The commercial case demonstrates a demand for development in the area, in addition to demand for use of the site and from potential visitors. Supply capacity is well demonstrated.</p>	G
<p>Financial Case</p> <p>The financial case, supported by finance tables, provides an overview of spend across the programme. It gives figures against the headline costs of delivery. Projects costs are for consultancy plus building/construction. Material costs were based on September 2023 prices. However, this has been addressed by building inflation into the figures. Risks have been identified and addressed with no concerns.</p>	G
<p>Management Case</p> <p>The applicant has provided details of an experienced management structure. Overall programme responsibility sits with a dedicated Project Manager and is supported by an Architect, Technical Support and Highways Engineers. Appropriate Governance is described.</p>	G

Overall, the Business Case sets out a strong strategic economic context for the project. The benefits of the development and the wider Quays works are well referenced with clear links to strategic priorities and objectives. All cases have been rated as Green, although greater consideration of net zero impacts during site development or beyond would add strength to the business case. Therefore, it is recommended that the funding be awarded.

2.5 Recommended Conditions of Funding

The award of funding would be **subject to the following proposed funding condition:**

No.	Condition
1	Applicant to provide confirmation of match funding.

B Potential Impact on North East Combined Authority Objectives

The wider Gateshead Quays development (of which, the Railway Quarter is a key part) addresses issues affecting living standards, wellbeing and pride in place. A number of specific economic benefits have been provided which align to the following North East CA Missions:

- Home of real opportunity
- A North East we are proud to call home
- Home to a growing and vibrant economy for all

It is accepted that increased footfall will bring a number of wider benefits to the area.

C Key risks

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. Project risks will be managed throughout the delivery of the projects by the applicant, The Combined Authority's Housing and Land Team and the Project Assurance Team.

D Financial and other resources implications

The financial profile for the project is set out below:

Funding source	2024/25
<i>North East CA Capital Regeneration Fund</i>	£500,000
<i>UKSPF</i>	£630,000
Total	£1,130,000

Status of match funding:

Confirmation of the £630,000 UKSPF match funding will be required prior to the award of this funding.

Funding availability:

The overall Capital Regeneration programme position is as follows:

Project Name	Total Funding
Gateshead Quays	£3,500,000
NET Park	£10,700,000
Aykley Heads	£9,200,000
Blyth Cultural Hub & Market Place	£2,500,000
North Shields Public Realm	£3,300,000
Creative Central NCL – TTOH	£523,000
Creative Central NCL – Boho Arts*	£957,598*
Creative Central NCL – GMCW	£1,705,427
<i>Unallocated</i>	<i>£1,613,975</i>
Total	£34,000,000

*includes additional financial ask still to be considered – currently under appraisal.

E Legal implications

The Monitoring Officer has been consulted and has no comments to add.

F Equalities implications

The North East CA follows the [Public Sector Equality duty](#) and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

G Consultation and engagement

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

H Appendices

Appendix A: A map showing locations and descriptions/images of the proposed works.

I Background papers

[NTCA Investment Panel Report from 11 January 2024](#)

[NTCA Capital Regeneration Fund DD Report - 31 January 2024](#)

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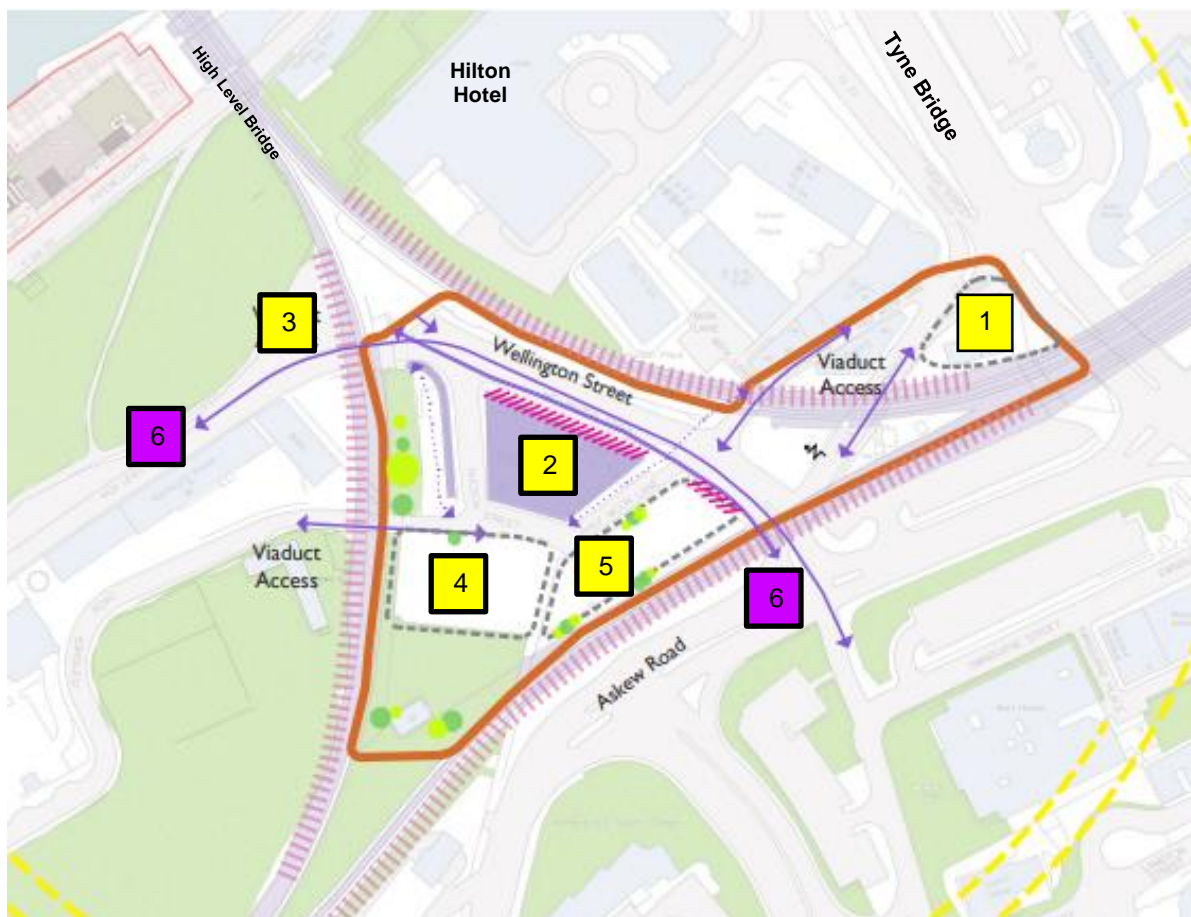
K. Glossary

NTCA	North of Tyne Combined Authority
North East CA	North East Combined Authority
UKSPF	UK Shared Prosperity fund
HSTF	High Streets Task Force

L Consultee

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
Yes	Yes	Yes	Yes

APPENDIX A



Map showing location of physical improvements to public realm and public spaces:

- 1 Hills St
- 2 Wellington St
- 3 High Level Road / Riverside Park
- 4 / 5 Vacant / Privately owned sites
- 6 Improved route between Riverside Park and Askew Road

Description/images of initial phase of works:

- Lighting scheme combining standard lighting with controllable decorative coloured lighting to Brandling and Hill Street pedestrian tunnels.
- Signage to the west side of Wellington Street, the east end of Hill Street and the east end of Brandling Street arches to identify entrance to Railway Quarter and Riverside Park.
- Activation of the Former Pattinson site for public and event spaces and place making.
- Area of McCoy Fountain including the commission of an artist to design and produce a permanent piece of art to be installed on the rear wall of the site as well as additional activation in the form of planting, seating and event spaces.
- Scott's Arches activation including the commission of an artist or number of collaborative artists to work with the community to showcase artworks across 6 arches embodying 'Pride of Place' in preparation for future phases of works.

- Concept design for new artwork to be displayed on the Scott's arches:



- Concept design for new “pop-up” / event space at Hill St:



- Concept design for pedestrian/cycle routes, and improved signage at Wellington St:

