
Title: UKSPF Quayside Recording Studios
Report of: Lisa Harwood, Senior Economic Development and Regeneration Officer
Portfolio: Culture, Creative, Tourism and Sport

Report Summary

The purpose of this report is to provide details of a proposal received from Newcastle City Council (NCC) outlining plans to establish new recording studios within the grade II listed Coronation Buildings, which is part of the Live Theatre's portfolio of buildings beside Newcastle Quayside.

The request is for £1,792,270 of UK Shared Prosperity Fund (UKSPF) to fund a scope of capital works to establish the world class recording studios. The studios will offer space to both the film and music industries. It will be the first facility of its type in the North East and will attract major talent, nurture local talent, drive economic growth, deliver community engagement and cultural contribution to the region. Newcastle City Council is the applicant and North East Theatre Trust Ltd (known as Live Theatre) is delivery partner

This project was included in the UKSPF report presented to Finance and Investment Board 30 March with £1.8m allocated within the programme. Due to time constraints requiring spend by 31 March 26 the Board agreed that, subject to appraisal of the business case, it could be considered by written procedure.

This report was considered by Technical Officers Group at its meeting on 14 April 2025 and was supported subject to the outcome of the final appraisal. This has now been completed and is included in this report. Technical Officers have also received this report in parallel for consideration via written procedure.

Recommendations

The Chief Executive is recommended to approve investment of £1,792,270 of UK Shared Prosperity Fund to support the establishment of recording studios at Newcastle Quayside and authorise entry into the required agreement.

A. Summary of Investment Proposal (Context)

Based on compelling sector demand, Generator, the music agency for the North East, approached Live Theatre with an opportunity to establish a complex of recording studios within their Coronation Buildings located on Newcastle's historic Quayside. Owned by Live Theatre, the Grade II Listed Building forms part of a group of buildings in the area that have helped to establish Live Theatre as a cultural hub in this part of the city and become recognised as a magnet for creative and cultural enterprise.

NCC are partnering with Live Theatre to help bring forward the development, which will greatly support the ambitions of the Local Growth Plan to grow the creative industries sector across the region.

The request is for £1,792,270 of UKSPF, a 100% capital request which will support the works necessary to establish a suite of recording studios across 4 floors within Coronation Buildings.

There is currently a notional allocation of £1.8m within the 2025/26 UKSPF budget, for support under the 'Supporting Local Business' theme, if approved. The project will be delivered over a period of circa 10 months and all investment will be defrayed within the same period, in line with UKSPF criteria.

1. Background

The North East Combined Authority (North East CA) has committed to support the growth of the Creative Industries sector within its Local Growth Plan. This commitment has commenced already through support for significant regional projects including funding for Crown Works TV and Film Studios at Sunderland Riverside and investment into the North East Screen Industries Partnership (NESIP) to attract and support TV and film production within the region.

The North East music scene has recently featured on a national and international scale with local artists such as Sam Fender dominating the music scene and the attraction of the 2025 MOBO Awards, held at the Newcastle Utilita Arena in February.

The North East has struggled for decades to attract major music industry operators to invest and be based in the region, with Sam Fender being an anomaly rather than the norm we could expect from our top tier talent. Access to opportunity and global networks play a huge part in how a region's music industry ecosystem can be successful. With a newly launched Music Strategy, UNESCO Music City Status in application by Newcastle/Gateshead, Sunderland recently joining the music cities network, two major labels committing to operations in the region, and a strong political desire for a northern export office and the creative industries forming a key part of our regional growth plan – a facility that matches the regional ambitions for the sector is required if the region is to compete both nationally and internationally.

Generator is a creative and cultural talent development agency on a mission to create and grow successful and sustainable Creative, Cultural, Music and Performance Industries in the North East. They have undertaken significant research which demonstrates that the North East is home to a wealth of musical talent and creative industries, but lacks the infrastructure to capitalise on both national and international export opportunities.

Through discussions with several operators and music production labels, Generator has developed significant interest from major labels to produce in the North East with both local, national and international artists. Generator approached and has subsequently held discussions with North East CA and Newcastle City Council over the past 12 months exploring the possibility of establishing a world class facility within the City of Newcastle.

Developing Grade A recording facilities in the North East will unlock a thriving music industry ecosystem, boosting not only local talent but also related sectors like sync licensing, publishing, post-production, and live event programming. By providing top-tier resources for artists, composers, and producers, we can create a full-service hub that attracts music supervisors, publishers, and international artists. This infrastructure will stimulate job creation in studio management, engineering, and distribution, while also benefiting the regional supply chain, including sound equipment manufacturers and logistics providers. With this ecosystem in place, the North East can become a competitive and sustainable music hub, driving growth, innovation, and global recognition. It will also provide excellent collaboration opportunities with the BRIT school in Bradford and the wider screen industries, further supporting our regional growth plan and the focus on creative industries.

The challenges in justifying private sector investment in a world-class music recording facility in Newcastle are largely driven by excessive upfront and operational costs, the uncertain demand for such a facility in the region without national/international support, the risk of underutilisation, and the competitive disadvantage when compared to more established music ecosystems such as London and Manchester. Investors are likely to be concerned about the return on investment (ROI) given the high risks and the niche market for top-tier music studios that are not partnered with global music institutions (aka Warner/Universal) outside of more globally recognised music cities. Without a critical mass of artists, industry professionals, and supporting infrastructure, the North East may struggle to support such an ambitious project purely through private investment. These key risks have been considered as part of the risk assessment and the project's wider approach and are summarised in the report's risk section below.

Demand

The UK's recording studio landscape is diverse, encompassing high-end facilities and smaller studios. A 2021 report by the Department for Digital, Culture, Media and Sport (DCMS) identified 694 recording and production studios across England. However, the distribution of these studios varies significantly by region. For instance, London has a high concentration, with areas like Haringey boasting up to 20 studios per 100,000 inhabitants, while many other regions have fewer than four studios per 100,000 inhabitants.

assets.publishing.service.gov.uk

In contrast, cities like Leicester have successfully developed high-end recording facilities. HQ Recording Studio, located in the heart of Leicester city centre, provides a relaxed, creative environment for artists.

goodfinance.org.uk

These examples illustrate that while some UK cities have a high density of recording studios, others, particularly outside London, may have fewer high-end facilities. This disparity suggests potential opportunities for developing such infrastructure in underrepresented areas.

The demand for high-quality recording services in the UK is evident, with regional artists and companies often seeking facilities beyond their immediate locales. For instance, the Royal Scottish National Orchestra (RSNO) has become a preferred site for recording major film and game scores, leading to increased competition for their services. This success has boosted Glasgow's reputation in the music production industry and helped introduce Scottish music to an international audience.

thetimes.co.uk

Additionally, the UK Sound Recording & Music Publishing industry has been growing at a compound annual growth rate (CAGR) of 1.4% between 2019 and 2024, indicating a steady increase in demand for recording services.

ibisworld.com

These indicators suggest a robust and expanding market for high-spec recording studio time in the UK, with regional artists actively seeking quality facilities to meet their production needs.

The project has the potential to transform Newcastle into a regional hub for music production, talent development and innovative tech. By positioning the city as a go-to destination for high-quality recording and content creation we will draw national and international artists, elevating Newcastle's profile on the global stage.

Alongside future, potential partners, there is the opportunity to nurture local talent through education and development initiatives.

Beyond its commercial potential, this project will contribute to the cultural vitality of Newcastle, supporting local music events, engaging with community initiatives, and promoting the city as a key player in the national and international music scene.

The project's governance structure will see Live Theatre partner with NCC to deliver the project through a series of competitively tendered appointments including a Lead Architect supported by Designers, Quantity Surveyors Heritage Consultants, as well as an appointment to Contractors/Sub-Contractors.

2. The Investment Proposal

Spread over four floors, the proposal is to develop the following speculative development, with an anticipated single end-user. The speculative nature of the development is based on extensive research of demand for this type of space in London and other major regional cities. It will include:

- a Film and Photography Studio and Communal Area including kitchen and dressing area,
- 3no. Music Recording Studios, Live Room,
- Podcast and Multimedia Studios and Writing Rooms, office and meeting spaces.

Subject to confirmation of funding the main construction works are programmed to start in May 2025 and are anticipated to take 20-24 weeks.

Construction (Design and Management) Regulations 2015

Live Theatre will fulfil the Client Role (supported by Newcastle City Council), the Lead Architect will take on the role of Principal Designer and an appropriate appointment will be made for a Principal Contractor.

Live Theatre is a registered charity and owns some property which it leases out to businesses to sustain its charitable objectives. As a charity its trustees are obliged to not put its finances at any undue risk and as a result it is not in commercial position to speculatively invest in the building to the standard and specification required.

Live Theatre will charge a market rent to the end user/s. Along with borrowing costs already in place from the property acquisition this will not be sufficient to allow Live Theatre to fund redevelopment costs. The inability to access grant support would mean the project would not proceed.

Once fully operational, the recording studios are expected to create a dynamic, sustainable creative ecosystem in Newcastle. By establishing a world-class recording facility with strong industry backing, the studio will attract major talent to the region, nurture local talent, help to drive economic growth, and support strong community engagement and wider cultural contribution.

It is anticipated that there will be a significant increase in new contracts for local freelancers both directly involved in the operation of the studio, and within the wider ecosystem generating additional economic impact both locally and nationally.

In time, the space would host live events and artist showcases. These events would not only provide a platform for emerging artists but also drive local tourism and business, potentially generating additional impact within the local area through ticket sales, sponsorship, and local business engagement (hotels, restaurants, etc).

Generator is confident that the facility will be utilised by at least two of the three major labels in the UK, as well as music producers, music supervisors and the wider creative content making community. There is also a great opportunity to link into and collaborate with wider screen industries, arts organisations, music communities, content creation, podcasters, national and international producers and regional education providers.

NECA are not expecting to be approached for any ongoing revenue contribution. The studio will operate commercially and charge market rate for rental costs providing on ongoing revenue stream.

2.2 Outputs and Outcomes

Outputs	24/25	25/26	26/27	Total
Direct Jobs Created		4		4
Indirect Jobs Created		33		33
Commercial Space Developed (sqm)		668.3		668.3

Whilst this project will lead to the achievement of some tangible outputs as outlined above, the wider catalytic impact of the project will provide significant support for the overall development of the music cluster.

The project offers additional opportunity to support the attraction of major talent and new inward investment from the music industry as well as the opportunity to nurture and support the growth of local and new talent across the region. It also helps to significantly increase the exposure of the North East as a centre for music within the UK. The wider impact will be captured and monitored on an ongoing basis as additional outcomes.

2.3 Timetable for Implementation

Milestone	Forecast Date
Project Start Date	1/12/2024
Appointment of Lead Architect	07/02/2025
Certificate of Lawful Use application submission	14/03/2025
Certificate of Lawful Use application determination	09/05/2025
Appointment of Principal Contractor	05/05/2025
Completion of Designs to RIBA 4	30/05/2025
Start of building strip out	19/05/2025

Start of building fit out	16/06/2025
Completion of fit out	01/12/2025
Completion of equipment fit out and commissioning	31/12/2025
Financial completion date	31/03/2026
Anticipated project completion date (all outcomes and outputs achieved)	31/09/2026

Some scoping works have been carried out prior to this report being written. Any costs associated with those works are exempt. Any work carried out to date has been done so from a project feasibility perspective and is not considered as a prior commitment.

2.4 Evaluation

Live Theatre will co-ordinate a final session with the design team, contractors and project partners to consider lessons learned from the development phase.

An evaluation of the capital build is not intended to be carried out however, an evaluation of the impact of the overall project and resulting services will be undertaken by Live Theatre.

2.5 Appraisal

An internal appraisal has been carried out and concluded that overall, the rating for the project is green. A summary of the appraisal findings is as follows:

Strategic & Economic Case

The project aligns with North East CA strategic objectives and Newcastle's strategic plans, creating 4 jobs and indirectly safeguarding up to 33 jobs. It encourages inward investment in the creative and cultural sector and ties in with Newcastle City Council's larger City Transformation Programme. The proposal aligns with the NECA Corporate Plan and the UK's Industrial Strategy, aiming to position the UK as a global leader in innovation, economic growth, and creative industries. The BCR is calculated at 1.3 which is reasonable, and appropriate discounting factors have been considered. There is potential underestimation of wider benefits which would increase the BCR position, however the applicant has taken a conservative approach. Significant detail has been provided to set out demand for this type of facility.

Commercial Case

Based on demand research from London and other major cities, the development aims to create a full-service hub for artists, composers, and producers, attracting music supervisors, publishers, and international artists. This infrastructure will stimulate job creation in studio management, engineering, and distribution, benefiting the regional supply chain, including sound equipment manufacturers and logistics providers.

Financial Case

The project will be 100% funded from UKSPF funds and a detailed financial breakdown and contingency budget included. A five-year operational plan has been reviewed and shows the facility will be profitable based on the proposed delivery model.

The section has been rated Amber as the sustainability is dependent on an end user signing up to a long-term lease to utilise the refurbished space once complete. Market demand suggests that the risk of not securing a long-term tenant is low but as there is no guarantee the rating remains amber. Assurances have been provided that cashflow options are in place to maintain the facility should the timescale for securing an operator take longer than anticipated. Again, the risk of this is considered low. The evidence of demand also supports this position.

Management Case

Newcastle City Council will manage the project, overseeing all monitoring and reporting requirements. Adequate monitoring and project management arrangements are set out in the business case. An appropriate risk register has been provided with clear actions for mitigating risk. An internal evaluation will be undertaken for the capital element of the project. There is no provision for an external evaluation,

however, in the long term there is the intention for one of Live Theatre's Academic partners to evaluate the economic and social impact of the studios on the city.

Subsidy control is covered from the perspective of the grant award between North East CA and NCC. However, this is dependent on NCC following through with the recommendations of subsidy control advice, which includes completion of seven principles assessment form, and a clear viability gap to be evidenced to justify the transfer of funding from NCC to Live Theatre.

2.6 RAG Assessment

Overall RAG Assessment		
Risk Rating	Strategic Case	Green
	Commercial Case	Green
	Economic Case	Green
	Financial Case	Amber
	Management Case	Green
	Overall Rating	Green

2.7 Recommended Conditions of Funding

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

No.	Condition
1	Final Subsidy Control Advice to be provided confirming the position that the transfer of funding from North East CA to the Applicant does not constitute a subsidy. Applicant to complete Subsidy Seven Principle report prior to contracting ensure any onward award of funding is compliant with Subsidy Control principles.
2	The Grant Recipient to include Direct Job reporting as part of the lease agreement to the end user to ensure these outputs are fully reported back to NECA.

B. Potential Impact on North East Combined Authority Objectives

The North East Combined Authority has demonstrated a commitment to support the region's cultural and creative industries. Within both the *North East CA Corporate Plan 2024-2028*, and the Local Growth Plan, it is confirmed that in the short term, the Combined Authority intends to "*Invest in our creative industries, both in their physical infrastructure and access to skills training.*"

Creative industries, including screen sector and creative content, is one of the priority sectors for growth as highlighted in the Local Growth Plan, maximising the regions unique economic opportunities. It is estimated that Creative Industries could provide an annual GVA boost of around £10 billion by 2030 and to support that, one of the key priorities is to establish the North East as a Centre for Music, supporting new musicians, the music industry and the visitor economy.

The proposed projects supports this priority by providing high end facilities for both up and coming, and established artists both from within and outside of the North East. It will support the growth of the music industry and the visitor economy through its purpose.

This proposal also aligns closely with the UK's Industrial Strategy and initiatives like the Creative Corridor. These strategies are designed to position the UK as a global leader in innovation, economic growth, and the creative industries, with a particular focus on regional regeneration and equity in growth.

C. Key risks

The approach to the development of the proposal and the creation of the recording studios has considered a range of high-level issues that may impact the opportunity for such a facility to come forward. These include:

- **High Initial Capital Costs:** Establishing a state-of-the-art recording facility involves high upfront costs to meet specific acoustic standards, with ongoing requirement for maintenance and upgrades to music recording technology, which evolves quickly. A reputable studio organisation with the backing of a major record label would mitigate this issue.
- **Risk and Uncertain Return on Investment:** While there is undoubtedly talent in Newcastle and the North East, the demand for a world-class recording facility might not be as robust as in established music hubs in larger national and international cities. A guaranteed stream of high-profile clients or frequent bookings from artists, record labels, and production companies is needed to predict consistent revenue.
- **Reliance on External Factors:** The facility's success could be highly dependent on external market conditions, including broader trends in the music industry (such as shifts towards home studio production and DIY approaches) and regional economic conditions.
- **Long-Term Financial Viability:** Music recording facilities are typically profitable when they have regular bookings — often from big-name clients, advertising companies, or film studios. However, Newcastle's music scene isn't as large or as internationally recognised as some other cities, making it a riskier investment. Growing the music sector and ensuring wider links into the regional creative sector, including the film and screen industries.

A summary of the specific key risks relating to the investment proposal is included below. The ultimate responsibility for managing risk rests with Live Theatre, supported by NCC. The process that will be adopted is an initial risk workshop run between Live Theatre, NCC and the Design team. This will build upon the headline risks identified below. The responsibility for managing the Risk Register will fall to the design team who will ensure that it is reviewed every fortnight as part of scheduled project meetings of the joint NCC/LT project board.

Live Theatre will report risks to its Board and Finance sub-group.

Risk Summary	Risk Consequences	Treatment Action Plan
Securing of a lease of completed space	Loss of revenue for Live Theatre	Work completed by Generator to this point has indicated strong potential of the North East to attract and support a partner for this venture.
Failure to secure required planning permissions	Delay, additional cost, inability to develop the space	Consultation with Local Authority. Design to take into account points raised
Failure to secure required building control permissions	Delay, additional cost, inability to develop the space	Suggested refurbishment involves well established techniques. Appointment of competent design team will mitigate this risk.
Compliance with H&S regulation	Enforcement action	
Cost overrun against approved budget and funding.	Project delays, stalling.	Initial production of a robust cost plan, informed by designs, BCIS, and industry knowledge. Appropriate application of contingency and Optimism Bias levels relevant to scheme type. Update of cost plan at each stage of development, robust contractual relationship with Construction Partner.

		Contingency built into costs to mitigate.
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D. Financial and other resources implications

Cost estimates or the works have been based upon input from the lead architect and cost consultant as well as initial engagement with the market and quotations for specific work packages. The project is to be delivered within the 2025 calendar year and therefore consideration of inflation/cost of living pressures over multiple years is not required.

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

Funding source	2025/26	Total
North East CA UKSPF Capital (£)	1,792,270	1,792,270
Total (£)	1,792,270	1,792,270

Status of match funding:

There is no match funding associated with this project.

Funding availability:

Funding is via the 2025/26 allocation of UKSPF with all spend to be incurred and defrayed within the 12 month period.

E. Legal implications

External Subsidy Control advice has been provided by DWF who have advised that the award from NECA to NCC will not constitute a subsidy and that the onwards grant to Live Theatre will constitute a subsidy. Advice states that there is a compliant way forward by following the '7 Principles' approach and DWF do not expect any issues to arise under this approach. The final response will be assessed by North East CA's Legal team.

DWF has advised that a detailed Seven Subsidy Principle report should be written by NCC prior to contracting justifying the subsidy being given by NCC to Live Theatre.

Advice confirms that there will be no onward subsidy provided to an end user if market rate is applied to the lease costs.

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. Equalities implications will be included as part of the update to the original NESIP Business Case.

A high-level Equality Impact Analysis screening has been carried out (see details below). It is judged there are no specific negative or positive impacts upon any group of people with protected characteristics. As such, a full Integrated Impact Assessment (IIA) is deemed unnecessary.

G. Consultation and engagement

Live Theatre and Generator will lead on stakeholder engagement, this will include updates to the business and residential community on the Quayside on the capital development as well as potential users of the Studios. Both Live Theatre and Generator have well established networks in schools, community groups, other cultural and creative organisations. Live Theatre has partnerships in place with Northumbria and Sunderland Universities as well as Gateshead College. Generator led on the North East CA Technical Skills Project with Live Theatre as a partner, the networks developed as a result of this project will also be utilised.

H. Appendices

Annex A – Cost Breakdown
Annex B – Governance and Management Structure

I. Background papers

None

J. Contact officers

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K. Glossary

North East CA – North East Combined Authority
CA – Combined Authority
UKSPF – UK Shared Prosperity Fund
NCC – Newcastle City Council
LT – Live Theatre

L. Consultee

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

Annex A

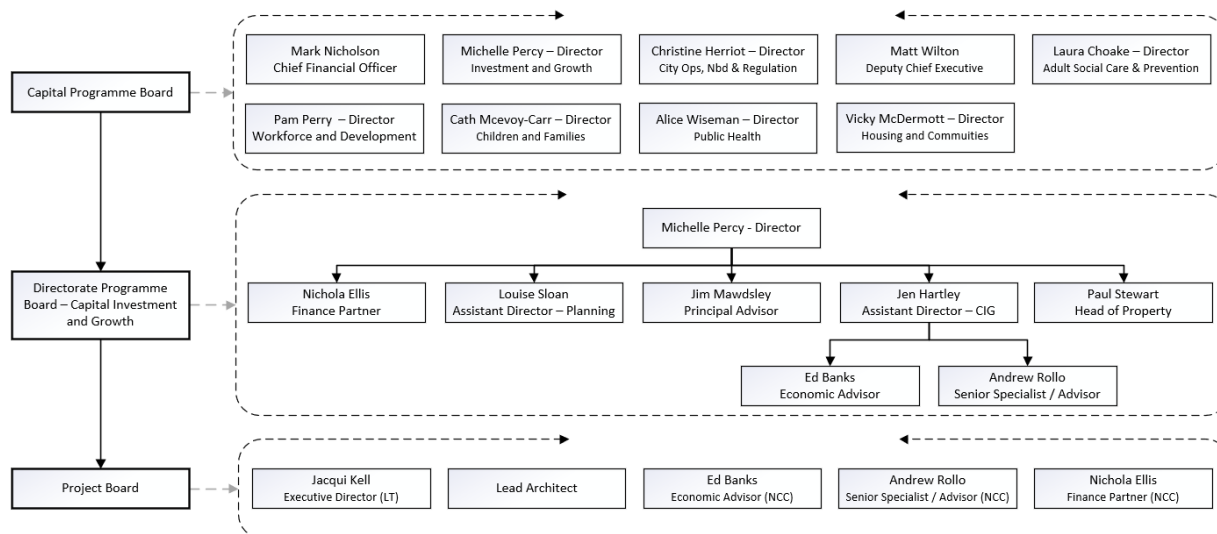
2506_CORONATION BUILDINGS
OUTLINE COST PLAN ELEMENTAL

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Elemental Headings		Notes	
Floor	£		
Ground			
Communal Area	£	20,000	
Photo Studio	£	150,000	includes structural alterations
Kitchen	£	25,000	includes structural alterations
WC Alterations	£	30,000	
Circulation Areas	£	120,000	incl WCs and forming storage
First			
Live Room	£	400,000	incl demolitions and build;
Studio A		incl above	detail from SW6 / DACS;
Studio B		incl above	M&E, Acoustics included
Studio C		incl above	
Guitar Booth	£	10,000	
Circulation & Common Parts		incl at Grd	
Second			
Multimedia Live Space	£	100,000	Detail from SW6 / DACS
Podcast Studio A		incl above	
Podcast Studio B		incl above	
Control Room	£	8,000	
SW6 Office	£	8,000	
Circulation		incl at Grd	
Third			
Office 1	£	40,000	
Office 2	£	10,000	
WCs	£	30,000	
Circulation		incl at Grd	
Basement			
	BWIC / Cosme	£	15,000
Externals			
	Rear Elev & E	£	165,000 render and windows security, etc
TOTALS			
	£	1,131,000	
	%		
Preliminaries	9%	£	101,790
Contractors OHP	10%	£	113,100
Stat & Prof Fees	15%	£	169,650 Design Team, Legals, etc
Equipment / Furniture	unit	£	250,000 Details from industry
Client direct costs	unit	£	55,000
Contingency	8%	£	50,000
TOTALS			
	£	1,870,540	
	ex VAT		xa/2506/02c/250213

Annex B

Governance and Management Structure



Lead applicant: Newcastle City Council

Delivery partner: Live Theatre

A partnering agreement between Newcastle City Council and Live Theatre will set out:

- The key objectives of the Project
- The principles of collaboration
- The governance structures the parties will put in place; and
- The respective roles and responsibilities the parties will have during the Project.

A project board will be established to provide strategic management at project and workstream level. It will provide assurance that the key objectives are being met and that the project is performing within its boundaries. The project board will consist of representatives from both Live Theatre and NCC, with responsibility for the creation and execution of the project plan. The Project Board shall meet monthly throughout the project delivery period.

The parties shall undertake the following roles and responsibilities to deliver the project:

Activity	NCC	LT
Delivery of the capital redevelopment	Assure	Lead
Completion financing of project	Assure	Lead
Management of North East Combined Authority funding agreements and resources and relationship management with supporters and partners	Lead	Assure
Reporting and returns to NECA, as part funders	Lead	Assure

For the purpose of the table above:

Lead: the party that has principal responsibility for undertaking the particular task, and that will be authorised to determine how to undertake the task.

Assure: the party that will defer to the Lead on a particular task but will have the opportunity to review and provide input to the Lead before they take a final decision on any activity. All assurance must be provided in a timely manner.