

Title: Leamside Investment Corridor
Report of: Mags Scott, Director of Finance and Investment
Portfolio: Mayor's (cross portfolio)

Report Summary:

This proposal is to commission specialist support to enable the definition, strategy, narrative and spatial extent of the Leamside Investment Corridor. This is in line with the proposal agreed by North East Combined Authority (North East CA) Cabinet for the same on 28 January 2025.

The commission is split into 3 individual Scope of Works, to be tendered via a public procurement exercise in July 2025.

The proposed outputs from these commissions will be to deliver:

- **The Leamside Investment Corridor Economic Growth Strategy** (with associated list of potential area thematic project interventions)
- **The Leamside Investment Corridor Spatial Plan** (defining the extent and location of the same via mapping, with associated Land Value Capture update, full assessment of Planning position, development propositions etc)
- **The Leamside Investment Corridor Communications Framework** (to include clear narrative as to the same; a brand; and a dedicated corridor microsite)

Recommendations

The Chief Executive is recommended to:

- i. Approve investment of £500,000 from the North East Investment Fund to progress work in respect of the Leamside Investment Corridor; and
- ii. Approve the commencement of procurement activity for the three outlined Scope of Works as set out in this report.

A. Summary of Investment Proposal:

1. Background:

The Leamside Investment Corridor proposes to transform a hitherto transport-centric opportunity into one that delivers across all five of the Mayor's and Cabinet's missions to enable transformative change for the whole region. The Leamside Investment Corridor is expected to unlock significant levels of new private sector investment and financial innovation, delivering outcomes and contributing to the business case for the rail line itself reopening.

It is fundamental that the growth opportunities unlocked by the rail line align with what's important for the region. Therefore, in addition to enabling new housing development, the corridor will provide better access to existing employment sites like Nissan and IAMP; and support regeneration, opportunity and connectivity for a number of deprived communities. It is also critical that the strategy informs, and is informed by, the Local Plans of the local authorities through which the corridor runs. To that end, the steering group overseeing the strategy development includes the Economic Directors of all of the region's local authorities. Heads of Transport and Planning will be co-opted into working groups and have been involved in the development of these scopes of work. That involvement will continue as the strategy develops.

North East CA Cabinet endorsed this approach on 28th January 2025, as the minutes show:

Cabinet received a report that updated on the proposed development of a strategy for a Leamside Investment Corridor. It detailed the long-term ambition to re-open the Leamside railway line that ran from Gateshead to Ferryhill in south County Durham, where it connected with the East Coast Main Line.

The Cabinet report set out plans for a much broader, ambitious, vision and strategy; that was about place-based growth, regeneration, better access to skills and employment, with the potential for a new town and/or other significant new housing, and the opportunity to realise significant government and private sector investment.

The Leamside Investment Corridor is expected to unlock significant levels of new private sector investment and financial innovation, delivering outcomes and contributing to the business case for the rail line itself reopening. It would provide an opportunity to manage the growth opportunities that the rail line would unlock that included enabling a new housing development, the corridor would provide better access to existing employment sites like Nissan and International Advances Manufacturing Park (IAMP); and support regeneration through connectivity in a number of more deprived communities, particularly around Washington North, Penshaw, West Rainton, Ferryhill and Fencehouses.

The approach the report proposed provided an outline framework, proposed future governance model and early actions to accelerate the Leamside Investment Corridor.

Subsequently, North East CA Officers have worked closely on developing the propositions for the three Scope of Works, consulting widely with Local Authority Planning and Transport departments; Economic Directors, Metro to Washington Board, North East Strategic Rail Board, and the Leamside Investment Strategy Steering Group, incorporating Regional and Whitehall support including Homes England, Department for Business and Trade; Office for Investment; National Wealth Fund; Network Rail and Department for Transport.

The funding secured at Cabinet now enables business base development work; specifically, the commissioning of 3 separate Tender Briefs addressing:

- 1) **Leamside Investment Corridor – An Economic Growth Study**
- 2) **Leamside Investment Corridor – A Spatial, Housing and Growth Analysis**
- 3) **Leamside Investment Corridor – Communications Narrative Support**

These 3 specific time bound short studies aim to:

- Define the physical spatial definition of the ‘Corridor’ and define an aligned narrative
- Assess relevant socio-economic data and set a verifiable baseline
- Identify key assets along the line (Housing, Commercial, Cultural, Leisure, other clusters etc
- Understand the current Local Authority policy, strategy, development plans, delivery etc along the line and work with emerging work

2. The Investment Proposal:

Proposal Name	Leamside Investment Corridor
Lead Organisation	North East Combined Authority
Delivery Areas	Boroughs of Gateshead; South Tyneside; Sunderland; and County Durham
Timescales	June 2025 – March 2026
Project Value	£500,000
Grant Amount requested	£500,000
Budget Implications	Funding of this project from the North East CA Investment Fund was approved by Cabinet in January 2025; there are no further budget implications arising from this report.

The approach endorsed by Cabinet outlined the procurement of three specific work Tender Briefs, to be publicly commissioned, to address three areas of work:

- **The Leamside Investment Corridor Economic Growth Strategy** The North East Combined authority will seek to procure specialist support to compile The Leamside Investment Corridor Economic Growth Study. This will deliver a high level economic growth strategy, driven by interviews, workshop and desk based data analysis, capturing all the economic potential from the line, incorporating potential future interventions and projects. Driven by interviews, workshop and desk based data analysis.
- **The Leamside Investment Corridor Spatial Analysis and Spatial Plan** The North East Combined authority will seek to procure specialist support to compile The Leamside Investment Corridor Spatial Analysis. This will enable the Leamside area Spatial Plan and Land Analysis study: to help define and map the spatial extent of the corridor and the current assets within the defined area.
- **The Leamside Investment Corridor Communications Plan** The North East Combined authority will seek to procure specialist support to compile The Leamside Investment Corridor Communications Plan, to include clear narrative as to the same; a brand; and a dedicated corridor microsite.

2.1 Outputs and Outcomes:

Core outputs are as follows:

Workstream:	Description of Outputs and Outcomes:	Timeframe for achievement:
Leamside Investment Corridor – Economic Growth Strategy	<ul style="list-style-type: none"> • Review all area provision alongside each local authority's plans. • Devise an indicative spatial plan of the 'Leamside Investment Corridor'. • Map out the same, within context of emerging North East CA Spatial Development Strategy. • Undertake desk based analysis, backed up by stakeholder interviews / workshops. • Host workshops and strategic meetings with key stakeholders and personnel. • Highlight areas of growth and densification, aligned with AECOM work. • Full update of the existing ERail Land Value Capture work. • Outline a clear defined set of proposals for Housing and Commercial densification; new housing and other development growth potential. • Compilation, presentation and consultation on a Leamside Investment Corridor Economic Growth Strategy. 	August to October 2025
Leamside Investment Corridor – Spatial Plan and Analysis	<ul style="list-style-type: none"> • Review all area provision alongside each local authority's plans. • Devise an indicative spatial plan of the 'Leamside Investment Corridor'. • Map out the same, within context of emerging North East CA Spatial Development Strategy. • Undertake desk based analysis, backed up by stakeholder interviews / workshops. • Host workshops and strategic meetings with key stakeholders and personnel. • Highlight areas of growth and densification, aligned with AECOM work. • Full update of the existing ERail Land Value Capture work. 	August to October 2025

	<ul style="list-style-type: none"> Outline a clear defined set of proposals for Housing and Commercial densification; new housing and other development growth potential. Compilation, presentation and consultation on a Leamside Investment Corridor Spatial Plan, Map, and associated Development Strategy. 	
Leamside Investment Corridor – Communications Plan	<ul style="list-style-type: none"> Offering assistance to the core NECA Comms team, to help devise a clear narrative as to what the Leamside Investment Corridor is; to develop associated marketing and promotional tools and detailed communications that can in turn be used across collateral such as websites, leaflets, events etc. 	August to October 2025

The finality of the outputs from the three Commissions, which this paper addresses, subject to North East CA Cabinet adoption, will form the basis for the development of a full business case for the future delivery of a viable scheme of revenue and cabinet project interventions to form a full Leamside Investment Corridor programme of works, that fully support and enable the transport infrastructure railway line development in parallel.

Such a proposal for future will come back to North East CA via the Single Assurance Framework review process.

2.2 Timetable for Implementation:

To take forward the proposition for the three commissions, a milestone timeline process has been devised and assessed with North East CA departmental colleagues.

The proposed stages are as follows:

Stage – Forecast Date	Purpose & Detail - Milestone	Approach & Decision Process
Commission Scope of Works consulted and finalised.	To finalise Tenders documents ready for Procurement. To ensure full visibility, transparency and buy-in from key stakeholders and partners	Tenders Briefs to be fully drafted incorporating partnership feedback
NECA Procurement exercise.	To identify consultant partners for three commissions via public procurement exercise	Public Tender process. Scoring criteria to be agreed with North East CA Procurement and Partnership
Commission one, two and three deliver concurrently.	Three commissions delivered on the ground, identified via procurement	Approach and outputs anticipated are outlined above
Commission presentation, consultation and refinement.	November 2025 – Consultants present and consult on reports undertaken	Presentation made to Partners and Stakeholders and all consulted on findings. Final reports finalised on basis of feedback.
Commissions presented to North East CA Cabinet for full adoption as formal strategy	January 2026 Cabinet adoption of x3 Reports sought	Cabinet paper alongside reports, drafted and take through North East CA Assurance Process.

2.3 Appraisal:

This proposal seeks specialist support to define the strategy, narrative, and spatial scope of the Leamside Investment Corridor. The commission consists of three distinct Scopes of Work, to be tendered via public procurement in July 2025:

- **Leamside Investment Corridor Economic Growth Strategy**
- **Leamside Investment Corridor Spatial Plan**
- **Leamside Investment Corridor Communications Framework**

These outputs will form the foundation for a full business case supporting Capital and Revenue interventions, ensuring the successful delivery of the Leamside Line and Investment Corridor.

The strategic, economic, and commercial justification for this project is strong. A demonstrated strategic fit and demand underpin its viability, with ongoing large-scale Business Case development led by Nexus for the return of passenger services on the Leamside Line. Additionally, the North East CA Cabinet has committed £8m for the full Business Case for Phase 1 of the Leamside Line.

The financial model draws on previously procured services, with financial risks appropriately assessed. Competitive procurement strategies aim to optimize costs and maximize value for money.

The Management Case has been satisfactorily completed. The subsidy control assessment confirms that initial funding does not confer economic advantage, meaning it does not constitute a subsidy. Future funding applications will reassess subsidy control considerations to ensure compliance.

There are no funding conditions suggested for this project.

2.4 RAG Assessment:

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

A. Potential Impact on North East Combined Authority Objectives:

The proposal is evaluated as having a very positive effect across all of the Mayor's Objectives:

*** The home of real opportunity** – addressing long term poverty and deprivation issues by improving employment and training opportunities in all growth sectors for local residents; delivering specific skills training interventions to maximise uptake in rail construction, delivery, running and maintenance; links housing conurbations to places of employment; brings forward new affordable and accessible housing in sites aligned with the line; and helps tackle deprivation, child poverty and raise the quality of life.

• **A North East we are proud to call home** – delivering on pledges around transforming experience and reach of Metro services; reduces dependency on the car as a mode of transport, maximises and leverages the impact of infrastructure investment, such as helping bring forth housing sites; enables a dedicated workstream using the line as a new means of access to heritage, cultural, leisure and visitor economy assets;

• **Home to a growing and vibrant economy for all** – linking employment sites such as Port of Sunderland and Sunderland Investment Zone, NETPark Investment Zone and Newcastle Airport; providing opportunities for the green economy and other priority sectors.

• **Home of the Green Energy Revolution** – delivering on pledges around transforming experience and reach of Metro services; reducing dependency on the car as a mode of transport; linking together sites such as Port of Sunderland and Sunderland Investment Zone; Nissan; IAMP and Durham Investment Zone;

• **A welcoming home to global trade** – enhancing the profile and perception of the local area; helping employers access a skilled workforce; employment and growth sites will be linked by the line, better connection between Durham and Newcastle Airport; improving passenger and freight capacity of the East Coast Main Line – hence providing significant benefit at a national level.

B. Key risks:

Appraisal and Evaluation has identified no substantive risks in approving and proceeding with these revenue consultant commissions.

C. Financial and other resources implications:

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

The North East CA funding allocation for this Programme has been set out in the NECA Investment Fund portfolio and was approved at Cabinet in January 2025

Funding source	2025/26	Total
NECA Investment Fund	£500,000	£500,000
Total (£)	£500,000	£500,000

D. Legal implications:

The Monitoring

Officer has been consulted and his comments included in this report.

E. 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.

An Equalities Impact Assessment will be undertaken and the implications of this will be considered in the project mobilisation and delivery stage.

F. Consultation and engagement:

Significant consultation was undertaken in the development of the Scope of Works for the proposed x3 Commissions, including LA7 Heads of Transport, Heads of LPAs, LA7 Economic Directors, North East CA Internal Steering Group, Metro to Washington Board, North East Strategic Rail Board, Homes England, Network Rail, Department for Transport and several Whitehall Departments on the Leamside Strategy Steering Group representing major stakeholders and partners.

G. Appendices:

N/A

H. Background papers:

[North East CA Cabinet January 28th 2025](#)

I. Contact officers:

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J. Glossary

North East CA – North East Combined Authority

K. Consultee:

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