
Title: Centre for Excellence in Hospitality and Tourism
Report of: Phil Witcherley, Director of Economic Growth and Innovation
Portfolio: Home to a Growing and Vibrant Economy

Report Summary

This report outlines the case in support of the request for £75,000 from the North East Combined Authority (North East CA) Investment Fund to procure external technical support, to produce a detailed (Five Case) Business Case, that will enable the development of a proposed Centre for Excellence in Tourism and Hospitality.

NGI Ltd, through the Destination North East England partnership (Destination Development Pilot), have been working in conjunction with the Department for Culture, Media and Sport (DCMS), Department for Business and Trade (DBT), Northumbria University and wider regional education and industry partners to develop a proposal for a Centre for Excellence in Hospitality and Tourism in North East England.

Objectives for the proposed Centre for Excellence comprise:

- supporting the growth, competitiveness and reputation of the UK's hospitality and tourism sector;
- attracting inward investment to the UK and develop global influence in the sector by supporting the visitor economy;
- supporting social mobility and inclusive employment opportunities within the North East of England by creating skills programme and pathways in the visitor economy.

The ambition is that the Centre will initially entail an industry-focused education, skills and innovation programme (years 1-4) with a longer-term ambition to seek international investment to enable capital development of a luxury hospitality school and training hotel.

Delivery will begin immediately following approval, with financial completion due by 31st March 2026.

Recommendations

The Chief Executive, in consultation with the Mayor and relevant Cabinet member, is recommended to approve the request for £75,000 from the North East CA Investment Fund to procure external expertise to deliver a detailed (Five Case) Business Case that will enable the development of a proposed Centre for Excellence in Tourism and Hospitality.

A. Summary of Investment Proposal (Context)

1. Background

The UK is one of the top 10 most visited countries in the world, and its visitor economy is worth £127bn and employs 3.79m people. However, industry body UK Hospitality has identified that the current UK training provision does not meet the needs of industry with a particular lack of focus on data and AI skills.

Globally the hospitality and tourism sectors have been identified as the largest employers in the world with one in four jobs linked to the industry. English is the default language of the global hospitality and tourism industry, and UK capitals have historically set the standards for service through iconic institutions such as The Savoy, The Ritz, Claridge's and The Balmoral. However, the UK currently does not have a recognised world class school for tourism and hospitality training and therefore loses income to elite international hospitality schools such as Lausanne or Cornell.

The proposed Centre for Excellence will be located in Newcastle in North East England. The North East has committed to use its Devolution Deal and Mayoral Combined Authority to double the value of its visitor economy recognising that there is a significant regional opportunity to change perceptions of English regions and grow the visitor economy outside London (57% of potential visitors cannot imagine what England looks

like outside London and 64% of international tourism spend is within London and South East – Visit Britain) as well as tackling regional unemployment and a low skilled service sector.

Tourism is worth £6.1bn to the region, supporting over 63,000 jobs, with clear growth potential identified in the North East Local Growth Plan. The North East has a rich diversity of assets including award-winning coastlines, three diverse cities, countryside, a port with cruise operators and a European ferry, an international airport (Winner - Best Airport in the World – Routes International 2024), two world heritage sites, two national parks, dark sky status, over 50 castles and an abundance of heritage and cultural assets.

The region also has a number of tourism businesses headquartered from the North East including Hays Travel, Parkdean Holidays, Inn Collection, Gainford Group, Malhotra Group and an increasing reputation for food with Newcastle being voted the Best City for Food (Which 2024) and Pine in Northumberland being crowned Best Restaurant in UK (Square Meal 2024). Furthermore, it is a “region of sport” hosting the Great North Run, Premiership Football at Newcastle United, rugby at Newcastle Falcons, International Cricket at Chester Le Street, top level basketball with Newcastle Eagles, shooting, fishing and water sports in rural Northumberland and Durham.

Conversations have been ongoing with DCMS and DBT colleagues over the past 18 months in relation to the Centre. In addition, there has been significant engagement with the Saudi Ministry of Tourism who have expressed interest in supporting the concept of the Centre. This could entail international students accessing learning and development programmes delivered by the education partners, joint industry-focused research and innovation as well as strengthening cross-cultural and other opportunities. This was part of the focus of the Mayor’s recent visit to the Kingdom of Saudi Arabia (KSA).

Given this rich environment, the North East is the ideal location to house such a Centre for Excellence, where a student of tourism and hospitality will have everything they need to experience and thrive through their studies at their fingertips.

The proposal directly aligns with supporting the growth of the visitor economy ambitions as part of the Culture, Creative, Tourism and Sport portfolio (July 2024 Cabinet) and is specifically identified as a key opportunity within the Interim Local Growth Plan as follows: “Develop flagship attractions, venues and assets, including an International Conference Centre and a Centre for Excellence in Tourism and Hospitality.” Additionally, the North East CA Corporate Plan identifies the objective of building “on our remarkable creative, cultural, sports, and visitor economy assets”. Finally, this proposal was specifically identified at the North East CA Cabinet in November 2024, endorsing “commencing work for the development of a proposed Centre of Excellence for Tourism and Hospitality, which aims to support the growth, competitiveness and reputation of the hospitality and tourism industries.”

2. The Investment Proposal

To bring this Centre to fruition, a Green Book business case is required to set out the contribution that the Centre will make to inward investment, exports, regional skills, industry engagement and innovation.

The investment will cover the costs of appointing external consultants with the requisite expertise, skills, experience and capacity to deliver a Five Case business case. This will be achieved over approximately a five-month period, with external support appointed through a fully compliant procurement route via the North East CA. The Business Case will set out:

- The need for a National Skills, Research and Innovation Centre for these sectors.
- The gap in current provision based on industry feedback and intelligence and the potential points of differentiation for this institution.
- The financing requirements (capital and revenue) to create a globally competitive institution.
- The best legal structure and governance for the institution.
- Review of the proposed phased approach with a suggested approach to create the virtual centre with a common brand and to start to develop programmes.
- The proposed mechanism to embed the private sector in the Institution and to develop world class academic research and rigour.
- A narrative for why base this in North East England and the regional assets that can support the development of the Centre.

- A financial model that gives an indicative business case for the funding of the capital hotel structure and the anticipated revenue forecast to identify potential funding approaches for this Phase 3 of the Project.

Once the Business Case has been produced this will enable the Centre to move forward at pace, to unlock further public funding and attract inward investors to the North East. It will also give confidence to the sector for make deeper investment in their workforce and enable industry partners to speed up their growth.

It is intended that the Centre will be facilitated by the new strategic Regional Tourism body that builds on the existing Destination North East England partnership. Northumbria University (Times University of the Year 2022 and Modern University of the Year 2025) will be the lead academic provider and brings a wealth of expertise around hospitality, tourism and events management. This will be complemented by the triple accredited business schools at Newcastle University and Durham University and the leading tourism and hospitality programmes at University of Sunderland alongside further education partners Newcastle College Group and Gateshead College.

Over the last 18 months, discussions have been underway on the initial development of a business plan. This has culminated in a three-stage proposal:

- Stage 1 (2025) - Building the foundations for the Centre to enable delivery of the highest quality teaching, research and innovation
- Stage 2 (2026 – 2030)
 - bringing together existing skills provision and developing new content to meet updated industry requirements
 - delivery of multidisciplinary research and innovation programme
- Stage 3 (2030 onwards)– capital development - Construction of a new, state-of-the-art 5* training hotel built to plan

The Centre for Excellence will be globally recognised and will service the local, national and international industry. The centre aims to enable a multi-disciplinary skills approach across hospitality and tourism led by education partners and will be steered by an industry body of visiting professors. Utilising cross-sectoral research in areas such as AI, immersive tech, revenue modelling, data analysis, behavioural science, sustainability, entrepreneurship and productivity, it will deliver at postgraduate (DBA, MBA and MSc) and undergraduate level as well as technical qualifications, executive education and short courses.

Direct beneficiaries will be the consortium working to deliver the centre which includes Destination North East England and education partners (Northumbria University, Durham University, Newcastle University, University of Sunderland, Newcastle College Group and Gateshead College).

Indirect beneficiaries of the eventual Centre will comprise:

- industry and businesses located in the North East CA area and beyond through an upskilled workforce and improved productivity;
- residents of North East CA area and wider (access to skills programmes);
- education partners delivering the courses who will see a growth in student numbers;
- visitors through improved experience;
- regional economy through increased economic activity (visitor numbers and international students).

This proposal for investment will support the case for change and provide the deeper platform upon which to kick start the delivery of skills provision for the sector whilst simultaneously driving forward progress for the Mayor's and North East CA priorities.

2.2 Outputs and Outcomes

Description of Outcomes	Timeframe for achievement
Business case will set out the five cases to support the establishment of this Centre (Strategic Case, Economic	December 2025

Case, Commercial Case, Financial Case, and Management Case	
Increased collaboration	Upon finalisation of the business case
Increased knowledge & evidence base via audit of existing provision/market intelligence; partner/stakeholder engagement	Upon finalisation of the business case

2.3 Timetable for Implementation

Milestone	Anticipated Forecast Dates
Funding Commences	9 th June 2025
Invitation to Tender (ITT) published	23 rd June 2025
ITT closes	21 st July 2025
ITT evaluation and successful supplier contracted	6 th August 2025
Supplier commences	18 th August 2025
First draft of Business case	31 st October 2025
Business case completed	12 th December 2025
Presentation to panel	w/c 12 th January 2026
Undertake any further work as required by stakeholders	January 2026 to February 2026
Financial Completion	31 st March 2026

2.4 Evaluation

An evaluation is not required as this relates to the award of funding to develop a Full Business Case.

2.5 Appraisal

The proposed Centre aligns closely with the strategic priorities of the North East Combined Authority (CA), as evidenced by its inclusion in the Local Growth Plan. The application presents a strong strategic rationale, supported at both local and national levels. Funding to develop a comprehensive Green Book-compliant business case is essential to identify optimal delivery options and inform future investment decisions.

The project demonstrates a clear commitment to social value, with anticipated benefits including local employment, skills development, and support for small and third-sector suppliers.

Procurement will be managed by the North East CA via the Bloom framework, ensuring value for money and compliance with public procurement standards.

While cost estimates appear reasonable, clarification is required regarding the allocation of the confirmed £25,000 match funding from NGI and HE/FE institutions.

The project scope is straightforward, focusing on consultancy support to develop a green book business case, with governance provided through the Destination Development Partnership Board and an Interim Project Board.

Milestones require updating prior to the Grant Funding Agreement (GFA). Risk management is adequately addressed, with all risks rated low and appropriate mitigations in place.

The subsidy control assessment concludes that the initial funding does not confer economic advantage and therefore does not constitute a subsidy. Future funding applications will need to reassess this position in light of cumulative public contributions.

Number	Pre-Contract Condition
1	Milestones to be revised to be more realistic and ensure delivery timescales are met.
2	Confirmation of match funding contributions with any in-kind match funding removed from the project budget.

2.6 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

2.7 Recommended Conditions of Funding

Any proposed funding conditions will be determined on selection of successful supplier in line with the requirements set out in the ITT.

B. Potential Impact on North East Combined Authority Objectives

This proposal for investment will support the case for change and provide the deeper platform upon which to kick start the delivery of skills provision for the sector whilst simultaneously driving forward progress for the Mayor's and North East CA priorities. The Centre is referenced as a project within the Interim Local Growth Plan and contributes in particular to the pillars on 'a welcoming home to global trade', 'the home of real opportunity' and 'a North East we are proud to call home'.

Indeed, at the 26th November 2024 North East CA Cabinet Meeting, the Early Delivery priorities for the Culture, Creative, Tourism and Sport in North East report, referenced action was being taken to develop a long-term plan to boost growth in the visitor economy including the development of the Centre for Excellence in Hospitality & Tourism (Para 1.4 p88). This investment will further strengthen the business case for the Centre, supporting North East CA's ambitions.

Additionally, the NE Mayor has previously provided a letter of support for the Centre of Excellence to DCMS highlighting its potential for the region.

C. Key risks

A summary of key risks relating to the investment proposal is included below and all are deemed low risk:

- Failure to follow procurement regulations – mitigated by ensuring oversight and assurance by the procurement team at North East CA.
- Delay in undertaking the work e.g. due to illness or staffing availability – mitigated by ensuring the contractor has sufficient capacity to redeploy resource if required.
- The business case isn't fit for purpose - mitigated by close oversight and regular monitoring of the successful supplier.

D. Financial and other resources implications

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

FUNDING SOURCE	FINANCIAL VALUE
North East CA Funding Applied for:	
Investment Fund	£75,000

TOTAL NORTH EAST CA FUNDING:	£75,000
Match funding contributions:	
○ NGI Ltd	£10,000
○ HE/FE Institutions	£15,000
Total Match funding:	£25,000
Total Investment:	£100,000

E. Legal implications

The comments of the Monitoring Officer have been included in this report. Procurement will be undertaken in line with North East CA Procurement and Single Assurance Framework requirements.

F. Equalities implications

The North East CA complies with 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.

No specific implications – this aspect of the Centre will be picked up as part of the Business case that is developed and is seen as an extremely important strand of activity.

G. Consultation and engagement

Conversations about the Centre of Excellence have been held with many relevant partners across government and industry. This has been through one-on-one conversations with both public and private as well as through roundtables and discussion events.

Positive conversations have been held with several key political and business stakeholders:

H. Appendices

None attached.

I. Background papers

26 November 2024 North East CA Cabinet - Early Delivery Priorities for Culture, Creative, Tourism and Sport in the North East

30 July 2024 North East CA Cabinet – Strategic Portfolio Plans

J. Contact officers

Name: Mark Adamson

Title: Principal Manager – Sectoral Growth and Delivery

Email address: mark.adamson@northeast-ca.gov.uk

K. Glossary

DDP – Destination Development Partnership

DCMS – Department for Culture, Media and Sport

DNEE – Destination North East England

North East CA – North East Combined Authority

L. Consultee

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
Yes/No	Yes	Yes	Yes

